BIGHORN-DESERT VIEW WATER AGENCY

"To provide a high quality supply of water and reliable service to all customers at a fair and reasonable rate."

Finance/Public Relations/Education and Personnel Standing Committee Meeting Agenda

Committee Members: Director McKenzie & Director Dicht

BOARD MEETING OFFICE
1720 N. CHEROKEE TR.
LANDERS, CALIFORNIA 92284

May 18, 2022
Time – 4:00 P.M.

PUBLIC AND BOARD WISHING TO PARTICIPATE REMOTELY
TELECONFERENCE LINE THRU ZOOM 669-900-6833
OR
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Passcode: 521718
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Dial: 1-669-900-6833
Webinar ID: 847 7252 7513
Passcode: 521718

CALL TO ORDER

PLEDGE OF ALLEGIANCE

ROLL CALL

APPROVAL OF AGENDA

Discussion and Action Items - The Board of Directors and Staff will discuss the following items, and the Board will consider taking action, if so inclined.

The Public is invited to comment on any item on the agenda during discussion of that item. When giving your public comment, please have your information prepared. If you wish to be identified for the record, then please state your name. Due to time constraints, each member of the public will be allotted three-minutes to provide their public comment.

1. **Review Draft Fiscal Year 2022/23 Budget**

2. **Review Changes to Agency Employee Handbook for Adoption by Resolution**

3. **Review Property Tax Lien Process and Dissemination of Tax Apportionments**

4. **Consent Items –** The following items are expected to be routine and non-controversial and will be acted on by the Board at one time without discussion, unless a member of the Public or member of the Board requests that the item be held for discussion or further action.

    a. FPREP Special Committee Meeting Minutes March 23, 2022
    b. PARS Investment Statement March 2022

Recommended Action:
Approve as presented (Items a-b):

5. **Public Comment Period**

Any person may address the Board on any matter within the Agency's jurisdiction on items not appearing on this agenda.

When giving your public comment, please have your information prepared. If you wish to be identified for the record, then please state your name. Due to time constraints, each member of the public will be allotted three minutes to provide their public comment. State Law prohibits the Board of Directors from discussing or taking action on items not included on the agenda.

6. **Verbal Reports -** Including Reports on Courses/Conferences/Meetings.
    1. Committee Members' Comments/Reports
    2. General Manager's Report

7. **Adjournment**

In accordance with the requirements of California Government Code Section 54954.2, this agenda has been posted in the main lobby of the Bighorn-Desert View Water Agency, 622 S. Jemez Trail, Yucca Valley, CA not less than 72 hours if prior to a Regular meeting, date and time above; or in accordance with California Government Code Section 54956 this agenda has been posted not less than 24 hours if prior to a Special meeting, date and time above.

As a general rule, agenda reports or other written documentation have been prepared or organized with respect to each item of business listed on the agenda.

Copies of these materials and other disclosable public records in connection with an open session agenda item, are also on file with and available for inspection at the Office of the Agency Secretary, 622 S. Jemez Trail, Yucca Valley, California, during regular business hours, 8:00 A.M. to 4:30 P.M., Monday through Friday. If such writings are distributed to members of the Board of

Directors on the day of a Board meeting, the writings will be available at the entrance to the Board of Directors meeting room at the Bighorn-Desert View Water Agency.

Internet: Once uploaded, agenda materials can also be viewed at **www.bdvwa.org**

Public Comments: You may wish to submit your comments in writing to assure that you are able to express yourself adequately.

Per Government Code Section 54954.2, any person with a disability who requires a modification or accommodation, including auxiliary aids or services, in order to participate in the meeting, should contact the Board's Secretary at 760-364-2315 during Agency business hours.

Bighorn Desert View Water Agency

Proposed Budget Summary

Fiscal Year 2022/23

Schedule A

		A Adopted Budget 2021/22	B Projected Year-End 2021/22	C Proposed Budget 2022/23
1	Operating Revenues	$ 1,816,840	$ 2,332,900	$ 2,058,700
2	Non-Operating Revenues	289,850	318,800	315,300
3	**Total Revenue Available to Fund Operations & Capital**	**2,106,690**	**2,651,700**	**2,374,000**
4	Operations	777,447	712,600	929,400
5	Administrative - Operating	907,582	852,950	1,023,400
6	Administrative - Non-Operating	17,250	18,800	21,400
7	Board of Directors	45,000	30,400	47,500
8	**Total Expense**	**1,747,279**	**1,614,750**	**2,021,700**
9	**Net Income/(Loss) Before Capital & Trust Contribution**	**359,411**	**1,036,950**	**352,300**
10	Capital Expenses	(722,500)	(84,000)	(416,500)
11	Pension Trust Contributions	(100,000)	(100,000)	(100,000)
12	**Sub-Total: Net Debt Proceeds / Capital**	**(822,500)**	**(184,000)**	**(516,500)**
13	**Increase (Decrease) in Fund Balance**	**$ (463,089)**	**$ 852,950**	**$ (164,200)**
14	**Projected Cash & Investments Beg. Balance - July 1st**			$ 4,363,135
15	**Projected Cash & Investments End Balance - June 30th**			**$ 4,198,935**

Bighorn Desert View Water Agency

Proposed Budget Detail

Fiscal Year 2022/23

		A	B	C	D	E
		Adopted Budget 2021/22	Projected Year-End 2021/22	Proposed Budget 2022/23	$ Difference (C - B)	% Difference (D / B)
1	**Operating Revenues**					
	Residential Consumption Tier 1	$ 696,782	$ 566,100	$ 588,700	$ 22,600	4%
	Agriculture Consumption Tier 1	-	24,500	10,500	(14,000)	-57%
	Bulk Consumption Tier 1	-	94,100	97,900	3,800	4%
	Commercial Consumption Tier 1	-	8,700	9,000	300	3%
2	Total Metered Water Consumption Tier 1	696,782	693,400	706,100	12,700	2%
	Agriculture Consumption Tier 2	104,395	120,100	23,800	(96,300)	-80%
	Residential Consumption Tier 2	-	218,100	226,800	8,700	4%
3	Total Metered Water Consumption Tier 2	104,395	338,200	250,600	(87,600)	-26%
4	Basic Service Charge	926,835	982,500	1,021,800	39,300	4%
5	JV Bulk Water Sales	4,500	4,500	2,500	(2,000)	-44%
6	Service Line Installation Fees	3,590	41,700	1,500	(40,200)	-96%
7	Basic Facilities Charge	18,738	198,300	14,200	(184,100)	-93%
8	Income Other - Operating	65,000	76,800	65,000	(11,800)	-15%
9	Bad Debt Expense	(1,500)	(2,500)	(1,500)	1,000	-40%
10	Bad Debt - Uncollectable Liens	(1,500)	-	(1,500)	(1,500)	0%
11	**Total Operating Revenues**	**1,816,840**	**2,332,900**	**2,058,700**	**(274,200)**	**-12%**
12	**Non-Operating Revenues**					
13	General Tax Levy - Bighorn Imp. Area "A"	70,000	76,800	78,300	1,500	2%
14	General Tax Levy - Bighorn-Desert View	70,000	76,200	77,700	1,500	2%
15	General Tax Levy - Impr. District Goat Mtn.	33,000	35,400	36,100	700	2%
16	Goat Mtn. Standby/Water Wavailability Charge	55,000	69,300	62,000	(7,300)	-11%
17	Interest Revenue	20,000	4,700	4,800	100	2%
18	Pacific Western Earning Credits	13,350	18,000	18,000	-	0%
19	Income Other	28,500	38,400	38,400	-	0%
20	**Total Non-Operating Revenues**	**289,850**	**318,800**	**315,300**	**(3,500)**	**-1%**
21	**Total Revenues**	**2,106,690**	**2,651,700**	**2,374,000**	**(277,700)**	**-10%**
22	**Expenses**					
23	**Operations**					
24	Operations Compensation	295,545	314,300	366,700	52,400	17%
25	Power Wells & Booster	90,000	114,200	119,900	5,700	5%
26	Water Purchases	50,000	66,200	62,300	(3,900)	-6%
27	Water System Repairs	75,000	19,600	78,800	59,200	302%
28	Field Material & Supplies	75,000	47,700	78,800	31,100	65%
29	Engineering	60,000	4,300	60,000	55,700	1295%
30	Vehicle/Tractor/ Equip Expense	30,000	36,300	38,100	1,800	5%
31	Vehicle Expense- Fuel	33,700	51,300	53,900	2,600	5%
32	Building Repair And Maintenance	15,500	11,600	15,500	3,900	34%
33	Disinfection Expense	15,000	13,900	14,600	700	5%
34	Water Testing	10,252	6,600	10,300	3,700	56%
35	Uniforms	7,950	5,700	8,000	2,300	40%
36	Communications Exp	7,000	7,100	7,500	400	6%
37	Excavation Permit Fees (Cosb)	500	-	500	500	0%
38	Other Operating Expenses	12,000	13,800	14,500	700	5%
39	**Total Operations**	**777,447**	**712,600**	**929,400**	**216,800**	**30%**

Bighorn Desert View Water Agency

Proposed Budget Detail

Fiscal Year 2022/23

Schedule B

		A	B	C	D	E
		Adopted Budget 2021/22	Projected Year-End 2021/22	Proposed Budget 2022/23	$ Difference (C - B)	% Difference (D / B)
40	**General & Administration**					
41	**Operating Expenses**					
42	Administrative Compensation	$ 170,019	$ 145,700	$ 171,500	$ 25,800	18%
43	GM Compensation	181,542	181,500	205,000	23,500	13%
44	Employee Benefits Insurance	165,000	133,200	203,400	70,200	53%
45	PERS Contribution	93,024	90,800	99,700	8,900	10%
46	Payroll Taxes	16,732	9,600	18,300	8,700	91%
47	Workers Comp Insurance	10,500	13,500	15,300	1,800	13%
48	Employee Education	10,000	6,500	10,000	3,500	54%
49	Contractual Services - Auditor	19,860	18,400	18,400	-	0%
50	Contractual Services - Legal	30,000	30,100	40,000	9,900	33%
51	Contractual Services - Other	95,300	117,300	123,200	5,900	5%
52	Property/Liability Insurance	53,455	53,600	63,000	9,400	18%
53	Legislative Affairs - CWSA	10,000	10,000	10,000	-	0%
54	Goat Mtn. Contractual Services - Legal	10,000	-	-	-	0%
55	Dues, Subscriptions & Annual Fees	16,500	16,500	17,300	800	5%
56	Power / Propane - Office & Yards	9,500	11,200	11,800	600	5%
57	Office Supplies/ Printing	9,000	7,900	9,000	1,100	14%
58	Phone, Fax Lines, Internet	5,650	5,650	5,900	250	4%
59	Mailing Expense	1,500	1,500	1,600	100	7%
60	**Total G&A - Operating Expenses**	907,582	852,950	1,023,400	170,450	20%
61	**Non-Operating Expenses**					
62	Other Admin Expenses	7,500	7,000	7,500	500	7%
63	Office Equipment Expense	5,000	7,500	7,900	400	5%
64	Customer Relations	4,250	4,300	4,500	200	5%
65	Election Expense	-	-	1,000	1,000	0%
66	Misc Expense	500	-	500	500	0%
67	**Total G&A Non-Operating Expenses**	17,250	18,800	21,400	2,600	14%
68	**Total General & Administration**	**924,832**	**871,750**	**1,044,800**	**173,050**	**20%**
69	**Board of Directors**					
70	Director Fees	45,000	30,400	47,500	17,100	56%
71	**Total Board of Directors**	**45,000**	**30,400**	**47,500**	**17,100**	**56%**
72	**Total Expenses**	**1,747,279**	**1,614,750**	**2,021,700**	**1,004,050**	**62%**
73	**Net Income/(Loss) Before Capital & Trust Contribution**	**359,411**	**1,036,950**	**352,300**	**1,004,050**	**97%**
74	Less: Capital Expenses (Reserve Funded)	(722,500)	(84,000)	(416,500)	(332,500)	N/A
75	Less: Pension Trust Contributions	(100,000)	(100,000)	(100,000)	-	N/A
76	Less: CalPERS Additional Discrentionary Payments	-	-	-	-	0%
77	**Net Increase/(Decrease) To Reserves**	**$ (463,089)**	**$ 852,950**	**$ (164,200)**	**$ 671,550**	

Bighorn Desert View Water Agency

Proposed Budget - Capital Plan

Fiscal Year 2022/23

		A	B	C	D	E = C+D	F
		Adopted Budget 2021/22	Projected Year-End 2021/22	Carryover Budget 2021/22	Budget Addition / (Deletion)	Proposed Budget 2022/23	Projected 2023/24
1	**District Projects**						
2	2 Trucks, New Transmission Ford Dump Truck	$ 85,000	$ 10,000	75,000	$ 44,000	$ 119,000	$ -
3	C-Booster Station Upgrades	20,000	20,000	-	-	-	-
4	Valve Turner Upgrade (Controller and other tools)	7,500	-	7,500	-	7,500	-
5	Well 4 Rehabilitation	200,000	-	200,000	-	200,000	-
6	Goat Mountain Replacement Well/ Well Destruction	100,000	-	100,000	(100,000)	-	600,000
7	Three Exploratory Borings inc. Project Management	300,000	-	300,000	(300,000)	-	300,000
8	Administration Building Roof Replacement	10,000	-	10,000	10,000	20,000	-
9	Parking Lot	-	-	-	5,000	5,000	-
10	A-Booster Replacement	-	-	-	65,000	65,000	-
11	Meter Replacements	-	-	-	-	-	313,000
12	2nd Intertie with High Desert WD	-	-	-	-	750,000	-
13	**Total District Projects**	**722,500**	**30,000**	**692,500**	**(276,000)**	**1,166,500**	**1,213,000**
14	**Grant Funding**						
15	Prop 1 Round 1: Goat Mountain Replacement Well	-	-	-	-	-	(500,000)
16	Drought Grant: Meter Replacements	-	-	-	-	-	(313,000)
17	Prop 1 Round 2: 2nd Intertie with High Desert WD	-	-	-	-	(750,000)	-
18	**Total Grant Funding**	**-**	**-**	**-**	**-**	**(750,000)**	**(813,000)**
19	**Total Capital Expenses - Funded by Reserves**	**$ 722,500**	**$ 30,000**	**$ 692,500**	**$ (276,000)**	**$ 416,500**	**$ 400,000**

Bighorn-Desert View Water Agency
Budget Schedules & Line Items
FY 22/23 Proposed Budget

*The District's fiscal year is July 1, 2022 to June 30, 2023

SCHEDULE A: SUMMARY BUDGET

This schedule summarizes operating and non-operating revenues, operations expense, administrative operating and non-operating expenses, board of directors' expenses, capital expenses, and pension trust contributions. Line 9 measures the difference between revenues and expenses, which results in net revenues remaining to fund the Agency's capital expenses and pension trust contributions. The Agency is budgeted to have $328,600 in net revenues available to fund capital projects and pension trust contributions.

Line 13 shows the final increase or decrease in fund balance planned for the year after all previous items are considered. The amount fluctuates year to year, with some years positive and some negative, primarily as the Agency's capital expense fluctuates.

SCHEDULE B: DETAIL BUDGET

This Schedule shows the detail budget for the District. Column (A) is the Adopted Budget for FY 21/22. Column (B) represents projected year-end balances for Fiscal Year 21/22. These amounts are estimates; actual results will vary. Column (C) displays the Proposed Budget for FY 22/23. Columns (D) and (E) display $ and % differences from Projected FY 21/22 results to the FY 22/23 Proposed Budget.

REVENUES

Line 2 Metered Water Consumption Tier 1 – Volumetric water sales in tier 1. Budget for FY 22/23 is based on projected actual results for FY 22/23 and a 4% scheduled rate increase effective January 1st.

Line 3 Metered Water Consumption Tier 2 – Volumetric water sales in tier 1. Budget for FY 22/23 is based on projected actual results for FY 22/23 and a 4% scheduled rate increase effective January 1st. Ag Tier 2 sales are projected based on most recent consumption data.

Line 4 Basic Service Charge – Includes the fixed charges to All Customer Classifications and varies by water meter size. Budget for FY 22/23 is based on projected actual results for FY 22/23 and a 4% scheduled rate increase effective January 1st.

Line 5 JV Bulk Water Cash Sales – Includes bulk water "cash" sales at the Johnson Valley water hauling station. Budget for FY 22/23 is based on decreased demand.

Line 6 Service Line Installation Fees – This is the fee charge for new meter and service line installations. This account is budgeted conservatively due to the unpredictable nature of these revenues.

Line 7 Basic Facilities Charge – This is the buy-in fee charged to new service line connections. This account is budgeted conservatively due to the unpredictable nature of these revenues.

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Line 8 Income Other Operating – This includes fees such as Late Penalties, Miscellaneous Fees (NSF, Backflow Reminders, Fire Flow Test, Will Serve Letter, etc.), New Account fees, Disconnection and Reconnection related fees.

Lines 9-10 Bad Debt Expense/Uncollectible Liens – Estimated uncollectible customer account balances and uncollectible liens.

Line 13 General Tax Levy - Bighorn Imp. Area "A" – Property tax revenues related to Bighorn Improvement Area A. Budget for FY 22/23 is based on projected FY 21/22 results.

Line 14 General Tax Levy – Bighorn-Desert View – This revenue is the portion of the County 1% General tax which is passed on to special districts for general operating expenses. Budget for FY 22/23 is based on projected FY 21/22 results.

Line 15 General Tax Levy – Goat Mountain Improvement District – Property tax revenues related to the goat mountain improvement district. Budget for FY 22/23 is based on projected FY 21/22 results.

Line 16 Goat Mountain Standby/Water Availability Charge – Per acre charge for water availability assessed through the annual tax bill on all parcels within Improvement District Goat Mountain which do not have a service connection. Budget for FY 22/23 is based on projected FY 21/22 results.

Line 17 Interest Revenue – Interest revenue is earned primarily on Agency investments in the State of California's Local Agency Investment Fund (LAIF). Interest revenues are conservatively budgeted to with a 2% increase.

Line 18 Pacific Western Earnings Credits – Includes earning credits on the Pacific Western bank accounts.

Line 19 Income Other – Includes past due disconnect fees and prior year property tax collections.

EXPENSES

Line 23 Operations – Begins the section of Agency operation's expenses.

Line 24 Operations Compensation – Budget for FY 22/23 includes five full-time employees with on-call and standby pay as well. Change from prior fiscal year budget due to actual hire and resignation dates of employees, vacation payouts at time of accrual cap, accrual payouts at resignation, On-Call overtime (varies), 7.9% Cost-of-Living Adjustment for Fiscal Year 2022/23 which was approved early (April payroll rather than July).

Line 25 Power Wells & Boosters – Includes energy costs on wells and booster stations. Budget for FY 22/23 is based on projected results for FY 21/22 with a 5% inflation increase.

Line 26 Water Purchases – Includes planned water purchase of 100 AF for FY 22/23. Water is stored in Inventory.

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Line 27 Water System Repairs – Includes routine repairs/maintenance for wells, pumps, boosters, pressure reducing stations, reservoirs, pipelines, airvac valves, etc. Budget for FY 22/23 is based on FY 21/22 budget.

Line 28 Field Materials & Supplies – Includes all materials and supplies used in the maintenance of the water distribution system, safety/traffic control and small tools. Budget for FY 22/23 is based on FY 21/22 budget.

Line 29 Engineering – Includes engineering cots needed by the Agency. Budget for FY 22/23 is based on FY 21/22 budget.

Line 30 Vehicle/Tractor/Equipment Expense – Includes expenses for generators and tractors, repairs, hazardous materials disposal, and routine maintenance. Budget for FY 22/23 is based on projected results for FY 21/22 with a 5% inflation increase.

Line 31 Vehicle Expense - Fuel – Includes fuel for fleet of cars, equipment. Budget for FY 22/23 is based on projected results for FY 21/22 with a 5% inflation increase.

Line 32 Building Repair and Maintenance – Includes trash and cleaning service, safety supplies, non-routine maintenance. Budget for FY 22/23 is based on FY 21/22 budget.

Line 33 Disinfection Expense – Includes chlorine, disinfection equipment and maintenance and testing supplies. Budget for FY 22/23 is based on projected results for FY 21/22 with a 5% inflation increase.

Line 34 Water Testing – Includes water sampling at wells as required by law. Budget for FY 22/23 is based on FY 21/22 budget.

Line 35 Uniforms – Includes uniform services, shoes, jackets, and hats. Budget for FY 22/23 is based on FY 21/22 budget.

Line 36 Communications Expense – Includes cell phones and cost for SCADA internet link and data. Budget for FY 22/23 is based on projected results for FY 21/22 with a 5% inflation increase.

Line 37 Excavation Permit Fees – Includes County fees for excavation in dedicated roads. Budget for FY 22/23 is based on FY 21/22 budget.

Line 38 Other Operating Expenses – Includes various operational permit fees from AQMD, SWRCB and others. Budget for FY 22/23 is based on projected results for FY 21/22 with a 5% inflation increase.

Line 40 General & Administrative – Begins the section of Agency Administrative operating and non-operating expenses.

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Line 42 Administrative Compensation – Budget for FY 22/23 includes salaries for three full time administrative staff. Change from prior fiscal budget due to vacancies during the fiscal year.

Line 43 GM Compensation – Includes salary for the Agency general manager based on latest contract and Board authorized Cost-of-Living Adjustment.

Line 44 Employee Benefit Insurance – Includes health, dental vision, and life insurance. Change from prior fiscal year based on actual employee count, benefit type selected and number of dependents per employee. Employee turnover makes this line item difficult to track. Fiscal Year increase projected at 10%. Actual increase unknown until after budget adoption in most instances.

Line 45 PERS Contribution – Includes regular retirement expenses to CalPERS for Classic and PEPRA members and annual required contributions for the unfunded actuarial liability (UAL).

Line 46 Payroll Taxes – Includes state unemployment costs, employee matching Medicare costs, and board of director's matching Social Security and Medicare costs.

Line 47 Worker's Comp Insurance – Includes premiums to JPRIMA for all employees for worker's compensation insurance.

Line 48 Employee Education – Includes miscellaneous employee training and conferences and college-loan program reimbursements.

Line 49 Contractual Services - Auditor – includes auditor fees, in the 5th year of a 5-year contract with Fedak & Brown.

Line 50 Contractual Services - Legal – Includes legal fees, which are budgeted to increase due to new legal counsel.

Line 51 Contractual Services - Other – Includes bank fees, annual Springbrook maintenance fees, CPA assistance, Civic Pay services, IVR messaging, outsourced billing, copier maintenance and Information Technology (IT) Consultant work.

Line 52 Property/Liability Insurance – Includes premiums to JPRIMA for property and liability insurance. Budget for FY 22/23 is based on renewals per JPRIMA. JPRIMA premium for Fiscal Year 2022/23 is for a full 12 month term (last fiscal was 11 months). The premium was adjusted for inflation. The policy was amended to include all water storage reservoirs (previously not insured). Property and Equipment Breakdown deductible was increased to $25,000 from $5,000 and Wrongful Acts and Employment Practices deductible remains at $50,000.

Line 53 Legislative Affairs - CWSA – Includes FY 23 membership dues for the California Water Systems Alliance.

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Line 55 Dues, Subscriptions & Annual Fees – Includes various dues such as AWWA, Dig Alert, CRWA, GFOA, Adobe, Weinhoff, Hi-Desert Star, and website hosting.

Line 56 Power / Propane – Office & Yards – Includes costs for propane and electricity at Agency sites.

Line 57 Office Supplies/Printing – Includes checks, toner refills, office supplies, boardroom supplies, copier costs, business meeting supplies and specialty.

Line 58 Phone, Fax Lines & Internet – Includes phone systems, internet, email exchange server, and website maintenance.

Line 59 Mailing Expense – Includes postage and delivery costs. Budget for FY 22/23 is based on FY 21/22 projected results with a 5% increase.

Line 62 Other Admin Expenses – Includes Notary Fees, filing fees, legal fees.

Line 63 Office Equipment Expense – Includes office equipment and software. Budget for FY 22/23 is based on FY 21/22 projected results with a 5% increase.

Line 64 Customer Relations – Includes events, Desert-Wise tour, Water Education Festival, Calendar and other miscellaneous items. Budget for FY 22/23 is based on FY 21/22 projected results with a 5% increase.

Line 65 Election Expenses – Includes election expenses that occur every other year. Budget for FY 22/23 is based on historical election costs.

Line 66 Miscellaneous Expenses – Includes various admin expenses. Budget for FY 22/23 is based on PY budget.

Lines 69-71 Board of Directors – Includes meeting stipends, training, conferences, and travel. Budget for FY 22/23 is based on FY 21/22 budget with a 5% increase.

Line 73 Net Income/(Loss) Before Capital & Trust Contributions – measures the difference between revenues and expenses, which results in net revenues remaining to fund the Agency's capital expenses and pension trust contributions.

Line 74 Capital Expenses (Reserve Funded) – Includes use of Agency reserve funds for capital expenses. Please see Schedule D for more detail.

Line 75 Pension Trust Contributions – Includes planned contributions to the PARS Pension trust.

Line 76 CalPERS Additional Discretionary Payments – Includes any additional discretionary payments made to CalPERS. No payments are budgeted for FY 22/23.

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Line 77 Increase/(Decrease) to Reserves - This is the amount that fund balance is budgeted to increase or decrease during the fiscal year. Increases and decreases can vary from year to year, mainly due to planned capital spending. The decrease in Fund Balance is primarily caused by the Agency's capital expense budget, totaling $416.5K for FY 22/23.

SCHEDULE C: CAPITAL/REPAIRS & MAINTENANCE

This schedule shows the anticipated capital projects and expenses for the fiscal year, net of any grant proceeds.

Line 14 Grant Funds Awarded – Lines 15, 16 and 17 represent grant awards from various state programs.

Line 19 Total Capital Expenses Funded by Reserves – This represents the total capital expense to be paid out of Agency reserves, which is shown on Line 74 of Schedule B.

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BIGHORN-DESERT VIEW WATER AGENCY

EMPLOYEE HANDBOOK

ADOPTED OCTOBER 13, 2020

REVISED [DATE], 2022

RESOLUTION NO. 20R-21

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ARTICLE 1.0 GENERAL STATEMENTS

1.1 SHORT TITLE

This ~~R~~resolution shall be known as "The Bighorn-Desert View Water Agency Employee Handbook" ("Employee Handbook" or "Handbook").

1.2 WORDS AND PHRASES

For the purpose of this Employee Handbook~~Resolution~~, all words used herein in the present tense shall include the future tense; all words used in the plural shall include the singular; all words used in the singular shall include the plural; and all words used in the masculine gender shall include the feminine gender and vice versa.

1.3 SEPARABILITY

If any section, article, clause, or phrase of this Employee Handbook~~Resolution~~ is for any reason held to be invalid, such a decision shall not affect the validity of the remaining portions of this Employee Handbook~~Resolution~~.

1.4 EFFECTIVE DATE

This Employee Handbook~~Resolution~~ shall become effective upon the date of its adoption and shall supersede all other Resolutions, ~~or~~ Policies, or Ordinances in conflict with the Employee Handbook ~~there within~~.

1.5 SUBSEQUENT REVISIONS

That the Board of Directors of the Agency may, by ~~R~~resolution duly passed upon the affirmative vote of the majority of the members of the Board of Directors, modify and amend the Employee Handbook at any time and from time to time.

ARTICLE 2.0 INTRODUCTORY POLICIES

2.1 INTRODUCTORY STATEMENT

This Employee Handbook sets forth the terms and conditions of the "at will" employment of all full and part-time employees. Individual written employment contracts may supersede some of the provisions of this ~~h~~Handbook, except for Section 3.1, At-Will Employment . This ~~h~~Handbook is designed to familiarize every employee with the Agency's ~~major~~ policies applicable to employees. Supervisors or managers can answer any questions employees may have.

2.2 INTEGRATION CLAUSE AND THE RIGHT TO REVISE

The Agency reserves the right to revise, modify, delete or add to any and all policies, procedures, work rules or benefits stated in this ~~h~~Handbook ~~or in any other document~~. ~~All~~ such revisions, modifications, deletions, or additions ~~amendments~~ become effective immediately upon their adoption by the Agency Board of Directors. Any written changes to this ~~h~~Handbook will be distributed to all employees so that employees will be aware of the new policies or procedures. No oral statements or representations can in any way change or alter the provisions of this ~~h~~Handbook. This ~~h~~Handbook contains the terms and conditions of the employee's "at will" employment. Nothing in this ~~e~~Employee ~~h~~Handbook, or any other personnel document, including benefit plan descriptions, creates or is intended to create a promise or representation of continued employment for any employee. This Employee ~~h~~Handbook supersedes all prior employee handbooks and any other conflicting policies.

2.3 EQUAL EMPLOYMENT OPPORTUNITY

This Agency ~~is an~~affords equal employment opportunity for all qualified applicants and employees to all terms of employment with the Agency, including, but not limited to, compensation, hiring, training, promotion, transfer, discipline, and termination~~employer and makes employment decisions on the basis of merit~~. ~~The Agency desires to have the best available persons in every job.~~ Agency policy prohibits unlawful discrimination against applicants and employees based on the applicant or employee's race, color, religious creed, sex, marital status, age (40 and over), national origin, ~~or~~ ancestry, physical or mental disability, medical condition, sexual orientation, gender, ~~identity~~ gender identity, gender expression, genetic information, military and veteran status, or any other ~~consideration made unlawful~~basis protected by applicable federal, state or local laws. Any employee or applicant who believes they have experienced any form of employment discrimination or abusive conduct are encouraged to report the conduct immediately by using the complaint procedures provided in these Policies, or by contacting the Equal Employment Opportunity Commission ("EEOC"), or the Department of Fair Employment and Housing ("DFEH").~~All such discrimination is unlawful. The Agency is committed to~~

~~complying with all applicable laws providing equal employment opportunities. This commitment applies to all persons involved in the operations of the Agency and prohibits unlawful discrimination by any employee of the Agency, including supervisors and co-workers.~~

2.4 ~~FAIR~~ EQUAL PAY ACT POLICY

The Agency follows all applicable state and federal laws requiring equal pay for employees ~~for~~ who perform substantially similar work. Substantially similar work is work that is mostly similar in~~a composite of~~ skill, effort, and responsibility, and~~when~~ performed under similar working conditions. ~~Pay discrimination between employees of the opposite sex or between employees of another race or ethnicity is prohibited. Pay differentials may be valid in certain situations as set forth in applicable law.~~ The Agency prohibits paying an employee less than another employee of the opposite sex, of another race, or of another ethnicity who is performing substantially similar work. ~~California's Fair Pay Act and t~~The Agency prohibits ~~discrimination and~~ retaliation against any employee who invokes or assists in the enforcement of the ~~Fair~~ Equal Pay Act. The Agency further prohibits retaliation against ~~E~~employees ~~will not be retaliated against~~ for inquiring about or discussing wages.

If employees believe they are not being paid the same wage as other employees engaged in substantially similar work of a different race, ethnicity or sex, or they are being retaliated against for inquiring about or discussing wages~~please~~, they should report any concerns to the General Manager ~~so that appropriate corrective action may be taken~~.

2.5 POLICY AGAINST ~~EMPLOYEE~~ HARASSMENT, ~~AND~~ DISCRIMINATION, AND RETALIATION

A. Policy Statement

The Agency strictly prohibits ~~unlawful~~ harassment, ~~and~~ discrimination, and retaliation because of an individual's protected classification. Protected classification ~~This~~ includes ~~harassment and discrimination on the basis of~~ sex, gender, sexual orientation, gender identity, gender expression, genetic information, race, color, ancestry, national origin, religious creed, physical disability, mental disability, medical condition, age (~~over~~ 40 and over), marital status, military and veteran status, or any other ~~protected class~~basis protected by ~~under applicable~~ law. This policy prohibits harassment, discrimination, or retaliation for the following reasons: (1) an individual's protected classification; (2) the perception that an individual has a protected classification; or (3) the individual associates with a person who has or is perceived to have a protected classification.

B. Application

1. Scope of Policy

This policy applies to all ~~phases~~ terms and conditions of ~~the~~ employment, internships, and volunteer opportunities ~~relationship~~, including, but not limited to, recruitment, selection, testing, hiring, placement, upgrading, promotion/demotion, transfer, layoff, recall, disciplinary action, termination, rates of pay, leave of absence, benefits, and ~~selection for~~ training.

2. Covered Individual

This policy applies to all applicants for employment at the Agency;~~officers and employees of the Agency,~~ all elected or appointed officials of the Agency; all interns, volunteers, and contractors; and all employees of the Agency regardless of rank or title, including, but not limited to, full- and part-time employees, per diem employees, temporary employees, and persons working under contract for the Agency.

C. Purpose

The Agency is committed to preventing harassment, discrimination, and retaliation in the workplace. The Agency has zero tolerance for any conduct that violates this policy. Conduct need not violate either federal or state law in order to constitute a violation of this policy. A single act by an Agency employee may constitute a violation of this policy and provide sufficient grounds for the Agency to discipline the employee. This policy establishes a complaint procedure by which the Agency will investigate and resolve complaints of harassment, discrimination, and retaliation by and against Agency covered individuals. The Agency encourages all covered individuals to report any conduct that they believe violates this policy as soon as possible. The Agency expressly prohibits any retaliation against an employee because they filed or supported a complaint or because they participated in the investigation or complaint resolution process. Individuals found to have retaliated against an employee in violation of this policy will be subject to appropriate sanction or disciplinary action, up to and including termination.

D. Protected Activity

This policy prohibits harassment, discrimination, and retaliation because of an individual's protected activity. Protected activity includes, but is not be limited to, the following: (1) making a request for an accommodation for a disability; (2) making a request for accommodation for religious beliefs; (3) making a complaint under this policy; (4) opposing violations of this policy; or (5) participating in an investigation under this policy.

E. Harassment Defined

This policy prohibits harassment of a covered individual because of the individual's actual or perceived protected classification. Harassment includes, but is not limited to, the following conduct:

1. Verbal acts, such as derogatory, offensive or inappropriate speech, such as epithets, slurs or stereotypical comments, or verbal propositions made on the basis of the individual's protected classification. This includes, but is not limited to, comments, stories, and jokes about appearance, dress, physical features, gender identification, and race.

2. Physical acts, such as assault, impeding or blocking movement, offensive touching, or physical interference with normal work or movement. This includes, but is not limited to, pinching, grabbing, patting, or making explicit or implied job threats or promises in return for submission to physical acts.

3. Visual acts, such as derogatory, offensive or inappropriate, posters, cartoons, emails, pictures or drawings related to a protected classification.

~~1.~~4. Unwanted sexual advances, requests for sexual favors and other acts of a sexual nature, where submission is made a term or condition of employment, where submission to or rejection of the conduct is used as the basis for employment decisions, or where the conduct is intended to or actually does unreasonably interfere with an individual's work performance or create an intimidating, hostile, or offensive working environment.

~~Harassment may consist of offensive verbal, physical, or visual conduct when such conduct is based on or related to an individual's sex and/or membership in one of the above-described protected classifications, and:~~

~~Submission to the offensive conduct is an explicit or implicit term or condition of employment;~~

~~Submission to or rejection of the offensive conduct forms the basis for an employment decision affecting the employee; or~~

~~The offensive conduct has the purpose or effect of unreasonably interfering with an individual's work performance or creates an intimidating, hostile, or offensive working environment.~~

~~Examples of what may constitute prohibited harassment include, but are not limited to, the following:~~

~~Kidding or joking about sex or membership in one of the protected classifications;~~

~~Hugs, pats and similar physical contact;~~

~~Assault, impeding or blocking movement, or any physical interference with normal work or movement;~~

~~Cartoons, posters, e-mails, texts and other materials referring to sex or membership in one of the protected classifications;~~

~~Threats intended to induce sexual favors;~~

~~Continued suggestions or invitations to social events outside the workplace after being told such suggestions are unwelcome;~~

~~Degrading words or offensive terms of a sexual nature or based on the individual's membership in one of the protected classifications;~~

~~Prolonged staring or leering at a person;~~

F. Discrimination Defined

This policy prohibits treating a covered individual differently and adversely because of the individual's actual or perceived protected classification; because the individual associates with a person who is or is perceived to be a member of a protected classification; or because the individual participates in a protected activity as defined in this policy.

G. Retaliation Defined

Retaliation occurs when an employer takes adverse action against a covered individual because of the individual's protected activity as defined in this policy. "Adverse action" may include, but is not limited to, the following actions: (1) disciplinary action; (2) counseling; (3) taking sides because an individual has reported harassment or discrimination; (4) spreading rumors about a complainant or about someone who supports or assists the complainant or who participates in the investigation; (5) shunning or avoiding an individual who reports harassment or discrimination; or (6) making real or implied threats of intimidation to prevent or deter an individual from reporting harassment or discrimination.

H. Complaint Procedure

1. Proactive Approach

The Agency takes a proactive approach to potential policy violations and will conduct an investigation if its supervisory or management employees become aware that harassment, discrimination or retaliation occurred or may be occurring, regardless of whether the recipient or third party reports a potential violation.

2. Internal Reporting Procedure

Any employee covered individual who believes that they have been subjected to the victim of sexual or other prohibited harassment, or discrimination, or retaliation in violation of this policy by co-workers, supervisors, managers, clients or customers, visitors, vendors, or others (including third parties) may make a complaint, either orally or in writing, to any supervisor, manager, should immediately notify his or her supervisor or, in the alternative,or the General Manager, without regard to any chain of command, depending on which individual the employee feels most comfortable in contacting.

Additionally, any supervisors or managers who receive a complaint of, observe, or otherwise become aware of harassment, discrimination, or retaliation in violation of that violates this policy, should immediately have a duty to report it, preferably in writing, to the General Manager so the Agency can try to resolve the claim internally.

3. External Reporting Procedure

A covered individual who believes they have been subjected to harassment, discrimination, or retaliation Any employee who believes that they have been the victim of sexual or other prohibited harassment by co-workers, supervisors, clients or customers, visitors, vendors, or others may file a complaint with the Equal Employment Opportunity Commission ("EEOC") and/or the California Department of Fair Employment and Housing ("the DFEH"). These administrative agencies provide a complaint process as well as certain legal remedies if the applicable agency determines that a violation of the law occurred. The nearest EEOC and DFEH offices are listed on the internet and phone number for the DFEH is located in the phone book under government agencies. Employees may also check the posters that are located on Agency bulletin boards for EEOC and DFEH office locations and telephone numbers.

I. ~~Investigation~~Internal Complaint and Investigation Procedure

Upon receiving notification of a complaint regarding harassment, discrimination, or retaliation, the General Manager or a qualified internal or outside investigator designated by the General Manager will complete the following steps:

1. Provide the filing of a complaint with the Agency, the complainant will be provided with a copy of this policy, and notify the . The complainant shall be notified in a timely manner that their complaint has been received and will be investigated.

2. Authorize and supervise a fair, timely, and thorough investigation of the complaint and/or investigate the complaint. The investigation will usually include interviews with the following individuals: (1) the complainant; (2) the accused (*e.g.*, the subject of the investigation); (3) witnesses to the conduct at issue in the complaint; and (4) other persons

who have relevant knowledge concerning the allegations in the complaint.

3. Review the factual information gathered during the investigation to determine whether the alleged conduct violated the policy giving consideration to all factual information, the totality of the circumstances, including the nature of the conduct, and the context in which the alleged incidents occurred.

4. Prepare a summary report of the determination as to whether the conduct violated this policy and provide such report to the Board of Directors.

5. If conduct in violation of this policy occurred, take or recommend to the appointing authority prompt and effective remedial action. The remedial action will be commensurate with the severity of the offense. If discipline or sanctions are imposed, the level of discipline or sanctions will not be communicated to the complainant.

6. Notify complainant and accused of the completion of the investigation and the results of the investigation in general terms.

7. Take reasonable steps to protect the complainant from further harassment, discrimination, and/or retaliation.

~~The General Manager is the person designated by the Agency to investigate complaints of harassment and/or discrimination. The General Manager may, however, delegate the investigation to qualified, impartial personnel at their discretion.~~ In the event the harassment, ~~or~~ discrimination, or retaliation complaint is against the General Manager, ~~a different investigator shall be appointed by the President or~~ the Board of Directors shall be responsible for oversight of the investigation. ~~A fair, timely and thorough investigation will be conducted. All parties to the investigation will receive appropriate due process.~~

~~Charges filed with the DFEH are investigated by the DFEH.~~

~~J. Internal Documentation Procedure~~

~~When an allegation of harassment is made by an employee, the person to whom the complaint is made shall immediately prepare a report of the complaint according to the preceding section and submit it to the General Manager.~~

~~The investigator shall make and keep a written record of the investigation, including notes of verbal responses made to the investigator by the person complaining of harassment or discrimination, witnesses interviewed during the investigation, the person against whom the complaint of harassment was made, and any other person contacted by the~~

~~investigator in connection with the investigation. The investigator's notes shall be made at the time the verbal interview is in progress. Any other documentary evidence shall be retained as part of the record of the investigation. Upon completion of the investigation, the results shall be given to the complainant, the alleged harasser, and the General Manager.~~

~~Based on the report and any other relevant information, the General Manager shall, within a reasonable period of time, determine whether the conduct of the person against whom a complaint has been made constitutes unlawful harassment or unlawful discrimination. In making that determination, the General Manager shall look at the record as a whole and at the totality of circumstances, including the nature of the conduct in question; the context in which the conduct, if any, occurred; and the conduct of the person complaining of harassment or discrimination. The determination of whether harassment or discrimination occurred will be made on a case-by-case basis by the General Manager. All investigations should be closed in a timely manner.~~

~~K.~~J. Confidentiality

All records and information relating to the investigation of any alleged harassment and resulting disciplinary action shall be confidential, except to the extent disclosure is required by law, as part of the investigatory or disciplinary process, or as otherwise reasonably necessary.

The Agency will make every effort to assure the confidentiality of complaints made under this policy to the greatest extent allowed by law. However, complete confidentiality may not be possible because of the Agency's need to investigate the complaint and the due process rights of the subject of the complaint.

The Agency expressly prohibits an employee who is interviewed during the course of an investigation from attempting to influence other employees, including employees who may have witnessed the underlying conduct at issue, while the investigation is open and ongoing.

An employee may discuss their interview with a designated representative the employee's legal representative. The Agency will not disclose a completed investigation report except as it deems necessary to support a disciplinary action, to take remedial action, to defend itself in adversarial proceedings, or to comply with the law or court order.

~~L. Remedies~~

~~1. Remedial Action~~

~~If the General Manager determines that the complaint of harassment or discrimination is founded, the General Manager shall take immediate and appropriate disciplinary action~~

~~consistent with the requirements of law and any personnel rules or regulations pertaining to employee discipline. Other steps may be taken to the extent reasonably necessary to prevent recurrence of the harassment and to remedy the complainant's loss, if any.~~

~~Disciplinary action shall be consistent with the nature and severity of the offense, the rank of the harasser, and any other factors relating to the fair and efficient administration of the Agency's operations.~~

~~In the event a complaint is filed with the DFEH, and the DFEH finds that the complaint has merit, the DFEH will attempt to negotiate a settlement between the parties. If not settled, the DFEH may issue a determination on the merits of the case.~~

~~Where a case is not settled, the DFEH may pursue litigation in civil court with the Complainant as the Real Party in Interest. Legal remedies available through the DFEH for a successful claim by an applicant, employee, or former employee include possible reinstatement to a former job; award of a job applied for; back pay; front pay; reasonable attorneys' fees; and under appropriate circumstances, punitive damages, out-of-pocket losses, affirmative relief, training, and emotional distress damages.~~

~~In the alternative, the DFEH may grant the employee permission to withdraw the case and pursue a private lawsuit seeking similar remedies.~~

~~Retaliation~~ ~~-- Retaliation against anyone for opposing conduct prohibited by this policy or for filing a complaint with or otherwise participating in an investigation, proceeding or hearing conducted by the Agency or the DFEH, is strictly prohibited by state regulations. It may subject the offending person to, among other things, disciplinary action, up to and including, termination of employment.~~

~~M.~~K. Employee ~~Obligation~~Responsibilities

Each non-supervisor or non-manager employee is responsible for the following:

1. Treating all individuals in the workplace or on Agency worksites with respect and consideration.
2. Modeling behavior that conforms to this policy.
3. Participating in periodic trainings on personnel matters.
4. Cooperating with the Agency's investigations pursuant to this policy by responding fully and truthfully and in a timely manner to all questions posed during the investigation.
5. Taking no actions to influence the complainant or any potential witness while the Agency's investigation is ongoing.

6. Reporting any act they believes in good faith constitutes harassment, discrimination, or retaliation as defined in this policy, to their immediate supervisor or manager, any supervisor or manager, or the General Manager.

In addition to the responsibilities listed above, each manager and supervisor employee is responsible for the following:

1. Informing employees under their supervision of this policy.

2. Taking all steps necessary to prevent harassment, discrimination and, retaliation from occurring, including, but not limited to, monitoring the work environment and taking immediate and appropriate action to stop violations (*e.g.*, removing inappropriate pictures or correcting inappropriate language).

3. Receiving and responding to complaints in a uniformly fair and serious manner.

4. Documenting the steps taken to resolve such complaints.

5. Following up with those who have complained to confirm that the offensive conduct about which they complained has stopped and that there have been no reprisals or retaliation or threats of reprisals or retaliation.

6. Informing those who complain about harassment, discrimination, and/or retaliation of their option to contact the EEOC or DFEH and file a complaint about such activity.

7. Assisting and/or advising employees regarding this policy.

8. Assisting in the investigation of complaints involving subordinate employee(s).

9. Where a complaint is substantiated, assisting in the development of a recommendation concerning an appropriate corrective or disciplinary action in accordance with these policies.

10. Implementing appropriate corrective or disciplinary actions.

11. Reporting potential violations of this policy to the General Manager, regardless of whether an employee complained about such conduct.

12. Scheduling employees for training.

~~Employees are not only encouraged to report instances of harassment or discrimination; they are obligated to report instances of harassment.~~

~~Employees are obligated to cooperate in every investigation of harassment or discrimination, including, but not necessarily limited to:~~

~~Coming forward with evidence, both favorable and unfavorable to a person accused of harassment or discrimination; and~~

~~Fully and truthfully making a written report or verbally answering questions when required to do so during the course of an Agency investigation of alleged harassment or discrimination.~~

~~Knowingly, falsely accusing someone of harassment or discrimination or otherwise knowingly giving false or misleading information in an investigation of harassment or discrimination shall result in disciplinary action, up to and including, termination of employment.~~

2.6 REASONABLE ACCOMMODATION

Absent undue hardship or direct threats to the health and safety of employee(s), the Agency provides employment-related reasonable accommodations to the following employees and applicants for employment:

1. Qualified individuals with disabilities, both applicants and employees, to enable them to perform essential job functions;
2. Employees with conditions related to pregnancy, childbirth, or a related medical condition, if she so requests, and with the advice of her health care provider;
3. Employee victims of domestic violence, sexual assault, or stalking to promote the safety of the employee victim while at work; and
4. Employees who request reasonable accommodation to address a conflict between religious belief, practice, or observance and any employment requirement.

A. Reasonable Medical Documentation and Certification

1. For a Reasonable Accommodation

If the disability or the need for reasonable accommodation is not obvious, the Agency may require the individual requesting such accommodation to provide reasonable medical documentation confirming the existence of the disability and the need for reasonable accommodation, along with the name and credentials of the individual's

health care provider. If the individual provides insufficient documentation, the Agency will do the following: (1) explain the insufficiency of the documentation provided; (2) allow the employee or applicant to supplement the documentation in order to remedy the issue with the documentation provided; and (3) pursue the interactive process only to the extent that the request is consistent with the documentation provided.

2. For a Reasonable Accommodation or Transfer Due to Pregnancy or Related Conditions

If a pregnant employee, or an employee with a pregnancy-related condition, requests a reasonable accommodation or transfer due to pregnancy, the Agency will provide the employee with notice of the need for a medical certification within two (2) business days after the employee's request for accommodation. A medical certification confirming the need for a reasonable accommodation, including transfer, is sufficient if it contains: (1) a description of the requested accommodation or transfer; (2) a statement describing the medical advisability of the accommodation or transfer due to pregnancy; and (3) the date that the need for the accommodation or transfer will become necessary and the estimated duration of the accommodation or transfer.

3. For a Victim of Domestic Violence, Sexual Assault, or Stalking

An employee who is a victim of domestic violence, sexual assault, or stalking and who requests an accommodation to provide for their safety while at work must provide both of the following:

- A written statement signed by the employee or an individual acting on the employee's behalf, to certify that the accommodation is to address victim-safety concerns while at work; and
- A certification demonstrating the employee's status as a victim of domestic violence, sexual assault, or stalking, which can be in the form of: (a) a police report indicating the employee's victim status; (b) a court order separating the perpetrator from the employee or that the employee has appeared in court for that purpose; or (c) documentation from a medical professional or counselor that the employee is undergoing treatment for physical or mental injuries or abuse resulting from an act of domestic violence, sexual assault, or stalking.

1. Fitness for Duty Examinations: Authorization for Use of Medical Information

During the course of a fitness for duty examination, the Agency will not seek or use information regarding an employee's medical history, diagnoses, or course of treatment without an employee's written authorization.

1. Fitness for Duty Examinations: Applicants

After the Agency extends a conditional offer of employment to an applicant, the Agency may require the applicant to submit to a fitness for duty examination that is job-related, necessary for efficient operations of the agency, and required of all applicants for the job classification. The Agency will notify an applicant or employee who is required to pass a medical and/or psychological examination of their right to obtain a second opinion at their expense and that they may submit such second opinions for consideration.

2. Fitness for Duty Examinations: Current Employee

The General Manager may require an employee to submit to a fitness for duty examination in order to determine whether the employee has a disability and is able to perform the essential functions of their job when there is significant evidence of the following:

- The employee's ability to perform one or more essential functions of their job has declined; or
- Could cause a reasonable person to question whether an employee is still capable of performing one or more of their essential job duties, or is still capable of performing those duties in a manner that does not harm themselves or others.

3. Fitness for Duty Examinations: Role of Health Care Provider

The Agency may request the applicant's or employee's health care provider to conduct a fitness for duty exam on the applicant or employee, or may request an Agency-selected health care provider to do so at the Agency's expense. The Agency will allow an employee paid time off to attend the exam. The Agency will provide the heath care provider with a letter requesting a fitness for duty examination and a written description of the essential functions of the job. The examination will be limited to determining whether the applicant or employee can perform the essential functions of their position and any work restrictions and/or functional limitations that apply to the applicant or employee. The health care provider will examine the employee and provide the Agency with non-confidential information regarding whether:

- The applicant or employee has a disability within the meaning of the FEHA;
- The applicant or employee is fit to perform essential job functions;
- Workplace restrictions or functional limitations apply to the applicant or employee, and the duration of the work restrictions or functional limitations;

- There are any reasonable accommodations that would enable the employee to perform essential job functions; and
- The employee's continued employment poses a threat to the health and safety of themselves or others.

Should the health care provider exceed the scope of the Agency's request and provide confidential health information, without valid consent of the applicant or employee, the Agency will return the report to the health care provider and request another report that includes only the non-confidential fitness for duty information that the Agency has requested.

4. Fitness for Duty Examinations: Medical Information from the Employee or Applicant

If an employee or applicant submits medical information to the Agency from their own health care provider, the General Manager will not forward that information on to the health care provider who conducted the examination for the Agency, without the employee or applicant's written authorization. Upon receipt of the written authorization, the General Manager will request the Agency-paid health care provider to determine whether the information alters the original fitness for duty assessment.

2. Interactive Process

After the occurrence of any of the above-stated circumstances that trigger the need to conduct an interactive process meeting, the General Manager will promptly arrange for a discussion or discussions, in person or via conference telephone call, with the applicant or employee and their designated representative, if any. The purpose of the interactive communications will be to discuss in good faith all feasible potential reasonable accommodations. The General Manager will document these communications in writing. The General Manager will initiate the interactive process when:

- An applicant or employee with a known physical or mental disability or medical condition requests reasonable accommodation(s);
- The Agency otherwise becomes aware of the need for an accommodation through a third party (*e.g.*, a doctor's note requesting an accommodation), or by observation of the employee's work;
- The Agency becomes aware of the possible need for an accommodation because the employee with a disability has exhausted workers' compensation leave, California Family Rights Act leave, or other leave rights, but the employee and/or the employee's health care provider indicate that further

accommodation is still necessary for recuperative leave or other accommodation;

- An employee disabled by pregnancy, childbirth or related medical conditions requests a reasonable accommodation or transfer based on the advice of her health care provider;
- An employee with a physical or mental disability, regardless of cause, fails to return to work following pregnancy disability leave;
- An employee-victim of domestic violence, sexual assault, or stalking requests a reasonable accommodation(s) for their safety at work;
- An employee requests an accommodation to address a conflict between religious belief, observance, or practice and any employment requirement; or
- An employer is aware of the need for a reasonable accommodation for an employee's or applicant's religious beliefs, observance or practices.

3. Potential Accommodations for Applicants or Employees with Disabilities

Depending on the facts of each case, the interactive process analysis will generally begin with a review of possible reasonable accommodations that would enable the individual to retain their current job. The process will generally then move on to possible reasonable accommodations in other vacant jobs, for which the individual is qualified, if there is no reasonable accommodation in the current job that does not cause undue hardship, or that does not present a risk of harm to the individual or others. The Agency will consider accommodations that the applicant or employee suggests, but has the right to select and implement any reasonable accommodation that it deems effective. The range of potential reasonable accommodations includes, but is not limited to, the following:

- Making existing facilities used by employees readily accessible to, and usable by, individuals with disabilities, including, but not limited to, the following: acquisition or modification of equipment or devices; adjustment or modifications of examinations, training materials or policies; and/or the provision of qualified readers or interpreters;
- Job restructuring;
- Part-time or modified work schedules;
- Paid or unpaid leave of absence of a finite duration that is likely to enable the employee to return to work at the end of the leave;

- Preferential consideration to reassignment to a vacant, comparable position, except when such preference would violate a bona fide seniority system;
- Reassignment to a vacant lower-paid position if there is no funded, vacant comparable position for which the individual is qualified for; or
- Reassignment to a temporary position, if the individual agrees.

4. Potential Accommodations for Employees Affected by Pregnancy and Related Medical Conditions

Depending on the facts of each case, the interactive process will attempt to identify and implement a reasonable accommodation that is consistent with the medical certification applicable to the applicant or employee. Whether an accommodation is reasonable is a case-by-case analysis that takes into account several factors, including, but not limited to: the employee's medical needs; the duration of the needed accommodation; and the employer's legally permissible past and current practices. The range of potential accommodations includes, but is not limited to, the following:

- Transfer to a less strenuous or hazardous position for the duration of the pregnancy;
- Change in or restructuring of work duties, such as modifying lifting requirements;
- Providing more frequent breaks;
- Providing seating;
- Time off for medical appointments; and
- Transfer temporarily to a job with equivalent pay and benefits that the employee is qualified to perform in order to accommodate reduced work schedule or intermittent leave. However, a reduction in work hours may be considered a form of pregnancy disability leave and deducted from the employee's four (4) month pregnancy disability leave entitlement.

5. Potential Accommodations for Employee-Victims of Domestic Violence, Sexual Assault, or Stalking

Depending on the facts of each individual case, the interactive process analysis will review all possible accommodations that would enhance the safety of the employee victim at work. In determining what accommodation is reasonable, the Agency will consider the exigent circumstance or danger facing the employee. The Agency will consider the preferences of the employee to be accommodated, but has the right to

select and implement any accommodation that it deems effective. The range of potential safety measure accommodations includes, but is not limited to, the following:

- Transfer, reassignment, modified schedule;
- Change in work telephone number;
- Change in location of work station;
- Installation of locks;
- Assistance in documenting domestic violence, sexual assault, stalking, or a crime that occurs in the workplace;
- The implementation of a safety procedure(s);
- Adjustment to job structure, workplace facility, or work requirement; and
- Referral to a victim assistance organization.

6. Potential Accommodations for Religious Creed, Religious Dress Practice, or Religious Grooming Practice

Depending on the facts of each case, the interactive process analysis will review all possible accommodations that would resolve the conflict between the religious belief, practice, or observance and any employment requirement. The Agency will consider the preference of the employee or applicant, but has the right to select and implement any accommodation that it deems effective. The range of potential accommodations includes, but is not limited to, the following:

- Job restructuring or job reassignment (but not segregation from other employees or the public);
- Modification of work practices, including dress or grooming;
- Allowing time off in an amount equal to the amount of non-regularly scheduled time the employee has worked in order to avoid a conflict with their religious observances; and
- Allowing alternatives to union membership or payment of union dues.

7. Determination

After the interactive process communications, the General Manager will review the information received, and determine: whether all available information has been reviewed; whether all potential accommodations that the applicant or employee has suggested have been considered; whether additional discussions with the applicant or employee would be helpful; whether the applicant's or employee's preferences have

been taken into account; if there is a reasonable accommodation that would enable the applicant or employee to perform essential job functions without harming themselves or others; and if the accommodations would pose an undue hardship on the Agency finances or operations. The General Manager will inform the applicant or employee of their determination in writing. The General Manager will use their discretion based upon the particular facts of each case.

8. Access to Medical Information Regarding Fitness for Duty

Medical records and information regarding fitness for duty, or the need for an accommodation, will be maintained separately from non-medical records and information. Medical records and information regarding fitness for duty and the need for accommodation will be accessible only by the General Manager, the General Manager's legal counsel, first aid and safety personnel in case of emergency, and supervisors who are responsible for identifying reasonable accommodations. Medical records and information contained therein may be released pursuant to federal and state law.

ARTICLE 3.0 EMPLOYMENT POLICIES AND PRACTICES

3.1 AT-WILL EMPLOYMENT

~~Bighorn-Desert View Water~~ Agency personnel are employed on an at-will basis (only employees hired prior to December 20, 2005, are not "at will"). This means that ~~E~~employment ~~at-will~~ may be terminated with or without cause, and with or without notice, at any time by either the employee or the Agency. Nothing in this ~~h~~Handbook shall limit the right to terminate at-will employment, with or without cause, or prior notice. No individual Board member, manager, supervisor, or employee of the Agency has any authority to enter into an agreement for employment for any specified period of time or to make an agreement for employment ~~on~~ other than "at-will" employment ~~terms~~. Only the General Manager of the ~~Bighorn-Desert View Water~~ Agency has the authority to make an~~y such~~ agreement for other than "at-will" employment, which is binding on the Agency only if it is in writing and approved by the Board of Directors.

3.2 NEW HIRES

After an offer of employment has been made and prior to the commencement of employment duties, ~~each~~ a ~~applicant~~ prospective employee for any position with the Agency may~~must~~ be examined by a medical doctor, designated by the Agency, to determine the ~~applicant's~~ prospective employee's ability to perform the physical activity requirements of the job. Additionally, the Agency will require ~~applicants~~ prospective employees to submit to and pass a drug and/or alcohol screening test at the time of the physical examination if they will be assigned to a "safety-sensitive" position ~~(~~as set forth in Section 5.2, ~~defined by~~ the Agency Drug and Alcohol ~~Testing Program~~Policy~~)~~.

Upon successful completion of the required physical examination, the supervisor of each newly hired employee will administer an orientation process. The orientation process is designed to familiarize each newly hired employee with the Agency's practices, policies, and benefit plans. It includes their initial safety training, initial job training, the completion of required forms and documents, and any other job related information. A checklist of the topics covered in the orientation process must be completed by the newly hired employee, signed by the employee and their supervisor, and will be maintained as part of the employee's personnel records.

The first ninety (90) days' of continuous employment at the Agency is considered a probationary training period ("Training Period"). During the ~~t~~Training ~~p~~Period, training employees do not accrue and are not eligible for benefits described in this ~~h~~Handbook, unless required by law. During this time, employees will learn their job responsibilities and get acquainted with fellow employees and surroundings. Also, during this time, supervisors will closely monitor the training employees' job performance. Upon completion of the ~~t~~Training ~~p~~Period, the General Manager will review the employee's

overall job performance. Completion of the tTraining pPeriod does not entitle an employee to remain employed by the Agency for any defined period of time as employment is "at will". Both employee and the Agency are free, at any time, to end the employment relationship during or after the Training Period, consistent with employee's at-will employment. After completion of the tTraining pPeriod, eligible employees will receive the benefits described in this hHandbook, unless previously required by law.

3.3 REGULAR EMPLOYEES

Employees who have successfully completed their tTraining pPeriod shall be known as "regular" employees. Such employees may be either full-time or part-time. The distinction between full-time and part-time depends upon the number of hours that an employee works per workweek.

3.4 REGULAR FULL-TIME EMPLOYEES

Regular full-time employees are those normally scheduled to work 40 hours per workweek. Following the completion of the tTraining pPeriod, regular full-time employees are eligible for the employee benefits described in this handbook, unless previously required by law.

3.5 REGULAR PART-TIME EMPLOYEES

Regular part-time ~~such~~ employees may be assigned a work schedule in advance or may work on an as-needed basis. Regular part-time employees are eligible for employee benefits only as expressly provided for in this hHandbook.

3.6 TEMPORARY EMPLOYEES

Temporary employees are those employed for short-term assignments. Temporary employees are not eligible for employee benefits except where mandated by applicable law. The physical examination for temporary employees may be waived by the General Manager.

3.7 JOB DUTIES

During the tTraining pPeriod, a co-worker and/or supervisor will be assigned to explain the job responsibilities and the performance standards expected of the newly hired. (See Appendix A - Job Classification Descriptions). ~~Be aware that, w~~Within the parameters of the job classification, the employee's job responsibilities may change at any time during employment. From time to time, employees may be asked to work on special projects or to assist with other work necessary or important to the operation of the Agency. The employee's cooperation and assistance in performing such additional work is an expected job responsibility. The Agency reserves the right, at any time, with or without notice, to alter or change job responsibilities, reassign or transfer job positions, or assign additional job responsibilities for any employee.

3.8 WORK SCHEDULES

The Agency's office is normally open for business between the hours of 8:00 a.m. and 4:30 p.m., Monday through Friday. The General Manager will assign the employee's work schedule. All employees are expected to be ready to work at the start of their scheduled shifts. If for some reason an employee is unable to be at work when their shift begins, they are required to notify their supervisor at least one half hour before their scheduled reporting time, and failure to do so may result in disciplinary action by the Agency. Exchanging work schedules with other employees is strongly discouraged. However, if employees believe it is necessary for them to exchange schedules, they may make a request to ~~notify~~ their supervisor, who may or may not authorize such an exchange.

3.9 MEAL AND REST PERIODS

Overtime eligible ~~E~~employees are provided with a meal period, to be taken approximately in the middle of the workday. Employees are allowed ten-minute rest periods for every four hours of work ~~or major portion thereof~~. Rest periods may not be combined to shorten the workday or to extend the meal period. Employees shall take ~~Supervisors will schedule the employee's~~ meal and rest periods at a time designated by the employee's supervisor.

3.10 PERSONNEL RECORDS

A. Confidential Files

The Agency maintains a personnel file on each employee. Files are kept for at least three years after separation of employment. A personnel file will contain only material that the Agency deems necessary and relevant or that is required by law. Personnel files are the property of the Agency, and access to the information they contain is restricted to protect employee privacy interests.

B. Notification of Changes

Each employee is responsible to promptly notify the General Manager or designee of any changes in their contact and benefits information, including: mailing address; telephone number; persons to contact in emergency; and number and names of dependents.

C. Access to Applicant of Employee Medical Information

All medical information about an employee or applicant is kept in separate medical files and is treated as confidential. Access to employee or applicant medical information shall be strictly limited to only those with a legitimate need to have such information for Agency business reasons, as determined in the Agency's sole discretion, or if access is required by law, subpoena, or court order. In the case of an employee with a disability, managers and supervisors may be informed regarding necessary restrictions on the work or duties of the employee and necessary accommodations.

D. Employee Access to Personnel File

1. Inspection of File: A current employee may inspect their own personnel file, at reasonable times and at reasonable intervals, within 30 days of a written request. A former employee is entitled to inspect their personnel records one time per year. A current or former employee and/or their representative, who wishes to review their personnel file should make a written request to the General Manager. The inspection must occur in the presence of the General Manager or designee and: (1) at a location where the employee works and at a time other than the employee's work time; or (2) at another agreed upon location without loss of compensation to the employee.

2. Copies: A current or former employee is entitled to receive a copy of their personnel records within 30 days after the employer receives a written request. A current or former employee who wishes to receive such a copy should contact the General Manager or designee in writing. The Agency may charge a fee for the actual cost of copying.

3. Representative's Inspection: If the current or former employee wishes to have another person/representative inspect their personnel file, they must provide the person/representative with written authorization. The General Manager or designee will notify the employee and/or representative of the date, time, and place of the inspection in writing.

4. No Removal of File Documents: No person inspecting a personnel file is permitted to add or remove any document or other item to/from the personnel file. ~~Employees have a right to inspect their personnel file, as provided by law, in the presence of an Agency representative at a mutually convenient time. Employees may add their version of any disputed item to the file. The Agency will restrict disclosure of personnel files to authorized individuals within the Agency (*i.e.*, employee, employee supervisor, or General Manager). Any request for information from personnel files must be directed to the General Manager. Only the General Manager or their designee is authorized to release information about current or former employees. Disclosure of personnel information to outside sources will be restricted to cooperation with authorized law enforcement or local, state or federal agencies conducting official investigations.~~

~~1.~~5. Limitations on Access or Copying of Personnel File: Prior to making a copy of personnel records or allowing inspection, the Agency may redact

the names of nonsupervisory employees. Under no circumstances will the Agency provide access or copying of the following categories of personnel file documents: (1) records relating to the investigation of a possible criminal offense; (2) letters of reference; and (3) ratings, reports, or records that were obtained prior to employment, prepared by identifiable examination committee members, or obtained in connection with a promotional examination.

3.11 EMPLOYEE REFERENCES AND VERIFICATIONS OF EMPLOYMENT

All requests for references and verifications of employment must be directed to and approved by the General Manager or ~~their~~ designee. No other Agency manager, supervisor, or employee is authorized to ~~release~~ provide references or verifications of employment for current or former employees. In response to a reference request or a verification of employment for a current or former employee, ~~T~~the Agency will only disclose ~~'s policy as to references for employees who have left the Agency is to disclose only~~ the employee's dates of employment and the title of the last position the employee held. If an employee authorizes such disclosure in ~~writing~~a written waiver, the Agency will also provide a prospective employer with the information on the employee's amount of salary or wage last earned.

3.12 PERFORMANCE EVALUATIONS

Employees will receive periodic performance ~~reviews~~evaluations. The ~~review~~ evaluation will be conducted by the supervisor who will discuss it with the employee. An employee's~~The~~ first performance evaluation will be ~~after~~ upon completion of the midway point of the ~~t~~Training ~~p~~Period, and their second performance evaluation will be upon completion of the Training Period. After that ~~review~~evaluation, performance evaluations will generally be conducted annually, on or about the anniversary date of employment with the Agency. The frequency of performance evaluations will occur as the Agency deems necessary and may vary depending upon length of service, job position, past performance, changes in job duties, ~~or recurring~~ performance problems, and/or the Agency's operational needs. Performance evaluations may review factors such as the quality and quantity of the work performed, knowledge of the job, initiative, work attitude and attitude toward others. The performance evaluation ~~should~~ is intended help every employee become aware of their progress, areas for improvement, and objectives or goals for future work performance.

After the review, employees will be required to sign the performance evaluation report ~~simply~~ to acknowledge that it has been presented to them, and reviewed and discussed with them by their supervisor and that they are aware of its contents. The employee's signature shall not mean that they endorse the contents of the performance evaluation.

Positive performance evaluations do not guarantee increases in salary or promotions. Salary increases and promotions are solely within the discretion of the Agency, and depend upon many factors in addition to performance. ~~Promotions are solely within the discretion of the Agency.~~

An employee does not have the right to appeal or submit a grievance regarding any matter relating to the content of a performance evaluation. Instead, the employee may comment on the evaluation in a written statement, which will then be placed with the evaluation in the employee's personnel file. The written statement must be submitted within ten days after the employee receives the evaluation.

3.13 GRIEVANCE PROCEDURE

The purpose of the grievance procedure is to provide a means by which employee grievances may be considered, discussed, and resolved at the closest possible level to the point of origin. A grievance is any dispute concerning the interpretation or application of the rules or regulations governing personnel practices or working conditions, or of the practical consequences of a decision on wages, hours, and other terms and conditions of employment and that contains all of the information listed in the "Statement of the Grievance" below. The grievance procedure cannot be utilized to challenge the content of a performance evaluation. A concern is not a grievance unless the affected employee is able to state each of the following: (1) the date of the alleged violation; (2) the specific provision(s) of these policies that were allegedly violated; (3) a description of all facts regarding how the alleged violation occurred; (4) and a list of all persons who are witnesses or are involved. The grievant must include all of the preceding information in a Statement of the Grievance, which must be signed by the employee filing the grievance to certify that it is filed in good faith.

Grievances shall be waived for all purposes if not presented to the supervisor within ten working days from the date the aggrieved employee knew, or, in the Agency's sole discretion, by reasonable diligence could have known, of the occurrence of the act or omission on which the grievance is based. Grievances shall be presented in accordance with the procedures set forth below. The time period for review of the grievance may be extended at any level of the procedure by mutual written consent of ~~both parties~~the employee and General Manager or designee.

A. INFORMAL PROCEDURE: An employee with a grievance shall first discuss it with their immediate supervisor without delay. If the ~~problem~~ grievance is not ~~answered~~ resolved to the~~ir~~ employee's satisfaction, the~~y~~ employee may ~~shall have the right to~~ discuss ~~it~~ the grievance with the supervisor's immediate superior. Every effort shall be made to resolve the ~~problem~~ grievance ~~in this manner~~through the informal procedure.

B. FORMAL PROCEDURE: If the employee believes the informal ~~efforts~~ procedure did ~~have~~ not ~~been~~ successfully resolve ~~in resolving an~~ the employee's ~~problem~~grievance, the~~y~~ employee may avail themselves of this formal procedure by submitting ~~their~~ a written Statement of the Grievance ~~appeal in writing~~ within five working days of receipt of the final ~~answer given~~outcome in the informal procedure. ~~The written appeal shall include a detailed nature of the grievance and their expectations for resolution. The procedure is~~ as follows:

- ~~FIRST LEVEL OF APPEAL: The written appeal shall be submitted to the employee's immediate supervisor who shall hold a meeting within five working days and shall render a decision and comments in writing within five working days of the meeting.~~

- GENERAL MANAGER REVIEW: If the employee does not agree with the decision, or if no answer has been received within six (6) working days of the first (1st) level meeting, the employee may forward the original appeal in writing to the General Manager. Failure of the employee to take further action within ten (10) working days after receipt of the first level decision, or within a total of ten (10) working days if no decision is rendered, will bar further consideration. The General Manager shall discuss the grievance with the employee and with other appropriate persons, if any. The General Manager shall render a decision regarding the original appeal and comments in writing and return them to the employee within ten (10) working days after receiving the written appeal. The only appeals that can go beyond the General Manager level are appeals from actions where "punitive discipline" was imposed. "Punitive discipline" is defined as termination, suspension without pay of three (3) days or more, or demotion. (For employees hired prior to December 20, 2005, "major disciplinary actions," including "punitive discipline," shall be administered as set forth in Section 3.17 and the grievance procedure shall not apply to such actions.) ~~Performance appraisals shall not be appealed beyond the General Manager level.~~

- BOARD REVIEW: If the employee does not agree with the decision made at the General Manager level where punitive discipline was imposed the employee may within five (5) working days, present their appeal in writing to the General Manager requesting a hearing before the Board. All evidence and supporting documents must be submitted with the appeal letter. At the employee's request, this hearing may be in either

open or closed session. The decision of the Board of Directors shall be final and binding on all parties.

Failure of the Agency to comply with the time limits of the grievance procedures allows the grievant to appeal to the next level of review. Failure of the grievant to comply with the time limits of the grievance procedures constitutes settlement and resolution of the grievance on the basis of the last disposition. The Agency and grievant may extend time limits by mutual written agreement in advance of a deadline. The grievance is considered resolved at any step in the procedure when the employee is satisfied that the problem has been resolved.

Throughout the duration of the grievance process, the employee shall remain in their current classification at their current rate of compensation whether placed on leave status or not. ~~The grievance procedure is the right of every regular employee and n~~No punitive action of any kind shall be assessed against any regular employee ~~for~~ because they ~~legally and professionally utilizing~~utilized the grievance process.

3.14 EMPLOYMENT OF RELATIVES

A. Policy

The Agency regulates the employment and placement of relatives, spouses, and domestic partners so as to avoid conflicts of interest and to promote safety, security, supervision, and morale. The Agency will not hire, appoint, promote, or transfer relatives or spouses into positions with the Agency, if any of the following would result:

1. A direct or indirect supervisory relationship between the relatives;
2. The two employees having job duties which require performance of shared duties on the same or related work assignment;
3. Both employees having the same supervisor; or
4. ~~w~~Where actual or potential problems may arise regarding supervision, security, safety or morale, or where potential conflicts of interest exist.

B. Definitions

1. "Relatives" ~~are defined to include~~means ~~spouses, registered domestic partners,~~ children, step-children, siblings, parents, grandparents, grandchildren, uncles, aunts, nieces, nephews, or in-laws and step-relatives of the preceding individuals by marriage or domestic partnership.

2. "Spouse" means one of two persons to a marriage, or two people who are registered domestic partners, as those terms are defined by state law.

3. "Supervisory relationship" means one in which one employee exercises the right or responsibility to control, direct, reward, or discipline another by virtue of the duties and responsibilities assigned to by the Agency.

C. Marriage or Domestic Partnership After Employment

1. **Transfer:** If two Agency employees who work in the same department later become spouses or domestic partners, the General Manager has discretion to transfer one of the employees to a similar position in another department. Although the wishes of the two employees will considered, the General Manager retains sole discretion to determine which employee will be transferred based upon the Agency's needs for supervision, safety, security, or morale. Any such transfer that results in a salary reduction is not disciplinary and is not subject to any grievance or appeal, or pre- or post-disciplinary appeal due process.

~~1.~~2. **Separation:** If continuing employment of both employees, who work in the same department and who later become spouses or domestic partners, cannot be accommodated in a manner the General Manager finds to be consistent with the Agency's interest in the promotion of supervision, safety, security, or morale, then the General Manager retains sole discretion to separate one employee from the Agency. Absent the resignation of one employee, the less senior employee will be separated. Any such separation is not considered to be disciplinary and is not subject to any grievance or appeal, or pre- or post-disciplinary appeal due process.~~If two employees marry, become registered domestic partners, or become related, causing actual or potential problems such as those described above, only one of the employees will be retained with the Agency unless reasonable accommodations can be made to eliminate the actual or potential problems. The employees will have 30 days to decide which relative will stay with the Agency. If this decision is not made in the time allowed, the General Manager of the Agency will make the decision, taking the employment history and job performance of both employees into account.~~

3.15 CONFLICTS OF INTEREST

Situations of actual or potential conflict of interest are to be avoided by all employees. Personal or romantic involvement with a competitor, supplier or subordinate employee of

the Agency, which impairs an employee's ability to exercise good judgment on behalf of the Agency, creates an actual or potential conflict of interest. Supervisor-subordinate romantic or personal relationships also can lead to supervisory problems, possible claims of sexual harassment and morale problems.

An employee involved in any of the types of relationships or situations described in this policy should immediately and fully disclose the relevant circumstances to their immediate supervisor, or any other appropriate supervisor, for a determination as to whether a potential or actual conflict exists. If an actual or potential conflict is determined, the Agency may take whatever corrective action appears appropriate according to the circumstances. Failure to disclose facts shall constitute grounds for disciplinary action.

3.16 REDUCTIONS IN FORCE

Whenever, in the judgment of the Agency Board, a reduction in personnel is necessary for economic or operational reasons, any employee may be laid off or demoted for non-disciplinary reasons. ~~Under some circumstances, the Agency may need to restructure or reduce its work force. If it becomes necessary to restructure Agency operations or reduce the number of employees,~~ tThe Agency will attempt to provide reasonable advance notice of such layoffs and demotions, if possible, so as to minimize the impact on those affected. If possible, employees subject to layoff or demotion will be informed of the ~~nature of the layoff and the~~ foreseeable duration of the layoff or demotion, whether ~~short-term~~temporary, permanent, or indefinite.

~~The Agency will abide by all applicable laws relative to reductions in force.~~ Employees will be laid off in the inverse order of their seniority in their classification in the department. Seniority is determined based on the length of employment in the affected classification in the department, or higher classifications in the department. Length of employment includes all days of employment in attendance at work and on authorized or legally-protected leaves of absence. Length of service does not include unauthorized periods of leave, suspension, or layoff. Within each classification, employees will be laid off in the following order: (1) temporary; (2) part-time; (3) probationary; and (4) for-cause status. If two or more employees in a classification to be laid off have the same length of employment, the employee to be laid off will be decided by lottery. ~~In determining which employees will be subject to layoff, the Agency will take into account, among other things, operational requirements, the skill, productivity, ability and past performance of those involved and also, where feasible, the employee's length of service.~~

3.17 TERMINATION AND PROGRESSIVE DISCIPLINE

This Section 3.17 only applies to employees hired prior to December 20, 2005, who are not classified as "at-will" employees. All other employees may be disciplined or separated at will, with or without cause, with or without notice, and without the disciplinary procedures

listed below. ~~Violation of Agency policies and/or rules may result in disciplinary action. The Agency may follow a system of progressive discipline which may, but need not, include verbal warnings, written warnings, suspension, and/or termination. All disciplinary action taken shall be recorded in the employee's personnel file.~~

For employees hired prior to December 20, 2005, who are not classified as "at-will," the following disciplinary process will apply to "major disciplinary actions," (defined as terminations, demotions, reductions in pay, or suspensions without pay):

A. Notice of Intended Disciplinary Action to Employee

Prior to imposing a major disciplinary action, the employee shall be provided with a notice of proposed disciplinary action, which shall include (1) the level of the intended discipline; (2) the specific charges that support the intended discipline; (3) summary of the facts that show that the elements of each charge at issue in the intended discipline; (4) a copy of the documents upon which the intended disciplinary action is based; (5). ~~The~~ notice ~~shall indicate that~~of the employee's right to respond to the General Manager regarding the intended discipline within ~~shall have up to~~ seven (7) calendar days from the date of the notice, either to schedule a "*Skelly*" hearing with the General Manager or by providing a written response, or both; (6) notice of the employee's right to have a representative of their choice at the *Skelly* hearing; and (7) notice that failure to respond by the time specified constitutes a waiver of the right to respond prior to final discipline being imposed.

B. Response by Employee and *Skelly* Hearing

If the employee requests a *Skelly* hearing, the General Manager or designee will conduct an informal meeting with the employee. During the informal meeting, the employee shall have the opportunity to rebut the charges against them and present any mitigating circumstances. The General Manager will consider the employee's presentation before issuing disciplinary action. The employee's failure to attend the hearing, or to deliver a written response by the date specified in the *Skelly* notice, is a waiver of the right to respond, and the intended disciplinary action will be imposed on the date specified in the notice of proposed disciplinary action.

C. Final Notice of Disciplinary Action

Following the *Skelly* hearing, the timely receipt of the employee's written response, or after seven (7) calendar days if the employee does not choose to schedule ~~one~~a *Skelly* hearing or provide a written response, the General Manager ~~shall issue the employee a notice of disciplinary action~~will: (1) take no disciplinary action; (2) modify the intended discipline; or (3) impose the intended disciplinary action. In any case, the General Manager will provide the employee with a notice that contains the following:

1. The level of discipline, if any, to be imposed and the effective date of the discipline;

2. The specific charges upon which the discipline is based;

3. A summary of the facts that show that the elements of each charge at issue in the intended discipline;

4. A copy of all materials upon which the discipline is based; and

5. A reference to the employee's appeal right and deadline to appeal.

D. Delivery of the Final Notice of Discipline

The final notice of discipline will be sent by mail method that verifies delivery to the last known address of the employee, or delivered to the employee in person. If the notice is not deliverable because the employee has moved without notifying the Agency or the employee refuses to accept delivery, the effective date of discipline will be the date the post office or delivery service attempted delivery.

E. Appeal Procedures

~~.~~ If the disciplinary action is a termination, demotion, or suspension without pay for five (5) days or more, the employee shall have seven (7) calendar days to file an appeal. The appeal shall be in writing and delivered to the General Manager. Following receipt of the appeal, a hearing shall be scheduled before the Board of Directors, or its designee(s). Failure to file a request for appeal within the time specified shall be deemed a waiver of all appeal rights. Appeal hearings need not be conducted in strict conformity with the Rules of Evidence as applied in a court of law, but all parties shall observe the substance of the Rules of Evidence, to the end that the matter may be fully heard and determined upon evidentiary matter which reasonable people rely on in the conduct of serious business affairs. Following the hearing, the Board or its designee(s) shall issue a written decision upholding, reducing, or rejecting the discipline imposed. ~~(~~If the Board delegates the hearing to a designee(s), the decision shall be advisory only to the Board, and the Board shall issue a final decision.~~)~~ The decision of the Board will be final and binding on all parties. The hearing shall be held in Closed Session unless the employee requests otherwise.

~~C.~~F. Suspensions Without Pay for Four Days or Less

In cases of suspensions without pay of four (4) days or less, the employee shall be entitled to notice of the suspension and a *Skelly* hearing with the General Manager either prior to, during or within seven (7) days following the suspension without pay. The decision of the General Manager following the *Skelly* hearing shall be final and binding and the employee shall have no further appeal rights.

3.18 VOLUNTARY TERMINATION

Any employee may voluntarily terminate their employment with the Agency at their convenience. All Agency owned property (*e.g.*, vehicles, keys, uniforms, identification badges, credit cards, electronic devices, etc.) must be returned immediately upon termination of employment. A Property Return Agreement must be completed and signed by each new employee during the orientation process as Agency equipment is issued.

3.19 EXPENSES

In accordance with California law, the Agency reimburses employees for all necessary expenses that they incur directly in performing their job duties. In order to obtain reimbursement from the Agency, the employee must, as required by IRS regulations, submit a copy of the appropriate bill, receipts, or other satisfactory evidence identifying the costs incurred to the General Manager. The employee must also complete the appropriate reimbursement request form and verify the amount of the expense, the date the expenses were incurred, and the reason why they were incurred. All reimbursement requests ~~should~~ must be submitted within 30 days of incurring the expense.

3.20 WEAPONS/ANTI-VIOLENCE

The Agency is committed to providing a safe and secure workplace and has adopted a ~~Z~~zero ~~T~~tolerance ~~P~~policy against acts or threats of ~~workplace~~ violence in the workplace. The workplace includes any location where Agency business is conducted, including vehicles and parking lots. Employees are prohibited from participating in or promoting acts of intimidation, violence, threats, coercion, assault and/or abusive behavior toward any person while in the course of Agency employment. The Agency also prohibits any conduct that references workplace violence, even if it was intended to be harmless, humorous, a prank, blowing off steam, or venting.

~~Consistent with this policy, acts or threats of physical violence, including intimidation, harassment, and/or coercion, which involve or affect the Agency or which occur on Agency property will not be tolerated.~~

~~Acts or threats of violence include conduct which is sufficiently severe, offensive, or intimidating to alter the employment conditions at the Agency or to create a hostile, abusive, or intimidating work environment for one or several Agency employees.~~

"Workplace violence" is defined as any conduct that causes an individual to reasonably fear for their personal safety or the safety of their family, friends, and/or property. Examples of workplace violence include, but are not limited to, the following:

- All threats or acts of violence occurring on the Agency premises, regardless of the relationship between the Agency and the parties involved in the incident.

- All threats or acts of violence occurring off the Agency premises involving someone who is acting in the capacity of a representative of the Agency.
- All threats or acts of violence occurring off the Agency premises involving an employee of the Agency if the threats or acts affect the legitimate interests of the Agency.
- Any ~~acts or~~ threats or acts of violence resulting in the conviction of an employee or agent of the Agency, or of an individual performing service for the Agency on a contract or temporary basis, under any criminal code provision relating to violence or threats of violence which adversely affect the legitimate interests and goals of the Agency.

Specific examples of prohibited conduct ~~which may be~~ considered threats or acts of violence include, but are not limited to, the following:

- Acts of physical harm directed toward an individual or their family, friends, associates, or property;
- ~~Hitting or shoving an individual.~~
- Threatening physical harm directed toward an individual or their family, friends, associates, or property ~~with harm;~~.
- ~~The intentional d~~Destruction or threat of destruction of Agency property or another employee's property;~~.~~
- Harassing or threatening phone calls~~.~~;
- ~~Harassing s~~Surveillance or stalking~~.~~;
- The suggestion or intimation that violence is appropriate~~.~~;
- Possessing a weapon(s) during work hours unless the Agency issues the weapon(s) for performance of the job. "Weapon" is defined as a firearm, chemical agent, club or baton, knife, explosive, or any other device, tool, or implement that can cause bodily harm if used as a weapon or displayed in such a manner to cause harm or threaten a person with harm;~~Unauthorized possession or inappropriate use of firearms or weapons;~~.
- Fighting, challenging another person to fight, or participating in dangerous or threatening horseplay; and
- Grabbing, pinching, or touching another person in an unwanted way whether sexually or otherwise.

The Agency's prohibition against threats and acts of violence applies to all persons involved in the Agency's operation, including but not limited to Agency personnel, contract, and temporary workers and anyone else on Agency property. Violations of this policy by any individual on Agency property, by any individual acting as a representative of the Agency while off Agency property, or by any individual acting off of Agency property when his/her actions affect the Agency's business interests will lead to disciplinary action (up to and including termination), and may lead to criminal prosecution~~/or legal action as appropriate~~.

~~Possession while on duty or bringing onto Agency property unauthorized material, such as explosives, weapons (including, but not limited to, firearms and knives), or other similar items, is strictly prohibited.~~

Every employee and every person on Agency property is required to report incidents of threats or acts of physical violence or any other violation of this policy of which the employee is aware. The report should be made to the General Manager, the reporting individual's immediate supervisor, or another supervisory employee if the immediate supervisor is not available. Nothing in this policy alters any other reporting obligation established in Agency policies or in state, federal, or other applicable law.

3.21 NON-EXEMPT EMPLOYEE USE OF COMMUNICATION DEVICES

Non-exempt (i.e. FLSA overtime-eligible) employees may perform necessary and authorized work duties on various communication devices (*e.g.*, smartphones, tablets, laptops, PDAs, etc.). ~~All such time spent will be considered as hours worked and will count toward overtime eligibility as set forth by applicable law. Accordingly, they are required to report all time spent working after hours. Therefore, to control costs and avoid unnecessary expenses, n~~Non-exempt employees shall not use communication devices for work-related purposes outside of their regularly scheduled hours unless they receive prior written authorization from ~~management~~their supervisor. ~~In other words~~This means, for example, that non-exempt employees ~~shall~~ are prohibited from~~not~~ reviewing, reading, sending, and~~or~~ responding to work-related emails outside of their regularly scheduled hours without prior ~~management~~ written authorization from their supervisor. If a non-exempt employee receives prior written authorization to use a communication device outside of their regularly scheduled hours, the employee is required to report all time spent working on communication devices and all such time spent will be considered hours worked and will count toward overtime eligibility as set forth by applicable law. Failure to follow this policy will result in disciplinary action.

3.22 TELEWORKING POLICY

The Agency may allow certain eligible employees who request to telework, subject to their execution of a Teleworking Agreement, to telework from an alternative worksite for some

or all of their regularly scheduled work hours provided that, for the duration of such telework, employees perform their job duties, and in so doing provide quality work in a timely manner, and to the benefit of the public. The Teleworking Agreement sets forth the mutual understanding of the employee, the employee's supervisor or manager, and the General Manager concerning the teleworking arrangement.

A. Definitions

- "Alternative Worksite" means the employee's home, place of residence or from another location approved by the Agency other than the employee's normal workplace at an Agency worksite or facility.
- "Telework(ing)" means a work arrangement under which an employee works from their home, place of residence or from another location other than the employees' normal workplace at an Agency worksite or facility ("Alternative Worksite") for all or a portion of their regularly scheduled work hours.
- "Work Schedule" means the days and hours determined by supervisors or managers during which non-exempt, overtime eligible employees should be in attendance at the Alternative Worksite. The Work Schedule shall provide for and include the rest and meal breaks required under applicable federal and state law as well as under contract.

B. Telework Eligibility

The General Manager, or designee, possesses the discretionary authority to determine the job classifications, positions, and employees who are eligible to telework under this policy. The General Manager, or designee, may make such determination using criteria including, but not limited to, the following:

1. The operational needs of the agency and employee's department and division;
2. The disruption of or potential for disruption to the agency's functions;
3. The ability of the employee to perform their job duties (both essential and marginal) from an Alternative Worksite without diminishing the quantity or quality of the work performed;
4. The degree to which the employee's job functions require face-to-face interaction with other agency employees, contractors and members of the public;
5. The employee's job performance, as determined by their last performance review;

6. The employee's length of service with the agency, department or division;

7. The portability of the employee's work, including the employee's ability to remotely access tools, equipment, and materials necessary to perform their job functions;

8. The availability of or ability to create a functional, reliable, healthy, safe, and secure Alternate Worksite for the employee at a reasonable cost;

9. The risk factors associated with performing the employee's job duties from a location other than the employee's normal workplace at an agency worksite;

10. The agency's capacity to monitor and measure the employee's work performance at the Alternate Worksite;

11. The employee's supervisory responsibilities;

12. The employee's need for supervision; and

13. Other considerations deemed necessary and appropriate by the agency, including tax and other legal implications of teleworking.

C. Process to Request Voluntary Telework

To make a request for a Teleworking arrangement, employees must complete a Voluntary Telework Request Form and file the completed request form with their supervisor or manager. The employee's supervisor or manager will provide the request form to the General Manager, or designee. In consultation with or based on information provided by the employee's supervisor or manager, the General Manager or designee, will make a determination regarding the employee's request to telework. The General Manager will consider Teleworking requests on a case-by-case basis consistent with the criteria above and other factors relevant to the employee's request to telework.

D. Final Determination; No Right to Appeal

The decision of the General Manager regarding an employee's Teleworking request is final and binding. The employee does not possess any right to appeal or grieve the decision.

E. Mandatory Teleworking Arrangements during Exigent Circumstances

Where an exigent circumstance exists, the Agency may direct Agency employees to remain at their homes or places of residence and the Agency adopt and implement a short-term teleworking arrangement for such employees in order to provide for the continuity of essential services provided by the Agency.

Exigent circumstances means a situation in which there is an imminent threat of extreme peril to life, property and resources. Exigent circumstances may include, but are not limited to, war, public health emergencies, power failures, natural and man-made disasters, and other states of emergency.

Where such an exigency exists and necessitates the adoption and implementation of a short-term mandatory teleworking arrangement for Agency employees, the General Manager is expressly authorized to suspend some or all provisions of this policy and adopt and implement alternative provisions necessary to provide for the continuity of essential services.

F. Duties and Obligations of Teleworking Employees

1. Generally

a) All existing duties, obligations, responsibilities and conditions of employment remain unchanged. Teleworking employees shall abide by all Agency and departmental policies and procedures, rules and regulations.

b) All of the Teleworking employees' existing supervisory relationships, lines of authority and supervisory practices remain in effect.

c) Teleworking employees authorized to perform work at an Alternate Worksite must meet the same standards of performance and professionalism expected of Agency employees in terms of job responsibilities, work product, timeliness of assignments, and contact with other Agency employees and members of the public.

d) Teleworking employees are required to be accessible in the same manner as if they are working at an Agency worksite or facility during the established teleworking Work Schedule, regardless of the designated location for teleworking, or Alternate Worksite. Teleworking employees must be accessible via telephone, email, and/or network access to their supervisor and other Agency employees while Teleworking, as if working at their Agency worksite. Teleworking employees shall check their Agency-related business phone messages and emails on a consistent basis, as if working at their Agency worksite.

2. Work Schedule, Overtime, Leave, and Benefits

a) For non-exempt employees, the Agency will either provide such employee: (1) a work schedule that will be included in the Agreement, and which will include meal and rest breaks ("Work Schedule"); or (2) authorization to work on an intermittent basis.

b) For non-exempt employees assigned a Work Schedule, any deviation from the Work Schedule must be approved in advance, in writing, by the employee's supervisor or manager and the General Manager.

c) Non-exempt employees may not Telework outside their normal work hours without prior written authorization from their supervisor or manager and the General Manager. A non-exempt employee who fails to secure written authorization before Teleworking outside their normal work hours may face discipline in accordance with the Agency's policy for working unauthorized overtime.

d) Non-exempt employees, regardless of whether assigned a Work Schedule or authorized to work intermittently, must take meal and rest breaks while Teleworking as required under applicable law and/or under applicable contract or Agency policy.

e) For non-exempt employees assigned a Work Schedule, all periods of Teleworking employees' unavailability must be approved in advance by their supervisor or manager and the General Manager in accordance with Agency policy and documented on the appropriate leave request form.

f) Non-exempt employees, regardless of whether assigned a Work Schedule or authorized to work intermittently, are required to report in a timely manner all hours worked at the Alternate Worksite and make that record available to their supervisor upon request. Employees shall record all non-productive work time on their timesheet.

g) Employees shall continue to abide by Agency policies and procedures for requests of sick, vacation and other leaves of absences. If an employee becomes ill while working under the Agreement, they shall notify their supervisor or manager immediately and record on their timesheet any hours not worked due to illness and/or incapacitation.

h) Non-exempt employees, regardless of whether assigned a Work Schedule or authorized to work intermittently, are required to request to work overtime in advance of doing so and must such requests must be pre-approved in writing by the employee's supervisor or manager.

i) Teleworking employees' salary and benefits remain unchanged during the Teleworking arrangement.

j) Workers' Compensation benefits will apply only to injuries arising out of and in the course of employment as defined by Workers' Compensation law. Teleworking employees must report any such work-related injuries to their supervisor or manager immediately. The Agency shall not be responsible for injuries or property

damage unrelated to such work activities, including injuries to third-persons when said injuries occur at the Alternate Worksite.

3. Space and Equipment, Information Security, Confidentiality

a) Teleworking employees will either receive approval to use personal computer equipment or will be provided with Agency-issued equipment at the discretion of the General Manager.

b) If the Agency provided any Agency-issued equipment, teleworking employees agree to follow the Agency's policy for the use of such equipment. Teleworking employees must report to their supervisor any loss, damage, or unauthorized access to Agency owned equipment, immediately upon discovery of such loss, damage, or unauthorized access.

c) Where, in response to a request to Telework, the Agency allows an employee to Telework, the Agency shall not be responsible for Teleworking costs, including, but not limited to, the employee's use of their home or place of residence, their personal computer, utilities, internet, data, network costs, home maintenance, workspace furniture, ergonomic equipment, or any other incidental costs, unless expressly provided for in the Agreement.

d) Employees must take reasonable precautions to ensure their devices (*e.g.*, computers, laptops, tablets, smart phones, etc.) are secure before connecting remotely to the Agency's network and must close or secure all connections to Agency desktop or system resources (*e.g.*, remote desktop, VPN connections, etc.) when not conducting work for the Agency. Employees must maintain adequate firewall and security protection on all such devices used to conduct Agency work from the Alternate Worksite.

e) Teleworking employees shall exercise the same precautions to safeguard electronic and paper information, protect confidentiality, and adhere to the Agency's records retention policies, especially as it pertains to the California Public Records Act ("CPRA"). Teleworking employees must safeguard all sensitive and confidential information (both on paper and in electronic form) relating to Agency work they access from the Alternate Worksite or transport from their Agency worksite to the Alternate Worksite. Teleworking employees must also take reasonable precautions to prevent third parties from accessing or handling sensitive and confidential information they access from the Alternate Worksite or transport from their Agency worksite to the Alternate Worksite. Teleworking employees must return all records, documents, and correspondence to the Agency at the termination of the Agreement or upon request by their supervisor or manager or General Manager.

4. Miscellaneous

a) Teleworking employees must notify their supervisor or manager promptly when unable to perform work assignments because of equipment failure or any other unforeseen circumstances.

b) Teleworking employees must have access to an Alternate Worksite that is quiet and free of distractions and which has reliable and secure power, internet and/or wireless access.

c) Teleworking employees shall ensure that all official Agency documents are retained and maintained according to the normal operating procedures in the same manner as if working at an Agency.

d) Teleworking employees must ensure dependent care will not interfere with work responsibilities.

3.23 REIMBURSABLE EXPENSES FOR CERTAIN TELEWORKING EMPLOYEES

The Agency will reimburse covered Teleworking employees only for those expenses incurred which are necessary for the Teleworking employee to perform the job duties assigned to the Teleworking employee by the Agency from their home, place of residence, or location other than an Agency worksite as determined at the sole discretion of the Agency. Whether the Agency will reimburse any such expense and, if so, the amount to be reimbursed will be in the Agency's sole and absolute discretion, but may include a reasonable portion of internet, cell phone, or utilities.

If a covered Teleworking employee expects to incur an expense that may be subject to reimbursement as identified in this policy, that employee is required to file a request for reimbursement with their manager or supervisor. The manager or supervisor will discuss the request with the General Manager who will make a determination as to the expense at issue. The determination of the General Manager shall be final and not subject to appeal or the grievance procedure.

ARTICLE 4.0 SALARY AND WAGE ADJUSTMENTS

4.1 SALARY RANGE AND STEP SCHEDULE

The Board shall adopt a Salary Range and Step Schedule for all positions, which shall be identified in Appendix "B" attached.

4.2 SALARY ADJUSTMENTS

All merit salary adjustments shall be made by the General Manager with ~~the aid of~~consideration given to the employee's performance ~~review~~ evaluation among other factors on or about the employee's annual anniversary date. Merit salary adjustments are granted only after a satisfactory period of service, and are not to be considered an automatic annual salary increase.

The Salary Range and Step Salary Schedule, attached as Appendix B, is adopted by the Board of Directors setting forth the salary alignment for regular hourly employees. Each range in the Salary Range and Step Salary Schedule shall have a corresponding job classification description which is attached as Appendix A - Job Classification Schedule.

4.3 OTHER SALARY ADJUSTMENTS

The Board, at its discretion, may grant a percentage cost of living adjustment to the Salary Range and Step Appendix B each year to be effective on or about July 1. The Social Security Cost-of-Living Index Publication and the overall financial condition of the Agency shall be considered when determining any adjustment.

4.4 OVERTIME

As necessary, non-exempt (i.e. FLSA overtime-eligible) employees may be required to work overtime at the Agency's direction. For purposes of determining which hours constitute forty (40) hours in a workweek for overtime eligibility, only actual hours worked, the three (3) hour facility inspection pay, paid holidays, pre-approved vacation, and paid sick leave will be counted. The Agency will attempt to distribute overtime evenly and accommodate individual schedules. All overtime work must be previously authorized by a supervisor. Working overtime without prior authorization for a supervisor is grounds for discipline.

The Agency provides compensation for all overtime hours worked by hourly employees in accordance with federal law as follows:

- All hours worked in excess of 40 hours in one workweek will be treated as overtime. A workday begins at midnight and ends 24 hours later. A workweek begins each Friday at midnight.

- Compensation for hours in excess of 40 hours for the workweek shall be paid at a rate of 1½ times the employee's regular rate of pay except for overtime worked during on-call duty (See Article 4.5).

All time worked must be recorded and will be paid. "Working off the clock" is strictly prohibited.

4.5 OPERATIONS STANDBY

A. FOUR HOUR FACILITY INSPECTION: The employee on-call shall perform the normal four (4) hour facility inspections on Saturday, Sunday, and all Agency authorized Holidays as required. The "four-hour facility inspection" is defined as the daily duties in which the Agency facilities are inspected and production data recorded. Four hours are allotted to perform these duties, and employees will be paid a minimum of four (4) hours, even if the employee actually works for less than four (4) hours.

B. ON-CALL TIME: Employees on on-call time shall ~~A~~answer information only calls, carry the on-call cell phone for the entire shift, and be available for any emergency call-out that may arise during the hours of their on-call shift. Employees having on-call responsibilities are required to live within a forty-five-minute drive of the Agency boundary.

C. STAND-BY DUTY: Employees on stand-by duty on Monday, Tuesday, Wednesday, Thursday, or Friday will be paid one (1) hour of their base pay rate for each day of service. Employees on stand-by duty on Saturday, ~~or~~ Sunday, or Agency authorized Holidays will be paid three (3) hours of their base pay rate. Stand-by duty pay is not considered overtime.

D. CALL OUT TIME: Call-out time refers to the time an employee is called out after regular working hours when that employee has on-call duty. Call-out time does not include the time required to make the four (4) ~~-~~hour facility inspection on a weekend or holiday day, information only calls or carrying the on-call cell phone for the entire shift. Call-out time shall be compensated as overtime and paid at one and one half (1½) times the employee's regular ~~hourly~~ rate or pay prorated (adjusted) by the application of the on-call compensation earned during the on-call period. In other words, the on-call pay (standby pay) is included in the regular rate for the purposes for calculating overtime. This will be noted on the paycheck as "STNDBYOT". Overtime shall be paid for an actual call-out for the time time worked with a minimum of one-hour compensation, except that ~~.~~ ~~I~~information only calls shall be paid as overtime for the actual duration of the call and not subject to the one-hour minimum compensation ~~clause~~ that applies to~~for~~ an actual call-out.

4.6 COMPENSATORY TIME

A non-exempt (i.e. FLSA overtime-eligible) employee may elect to accrue compensatory time in lieu of cash payment for overtime if their supervisor agrees prior to overtime work being performed. ~~Those e~~Employees eligible for compensatory time may accrue such time to a maximum cap of forty (40) hours. Compensatory time shall be calculated at one and one-half (1½) times the number of actual hours worked over forty (40) hours in a workweek. Compensatory time must be reported on the employee's time card and submitted to the payroll department. ~~(~~Compensatory time must be elected by the employee prior to performing the work.~~)~~

The Agency will grant an employee's request to use accumulated compensatory time provided that: (1) the Agency can accommodate the use of compensatory time on the day requested without undue disruption to Agency operations; and (2) the employee makes the request in writing to the supervisor no later than five (5) days prior to the date requested. If the employee does not provide five (5) days' notice, or if the Agency cannot accommodate the time off without undue disruption, the Agency will provide the employee the opportunity to cash out the amount of compensatory time requested at the end of the current pay period. Compensatory time used shall also be reported on the employee's time card and submitted to the payroll department. The Agency reserves the right to cash out accumulated compensatory time at any time. Compensatory time is cashed out at the employee's current regular rate of pay. Unused compensatory time shall be paid at the employee's current regular rate of pay, or the employee's average regular rate for the prior three years, whichever is higher, upon termination or separation of employment.

4.7 PAYMENT OF WAGES

All employees of the Agency are paid every other Thursday for work performed during the previous two-week pay period. If a regular payday falls on a holiday, every effort will be made to pay the employees on the preceding workday. Paychecks are normally available by 4:00 p.m. at the Jemez office. If an employee believes there is an error on a payroll check, it should be reported immediately to the supervisor, and if the Agency finds that an error occurred, it will be corrected within four (4) working days. All payroll deductions shall be in accordance with applicable laws.

4.8 ADVANCES

The Agency does not permit advances against unearned wages or against un-earned, un-accrued paid vacation leave.

4.9 SPECIAL ASSIGNMENT COMPENSATION

Special Assignment Compensation is a concept which allows for increases in pay beyond that which is normally allowed when duties performed support such additional pay for

special periods of time. The General Manager may grant the Special Assignment Compensation for duties assigned an employee at a rate of compensation at the bottom of the range for the new position or five percent (5%) of the employee's pay in their regular position, whichever is greater, of the employee's base pay rate when duties assigned are above and beyond the normal classification of an employee and under other circumstances as determined by the General Manager.

ARTICLE 5.0 STANDARDS OF CONDUCT

5.1 PROHIBITED CONDUCT

The following conduct is prohibited and will not be tolerated by the Agency. This list of prohibited conduct is illustrative only; other types of conduct injurious to security, personal safety, employee welfare and the Agency's operations also may be prohibited.

~~A. Failure to uphold the Constitution and laws of the United States and the State of California.~~

A. Violation of this Handbook, or any other Agency policy, rule, or resolution;
B. Absence without authorized leave or tardiness;
C. Excessive absenteeism and/or tardiness as defined by the General Manager, and/or this Handbook;
D. Use of leave from work in a manner not authorized or provided for under this Handbook, or any other Agency policy, rule, or resolution;
E. Making any false representation or statement, or making any omission of a material fact;
F. Providing wrong or misleading information or other fraud in securing appointment, promotion, or maintaining employment;
G. Unsatisfactory job performance;
H. Inefficiency;
I. Damaging any Agency property, equipment, resource, or vehicle, or the waste of Agency supplies through negligence or misconduct;
J. Insubordination, or insulting or demeaning the authority of a supervisor or manager;
K. Dishonesty;
L. Theft;
M. Violation of the Agency's confidentiality policies, or disclosure of confidential Agency information to any unauthorized person or entity;
N. Misuse or unauthorized use of any Agency property, including, but not limited to: physical property, electronic resources, supplies, tools, equipment, Agency communication systems, Agency vehicles or intellectual property;
O. Mishandling of public funds;
P. Falsifying or tampering with any Agency record, including work time or financial records;
Q. Discourteous or offensive treatment of the public or other employees;
R. Abusive conduct, including malicious verbal, visual or physical actions, or the gratuitous sabotage or undermining of a person's work performance;
S. Conviction, meaning any judicial determination of guilt, of a crime that has a nexus to the employee's job duties;

T. Unapproved outside employment or activity, or other enterprise that constitutes a conflict of interest with service to the Agency;

U. Any conduct that impairs, disrupts, or causes discredit to the Agency, to the public service, or other employee's employment;

V. Reckless or unsafe conduct;

W. Working overtime without prior authorization or refusing to work assigned overtime;

X. Carrying firearms or other dangerous weapons while on duty when not required by job duties; or

Y. Horseplay or fighting.

~~B. Failure to perform employment duties in accordance with all applicable governing authorities and regulations of the Agency including but not limited to the provisions of this handbook.~~

~~C. Falsification of employment records, employment information or other Agency records.~~

~~D. Theft, deliberate or careless damage of Agency property or the property of any employee or customer.~~

~~E. Removing or borrowing Agency property without prior authorization.~~

~~F. Unauthorized use of Agency equipment, time, materials, or facilities.~~

~~G. Provoking a fight or fighting during working hours or on Agency property.~~

~~H. Participating in horseplay or practical jokes on Agency time or on Agency premises.~~

~~I. Using abusive language at any time on Agency premises or in the performance of employment duties.~~

~~J. Engaging in criminal conduct whether or not related to job performance.~~

~~K. Creating or participating in a disruption of any kind which could result in the impedance of the normal work day routine during working hours on Agency property.~~

~~L. Insubordination, including but not limited to failure or refusal to obey the orders or instructions of a supervisor or member of management, or the use of abusive or threatening language toward a supervisor or member of management.~~

~~M. Failure to be punctual in reporting for work and efficient with the use of their time while on duty. All employees are encouraged to live close to the area and~~

~~employees having on-call responsibilities are required to live within a forty-five (45) minute drive of the Agency boundary.~~

~~N. Failure to notify a supervisor when unable to report to work.~~

~~O. Unreported absences and excessive tardiness.~~

~~P. Failure to obtain permission to leave work for any reason during normal working hours.~~

~~Q. Failure to provide a physician's certificate when requested or required to do so.~~

~~R. Sleeping or malingering on the job.~~

~~S. Making or accepting personal telephone calls, texting or answering personal emails during working hours, except in cases of emergency.~~

~~T. Working overtime without authorization, or refusing to work assigned overtime.~~

~~U. Violation of any safety, health, security or Agency policies, rules or procedures.~~

~~V. Committing a fraudulent act or a breach of trust under any circumstances.~~

~~W. Unlawful harassment or discrimination.~~

~~X. Discourteous treatment of others.~~

~~Y. Violation of Agency rules or policies.~~

5.2 DRUG AND ALCOHOL ~~ABUSE/DRUG TESTING PROGRAM~~POLICY

The Agency is concerned about the use of alcohol, ~~illegal~~ drugs (including but not limited to marijuana in all forms, which remains illegal under federal law), ~~or~~ and controlled substances as ~~it~~ such use affects the workplace, including causing inefficiencies and risks. Use of these substances whether on or off the job can adversely affect an employee's work performance, efficiency, safety, and health and therefore seriously impair the health and safety of the employee~~'s~~ and others in the workplace~~value to the Agency~~. In addition, the use or possession of these substances on the job constitutes a potential danger to the welfare and safety of other employees and exposes the Agency to the risks of property loss or damage, or injury to other persons. Furthermore, the use of prescription drugs and/or over-the-counter drugs also may affect an employee's job performance and seriously impair the health and safety of the employee and others in the workplace~~'s value to the Agency~~.

This policy applies to all Agency employees, whether they are on Agency property, or they are performing Agency-related business elsewhere, except as this policy is superseded by federally mandated drug and alcohol policies. Compliance with this policy

is a condition of employment. Disciplinary action will be taken against those who violate this policy.

A. PROHIBITED CONDUCT

~~The following rules and standards of conduct apply to all employees either on Agency property or during the work day (including meals and rest periods).~~ The following are strictly prohibited by the Agency:

~~1. Possession or use of alcohol, or being under the influence of alcohol while on the job.~~

~~2. Driving an Agency vehicle while under the influence of alcohol.~~

~~3. Distribution, sale or purchase of an illegal or controlled substance while on the job.~~

~~4. Possession or use of an illegal, or controlled substance or being under the influence of an illegal or controlled substance while on the job or driving an Agency vehicle.~~

1. The manufacture, distribution, sale, dispensation, possession, or use of any controlled substance, narcotic (including marijuana), or prescription drug that has not been lawfully prescribed to the employee in Agency workplaces, Agency vehicles, or wherever Agency business is performed.

2. Working or being subject to call in if impaired by alcohol or any controlled substance, narcotic (including marijuana), or prescription drug that has not been lawfully prescribed to the employee.

3. An employee's failure to notify the General Manager before beginning work when taking medications or drugs, including but not limited to: prescription drugs, over the counter medications, or illegal drugs or narcotics (including marijuana), which could interfere with the safe and effective performance of duties or operation of Agency.

4. An employee's failure to notify the General Manager of any criminal conviction for a drug violation that occurred in the workplace within five days after such conviction.

5. An employee's criminal conviction for a drug violation that occurred in the workplace.

B. DRUG AND ALCOHOL TESTING

The Agency has discretion to test applicants and employees for alcohol and drug use under the following circumstances. The Agency will use an outside laboratory to perform all testing.

1. Pre-Employment Testing for External Applicants for Certain Jobs

Those external applicants who apply for certain jobs where a special need for pre-employment drug and alcohol testing exists must take and pass a drug and alcohol test following a conditional offer of employment. The categories of jobs subject to pre-employment drug and alcohol testing include, but is not limited to, safety sensitive jobs.

2. Reasonable Suspicion Testing

The Agency may require a blood test, urinalysis, or other drug and/or alcohol screening of those employees who are reasonably suspected of using or being under the influence of a drug or alcohol at work, under the following circumstances:

- **Reasonable Suspicion:** "Reasonable suspicion" to test exists if, based on objective factors, a reasonable person would believe that the employee is under the influence of drugs or alcohol at work. Examples of objective factors, include, but are not limited to: unusual behavior, slurred or altered speech, body odor, red or watery eyes, unkempt appearance, unsteady gait, lack of coordination, sleeping on the job, a pattern of abnormal or erratic behavior, a verbal or physical altercation, puncture marks or sores on skin, runny nose, dry mouth, dilated or constricted pupils, agitation, hostility, confused or incoherent behavior, paranoia, euphoria, disorientation, inappropriate wearing of sunglasses, tremors, or other evidence of recent drug or alcohol use. If Agency suspects drugs or alcohol may have played a role in an accident involving Agency property or equipment that will also constitute reasonable suspicion.
- **Document and Analysis:** In order to receive authority to test, the supervisor must record the factors that support reasonable suspicion in writing and analyze the matter with the General Manager. Any reasonable suspicion testing must be pre-approved by the General Manager.
- **Testing Protocol:** If the documentation and analysis show that there is a reasonable suspicion of drug or alcohol abuse at work, and the General Manager has approved, the employee will be relieved from duty, transported to the testing facility and to their home after the test. The employee will be placed on sick or other paid leave until the test results are received.

~~When a supervisor or manager has a reasonable basis to suspect that any employee is using or is under the influence of drugs or alcohol in violation of this policy, that employee may be required to submit to a blood, urine, or other test or examination designed to~~

~~detect such use.~~ If an employee refuses to consent and submit to, or fail to otherwise cooperate in, the testing/examination process where job-related drug or alcohol use is reasonably suspected, the employee will be subject to discipline, up to and including, dismissal.

~~B.~~C. DISCIPLINARY OR OTHER ACTION

If it is determined by a test, examination, or by other means that an employee is using or are under the influence of drugs or alcohol while on duty, or otherwise in violation of the terms of this policy, the employee will be subject to discipline, up to and including, termination of employment. For the purpose of applying this policy, being under the influence of drugs, alcohol and other controlled substances means being impaired in any way which would prevent the employee from fully and proficiently performing job duties or having a detectable amount of said substances in one's body.

Violation of the above rules and standards of conduct will not be tolerated. The Agency also may bring the matter to the attention of appropriate law enforcement authorities. Except as prohibited by law, an employee's conviction on a charge of illegal sale or possession of any controlled substance while off Agency property will not be tolerated because such conduct, even though off duty, reflects adversely on the Agency. ~~In addition, the Agency must keep people who sell or possess controlled substances off the Agency's premises in order to keep the controlled substances themselves off the premises.~~

~~C.~~D. PRESCRIPTION AND OVER THE COUNTER DRUGS

Any employee who is using prescription or over-the-counter drugs that may impair the employee's ability to safely perform the job, or affect the safety or well-being of others, must notify a supervisor of such use immediately before starting or resuming work. (This does not require disclosure of the reason for taking the drug.) The employee may be required to provide a physician's statement confirming their fitness for duty.

~~D.~~E. COMMERCIAL DRIVER'S LICENSE/ SAFETY SENSITIVE FUNCTIONS

The Agency is required to implement a drug testing program for all of its employees whose job classification requires them to have a commercial driver's license (Class A or B license) and perform safety-sensitive functions regulated by Title 49 of the Code of Federal Regulations. The Agency's Drug and Alcohol Testing Program is for those safety-sensitive positions and is contained in Appendix A.

5.3 OFF-DUTY CONDUCT

While the Agency does not seek to interfere with the off-duty ~~and personal~~ conduct of its employees, certain types of off-duty conduct may interfere with the Agency's legitimate business interests. For this reason, employees should be aware of the following policies:

Employees are expected to conduct their personal affairs in a manner that does not adversely affect the Agency's or their own integrity, reputation or credibility. Illegal off-duty conduct on the part of an employee that adversely affects the Agency's legitimate business interests or the employee's ability to perform his or her job will not be tolerated.

5.4 OUTSIDE EMPLOYMENT

While employed by the Agency, employees are expected to devote their energies to their jobs with the Agency. For this reason, second jobs are discouraged. The following types of outside employment, both paid or through self-employment, are strictly prohibited:

A. Employment that conflicts with an employee's work schedule, duties and responsibilities;
B. Employment that creates a conflict of interest or is incompatible with the employee's employment with the ~~employer~~Agency;
C. Employment that impairs or has a detrimental effect on the employee's work performance with the Agency;
D. Employment that requires the employee to conduct work or related activities on the ~~employer~~Agency's property during the ~~employer's~~ Agency's working hours or using the ~~employer's~~ Agency's facilities and/or equipment;
E. Employment that directly or indirectly competes with the business or the interests of the ~~employer~~Agency.

All employees must obtain written approval from the General Manager or their designee prior to undertaking any outside employment.

5.~~5~~4 PUNCTUALITY AND ATTENDANCE

Employees of the Agency are expected to be punctual and regular in attendance. Any tardiness or absence causes ~~problems~~ disruptions for fellow employees and supervisors since while absent, the individual's workload must be performed by others.

Employees are expected to report to work as scheduled, on time, and prepared to start work. Employees also are expected to remain at work for their entire work schedule, except for meal periods or when required to leave on authorized Agency business. Late arrival, early departure or other absences from scheduled hours are disruptive and must be avoided.

If unable to report for work on any particular day, the employee must call the employee's supervisor at least one half hour before the time they are scheduled to begin working for

that day. In all cases of absence or tardiness, employees must provide their supervisor with an honest reason or explanation. Employees also must inform their supervisor of the expected duration of any absence. Unless there are extenuating circumstances, employees must call in on each day they are scheduled to work that they will be absent or tardy.

Excessive absenteeism or tardiness (whether excused or not) will not be tolerated.

If the employee fails to report for work without notification to their supervisor and the absence continues for a period of three consecutive days, the Agency will consider that the employee has abandoned their employment and have voluntarily ~~terminated~~resigned.

5.5 PERSONAL STANDARDS

These personal standards are designed to promote the Agency's legitimate and non-discriminatory goals to promote workplace safety and a professional image that is consistent with the employee's job duties and level of public contact.

Employees are expected to wear clothing appropriate for the nature of the Agency's~~ies~~ business and the type of work performed. Clothing should be neat, clean, and ~~tasteful~~in good repair. Employees are expected to ~~A~~avoid clothing that can create a safety hazard. Department managers may issue more specific guidelines. Violation of the Agency's ~~dress code policy~~personal standards could result in disciplinary action up to and including termination.

Field employees shall be issued uniforms, which they are required to wear daily. It is the responsibility of the ~~employee to launder their~~employees to launder their own uniforms.

Field employees are required to wear approved steel toe safety shoes at all times and will be reimbursed up to $250 for one pair each year by the Agency. It is the responsibility of the employee to purchase properly fitting ~~foot wear~~footwear prior to reimbursement.

Employees and visitors are required to wear safety equipment when visiting or working in an area designated as a "hard hat area."~~.~~

Field employees, when leaving the Agency's employment, shall return all uniforms to the Agency.

Employees who have questions about how these standards apply to them, should be immediately raise these questions with their supervisor for consideration and determination.

5.6 CUSTOMER RELATIONS

The Agency is a service oriented business and all employees must remember that the customer is the first priority. Customers are to be treated courteously and given proper

attention at all times. Never regard a customer's question or concerns as an interruption or an annoyance. All customer inquiries must be addressed promptly and professionally. Never place a telephone caller on hold for an extended period. Direct incoming calls to the appropriate person and make sure the call is received. Employees are expected to be polite, courteous, prompt and attentive to every customer. When a situation arises where the employee does not feel comfortable or capable of handling the problem, the supervisor or General Manager should be called immediately.

5.7 CONFIDENTIALITY

Each employee is responsible for safeguarding confidential information obtained in connection with his or her employment. In the course of ~~the~~ employment, employees may have access to confidential information regarding the Agency, its suppliers, its customers or ~~perhaps even~~ fellow employees. Employees shall not reveal or divulge any such confidential information. This obligation to maintain the confidentiality of such information shall continue even after employment with the Agency ends. Access to confidential information should be on a "need-to-know" basis and must be authorized by a supervisor. Any breach of this policy will not be tolerated, and legal action may be taken by the Agency.

5.8 BUSINESS CONDUCT AND ETHICS

No employee may accept a gift or gratuity from any customer, vendor, supplier, or other person doing business with the Agency that may give the appearance of undue influence or a conflict of interest regarding their business decision, transaction, or service. Employees ~~should~~ must discuss any expenses paid by such persons for business meals or trips with the General Manager in advance of acceptance.

5.9 FRAUD IN THE WORKPLACE

A. PURPOSE AND SCOPE

To establish policy and procedures for clarifying acts that are considered to be fraudulent, describing the steps to be taken when fraud or other related dishonest activities are suspected, and providing procedures to follow in accounting for missing funds, restitution and recoveries.

B. GENERAL

The ~~Bighorn-Desert View Water Agency ("~~Agency~~")~~ is committed to protecting its assets against the risk of loss or misuse. Accordingly, it is the policy of the ~~Bighorn-Desert View Water~~ Agency to identify and promptly investigate any possibility of fraudulent or related dishonest activities against the Agency and, when appropriate, to pursue legal remedies available under the law.

C. DEFINITIONS

1. Fraud: Fraud and other similar irregularities include, but are not limited to:

   a. Claim for reimbursement of expenses that are not job-related or authorized by the current Agency policy.

   b. Forgery or unauthorized alteration of documents (checks, promissory notes, time sheets, independent contractor agreements, purchase orders, budgets, etc.).

   c. Misappropriation of Agency assets (funds, securities, supplies; furniture, equipment, etc.).

   d. Improprieties in the handling or reporting of money transactions.

   e. Authorizing or receiving payment for goods not received or services not performed.

   f. Computer-related activity involving unauthorized alteration, destruction, forgery, or manipulation of data or misappropriation of Agency-owned software.

   g. Misrepresentation of information on documents.

   h. Any apparent violation of Federal, State, or Local laws related to dishonest activities or fraud.

   i. Any violation of the Fair Political Practices Act, regulation of the Fair Political Practices Commission, or the Bighorn-Desert View Water Agency Conflict of Interest Code.

2. Employee: In this context, employee refers to any individual or group of individuals who receive compensation, either full- or part-time, from the ~~Bighorn-Desert View Water~~ Agency. The term also includes any volunteer who provides services to the Agency through an arrangement with the Agency.

3. Management: In this context, management refers to any administrator, manager, director, supervisor, or other individual who manages or supervises funds or other resources, including human resources.

4. Personnel Department: In this context, Personnel Department refers to any person or persons assigned by the General Manager to investigate any fraud or similar activity.

5. External Auditor: In this context, External Auditor refers to independent audit professionals who perform annual audits of the Agency's financial statements.

D. INVESTIGATION

1. It is the Agency's intent to fully investigate any suspected acts of fraud, misappropriation, or other similar irregularity. An objective and impartial investigation will be conducted regardless of the position, title, and length of service or relationship with the Agency of any party who might be or become involved in or becomes the subject of such investigation.

2. Each department of the Agency is responsible for instituting and maintaining a system of internal control to provide reasonable assurance for the prevention and detection of fraud, misappropriations, and other irregularities. Management should be familiar with the types of improprieties that might occur within their area of responsibility and be alert for any indications of such conduct.

3. The Personnel Department, in conjunction with the Agency Attorney, has the primary responsibility for the investigation of all activity as defined in this policy.

4. Throughout the investigation, the Personnel Department will inform the General Manager of pertinent investigative findings.

5. Employees will be granted whistle-blower protection when acting in accordance with this policy. When informed of a suspected impropriety, neither the Agency nor any person acting on behalf of the Agency shall:

   a. Dismiss or threaten to dismiss the employee,

   b. Discipline, suspend, or threaten to discipline or suspend the employee,

   c. Impose any penalty upon the employee, or

   d. Intimidate or coerce the employee.

6. Violations of the whistle-blower protection will result in discipline up to and including dismissal.

7. Upon conclusion of the investigation, the results will be reported to the General Manager.

8. The General Manager, following review of investigation results, will take appropriate action regarding employee misconduct. Disciplinary action can include termination, and referral of the case to the District Attorney's Office for possible prosecution.

9. The Agency will pursue every reasonable effort, including court ordered restitution, to obtain recovery of Agency losses from the offender, or other appropriate sources.

E. PROCEDURES

1. Board of Directors Responsibilities

a. If a member of the Board of Directors has reason to suspect that a fraud has occurred, they shall immediately contact the General Manager (or contact the Agency Attorney if the General Manager is involved).

b. The Board member shall not attempt to investigate the suspected fraud or discuss the matter with anyone other than the General Manager or Agency Attorney.

c. The alleged fraud or audit investigation shall not be discussed with the media by any person other than through the General Manager in consultation with the Agency Attorney and the Personnel Department.

2. Management Responsibilities

a. Management is responsible for being alert to, and reporting fraudulent or related dishonest activities in their areas of responsibility.

b. Each manager should be familiar with the types of improprieties that might occur in their area and be alert for any indication that improper activity, misappropriation, or dishonest activity is or was in existence in their area.

c. When an improper activity is detected or suspected, management should determine whether an error or mistake has occurred or if there may be dishonest or fraudulent activity.

d. If management determines a suspected activity may involve fraud or related dishonest activity, they should contact the General Manager immediate supervisor (or contact the Agency Attorney if the General Manager is involved).

e. Department Directors should inform the General Manager (or contact the Agency Attorney or Personnel Director if the General Manager is involved).

f. Management should not attempt to conduct individual investigations, interviews, or interrogations. However, management is responsible for taking appropriate corrective actions to ensure adequate controls exist to prevent reoccurrence of improper actions.

g. Management should support the Agency's responsibilities and cooperate fully with the Personnel Department, other involved departments, and law enforcement agencies in the detection, reporting, and investigation of criminal acts, including the prosecution of offenders.

h. Management must give full and unrestricted access to all necessary records and personnel. All Agency furniture and contents, including desks and computers, are open to inspection at any time. There is no assumption of privacy.

i. In dealing with suspected dishonest or fraudulent activities, great care must be taken. Therefore, management should avoid the following:

    1. Incorrect accusations.

    2. Alerting suspected individuals that an investigation is underway.

    3. Treating employees unfairly.

    4. Making statements that could lead to claims of false accusations or other offenses.

j. In handling dishonest or fraudulent activities, management has the responsibility to:

    1. Make no contact (unless requested) with the suspected individual to determine facts or demand restitution. Under no circumstances should there be any reference to "what employees did", "the crime", "the fraud", "the misappropriation", etc.

2. Avoid discussing the case, facts, suspicions, or allegations with anyone outside the Agency, unless specifically directed to do so by the Agency Attorney.

3. Avoid discussing the case with anyone inside the Agency other than employees who have a need to know such as the General Manager, Personnel Department, or Agency Attorney or law enforcement personnel.

4. Direct all inquiries from the suspected individual, or their representative, to the General Manager or Agency Attorney. All inquiries by an attorney of the suspected individual should be directed to the Agency Attorney. All inquiries from the media should be directed to the General Manager.

5. Take appropriate corrective and disciplinary action, up to and including dismissal, after consulting with the Personnel Director, in conformance with the Agency's Personnel Policies and Procedures.

3. Employee Responsibilities

a. A suspected fraudulent incident or practice observed by, or made known to, an employee must be reported to the employee's supervisor for reporting to the General Manager.

b. When the employee believes the supervisor may be involved in the inappropriate activity, the employee shall make the report directly to the General Manager (or contact the Agency Attorney if the next higher level of management and/or the General Manager is involved).

c. The reporting employees shall refrain from further investigation of the incident, confrontation with the alleged violator, or further discussion of the incident with anyone, unless requested by the General Manager, Personnel Department, Agency Attorney or law enforcement personnel.

4. Personnel Department Responsibilities

a. Upon assignment by the General Manager, the Personnel Department or General Manager's designee will promptly investigate the fraud.

b. In all circumstances where there appears to be reasonable grounds for suspecting that a fraud has taken place, the Personnel Department, in consultation with the Agency Attorney, will contact the County of San Bernardino Sheriff Department.

c. The Personnel Department shall be available and receptive to receiving relevant, confidential information to the extent allowed by law.

d. If evidence is uncovered showing possible dishonest or fraudulent activities, the General Manager or Personnel Department will proceed as follows:

1. Discuss the findings with the appropriate management/supervisor and the Department Director.

2. Advise management, if the case involves staff members, to meet with the General Manager (or his/her designated representative) to determine if disciplinary actions should be taken. Any disciplinary action taken will be in accordance with the Agency Personnel Rules.

3. Report to the External Auditor such activities in order to assess the effect of the illegal activity on the Agency's financial statements.

4. Coordinate with the Agency's Risk Management insurer regarding notification to insurers and filing of insurance claims.

5. Take immediate action, in consultation with the Agency Attorney, to prevent the theft, alteration, or destruction of evidentiary records. Such action shall include, but is not limited to:

a. Removing the records and placing them in a secure location, or limiting access to the location where the records currently exist.

b. Preventing the individual suspected of committing the fraud from having access to the records.

e. In consultation with the Agency Attorney and the County of San Bernardino Sheriff Department, the Personnel Department may

disclose particulars of the investigation with potential witnesses if such disclosure would further the investigation.

f. If the Personnel Department is contacted by the media regarding an alleged fraud or audit investigation, the Personnel Department will consult with the General Manager and the Agency Attorney, as appropriate, before responding to a media request for information or interview.

g. At the conclusion of the investigation, the Personnel Department will document the results in a confidential memorandum report to the General Manager and the Agency Attorney. If the report concludes that the allegations are founded, the report will be forwarded to the County of San Bernardino Sheriff Department.

h. Unless exceptional circumstances exist, a person under investigation for fraud is to be given notice in writing of essential particulars of the allegations following the conclusion of the audit. Where notice is given, the person against whom allegations are being made may submit a written explanation to the Personnel Department no later than seven calendar days after notice is received.

i. The Personnel Department will be required to make recommendations to the appropriate department for assistance in the prevention of future similar occurrences.

j. Upon completion of the investigation, including all legal and personnel actions, all records, documents, and other evidentiary material, obtained from the department under investigation will be returned by the Personnel Department to that department.

F. EXCEPTIONS

There will be no exceptions to this policy unless provided and approved in writing by the General Manager and the Agency Attorney.

ARTICLE 6.0 OPERATIONAL CONSIDERATIONS

6.1 EMPLOYER PROPERTY

Lockers, desks, vehicles, and tools are Agency property and must be maintained according to Agency rules and regulations. Employees should have no expectation of privacy in Agency property. The Agency reserves the right to search all Agency property at any time with or without notice. All Agency property ~~They~~ must be kept clean and are to be used ~~only~~ for work-related purposes only. Prior written authorization must be obtained from a supervisor before any Agency property may be removed from the premises.

6.2 USE OF AGENCY ELECTRONIC ~~MEDIA~~RESOURCES

The Agency uses various forms of electronic ~~communication~~ resources including, but not limited to computers, laptops, e-mail, telephones, Internet, cell phones, personal digital devices~~&~~ ("PDAs"), software, databases, hardware, digital files, and networks ("Electronic Resources"). All ~~e~~Electronic Resources ~~communications, including all software, databases, hardware, and digital files,~~ remain the sole property of ~~BDVWA~~ the Agency and are to be used only for Agency business ~~and not for any personal use~~.

The Agency periodically and without prior notice, monitors, reviews, accesses, or retrieves data from its Electronic Resources, including electronic communications and content contained in or transmitted through Agency Electronic Resources. Agency employees must provide the agency with the employee's username or password for any Agency Electronic Resources issued equipment or resource. Personal passwords may be used for purposes of security, but the use of personal passwords or delete functions does not restrict the Agency's access. As a result, Agency employees have no expectation of privacy in their use of any Agency Electronic Resources.

~~Employees therefore have no expectation of privacy in their personal use of Agency computers and other electronic communications equipment.~~

Electronic communication and media may not be used in any manner that would be discriminatory, harassing, or obscene, or for any other purpose that is illegal, against Agency policy, or not in the best interest of the Agency.

Employees who misuse electronic communications and engage in defamation, copyright or trademark infringement, misappropriation of trade secrets, discrimination, harassment, or related actions will be subject to ~~discipline and/or immediate~~disciplinary action up to and including termination.

Employees may not install personal software on Agency computer systems.

All electronic information created by any employee using any means of electronic communication is the property of the Agency and remains the property of the Agency.

~~The Agency will override all personal passwords if necessary for any reason.~~

~~The Agency reserves the right to access, copy, audit and review electronic files, messages, mail, and other digital archives, and to monitor the use of electronic communications as necessary to ensure that no misuse or violation of Agency policy or any law occurs.~~Employees are not permitted to access the electronic communications of other employees or third parties unless directed to do so by Agency management.

No employee may install or use anonymous e-mail transmission programs or encryption of e-mail communications, except as specifically authorized by the General Manager.

Employees who use devices on which information may be received and/or stored, including but not limited to cell phones, cordless phones, portable computers, fax machines, and voice mail communications are required to use these methods in strict compliance with the trade secrets and confidential communication policy established by the Agency. These communications tools should not be used for communicating confidential or sensitive information or any trade secrets.

Access to the Internet, websites, and other types of Agency-paid computer access are to be used for Agency-related business only. Any information about the Agency, its products or services, or other types of information that will appear in the electronic media about the Agency must be approved by the General Manager before the information is placed on an electronic information resource that is accessible to others.

The Agency's email system is an official communication tool for Agency business. The Agency establishes and assigns official email addresses to each employee as the Agency deems necessary. Employees must send all Agency communications that are sent via email to and from their official Agency email address. Employees are prohibited from using their private email address when communicating Agency business via email. Should an email related to Agency business be sent to an employee's personal email account, the email should be immediately forwarded to the employee's Agency email account and responded to accordingly.

Employees may use Agency telephones, cell phones, internet access, and e-mail for incidental personal communications provided that the use:

1. Is kept to a minimum and limited to break times or non-working hours;
2. Does not interfere or conflict with Agency operations or the work performance of any Agency employees;
3. Allows the employee to more efficiently perform Agency work;
4. Is not abusive, illegal, inappropriate, or prohibited by this policy (*e.g.*, no social media use, no electronic dating, no gaming); and

5. Clearly indicates it is for personal use and does not indicate or imply City sponsorship or endorsement.

Questions about access to electronic communications or issues relating to security should be addressed to the immediate supervisor.

6.3 OFF-DUTY USE OF AGENCY'S FACILITIES AND PROPERTY

Employees are prohibited from making use of Agency facilities while not on duty. Employees are expressly prohibited from using Agency facilities, Agency property, Agency vehicles, or Agency equipment for personal use.

6.4 HEALTH AND SAFETY

Every employee is responsible for the safety of themselves as well as others in the workplace. To achieve the Agency's goal of maintaining a safe workplace, all employees must be safety conscious at all times. In compliance with California law, and to promote the concept of a safe workplace, the Agency maintains an Injury and Illness Prevention Program. The Injury and Illness Prevention Program is available for review by employees and/or employee representatives in the General Manager's office.

In compliance with Proposition 65, the Agency will inform employees of any known exposure to any hazardous material.

6.5 HOUSEKEEPING

All employees are expected to keep their work areas and vehicles clean and organized. Common areas such as ~~lunch rooms~~lunchrooms, locker rooms and rest-rooms should be kept clean by those using them.

6.6 SOLICITATION AND DISTRIBUTION OF LITERATURE

In order to ensure efficient operation of the Agency's business and to prevent annoyance to employees, it is necessary to control solicitations and distribution of literature on Agency property. All employees are expected to follow the following rules regarding solicitation or distribution of literature. Any employee who is in doubt concerning the application of these rules should consult with his or her supervisor immediately.

- No employee shall solicit or promote support for any cause or organization during their working time or during the working time of the employee or employees at whom such activity is directed.
- No employee shall distribute or circulate any written or printed material in work areas at any time, or during their working time or during the working time of the employee or employees at whom such activity is directed.

- Under no circumstances will non-employees be permitted to solicit or to distribute written material for any purpose on Agency property.

ARTICLE 7.0 EMPLOYEE ~~BENEFITS~~LEAVES

7.1 HOLIDAYS

The Agency observes the following paid holidays for regular full-time employees:

- January 1 (New Year's Day)
- Third Monday in January (Martin Luther King Day)
- Third Monday in February (Presidents Day)
- Last Monday in May (Memorial Day)
- July 4 (Independence Day)
- First Monday in September (Labor Day)
- November 11 (Veterans Day)
- Thanksgiving Day
- The Day Following Thanksgiving Day
- December 24 (Christmas Eve Day)
- December 25 (Christmas Day)

When a holiday falls on a Saturday, the holiday will be observed on the previous Friday ~~will be observed~~. When a ~~H~~holiday falls on a Sunday, the holiday will be observed on the following Monday ~~will be observed~~.

~~Eligibility for holiday pay begins after successful completion of the training period, unless otherwise approved by the General Manager.~~

7.2 VACATIONS

Paid vacation leave is a short-term leave of absence with pay for the recreation and well-being of the employee. ~~It is the intent of t~~The Agency provides~~that~~ paid vacation leave ~~be provided~~ to ~~the Agency's~~its employees to facilitate time for employee rest and relaxation and encourages employees ~~. Therefore, it is in the best interest of the Agency and the employee for them~~ to use their paid vacation leave for recreational, restful, and restorative activities, which the Agency believes benefits both the employee and the Agency ~~and not be paid for it in lieu of time off~~.

Temporary and part-time employees do not accrue paid vacation ~~time~~leave. Regular full-time employees accrue paid vacation ~~time~~ leave while in paid status until they reach the maximum allowed unused balance. Regular full-time employees accrue vacation time

according to the number of consecutive years the employee has worked for the Agency in accordance with the following ~~schedule~~:

LENGTH OF SERVICE FROM BENEFIT DATE	ANNUAL VACATION ALLOWANCE	ACCRUAL RATE PER STRAIGHT TIME HOURS WORKED	MAXIMUM ALLOWED UNUSED BALANCE
Date of hire through 4th year:	80 hours per year	.0385	160 hours
5th year (1461st day) ~~-~~through 10th year (3650st day):	120 hours per year	.0575	240 hours
11th year (3651st day) and thereafter:	160 hours per year	.0770	320 hours

~~Vacation Definition: Vacation is a leave of absence with pay for the recreation and well-being of the employee. As set forth above,~~ Regular full-time employees become eligible to use paid vacation leave~~shall be available for use~~ on the first day following the pay period in which it is earned, provided an employee has first completed ninety (90) days of continuous service.

Paid vacation leave may not be used until it is earned. No employee may accrue more than the applicable maximum allowed unused balance set forth above. When an employee reaches the applicable maximum allowed unused balance, the employee shall cease earning paid vacation leave until their leave balance falls below the applicable maximum allowed unused balance.

In general, paid ~~Temporary and part-time employees do not accrue paid vacation time.~~

v~~V~~acation leave~~periods~~ should be taken annually with the approval of the General Manager at such time as will not impair the Agency's operational needs, such as work schedule ~~or~~ and efficiency of the Agency, ~~but~~ with consideration given to the ~~well-being of the~~ employee's preference. ~~No employee shall lose earned vacation leave time because of work urgency. If an employee has reached the maximum allowed unused balance and is unable to take vacation leave due to work urgency the employee shall be compensated for up to fifty percent (50%) of the accrued vacation balance with the remaining amount remaining available for use. Otherwise, employees are not allowed to~~

~~"cash out" vacation.~~ ~~An employee whose employment terminates will be paid for accrued unused vacation days.~~

Paid ~~V~~vacation~~s~~ leave shall be scheduled in advance to provide adequate coverage of job responsibilities and staffing requirements. An employee shall provide a minimum of three (3) week's written advance notice, unless waived by the General Manager, when requesting to use paid vacation leave. All requests to use paid vacation leave must be approved in advance by ~~T~~the General Manager, who will attempt to approve or deny ~~will make final determinations and all~~ paid vacation leave requests ~~must be approved~~about two (2) weeks in advance of the request to use such leave. ~~The General Manager may, at their discretion, grant vacation leave in the event of an unforeseen emergency without applying the two (2) week advance notice requirement.~~ The Agency may, at its discretion, require an employee to use accrued paid vacation leave.

Employees ~~on unpaid leave~~ do not accrue paid vacation ~~time~~leave during unpaid leaves of absence unless required by law. If ~~a~~ one or more paid holiday~~s~~ set forth in Section 7.1 occurs during ~~an~~ a period of time that an employee~~'s~~ is on an approved paid vacation leave~~vacation period~~, the employee will receive the paid ~~y~~holiday, and no deduction from employee's paid vacation leave accruals will be taken for the day of the paid holiday~~will be granted one additional day of vacation, to be taken at a time approved in advance by their supervisor~~.

On October 1 of each year, the Agency will automatically "cash out" accrued vacation leave in excess of the 320 hour cap for each employee who has accrued vacation leave in excess of the 320 hour cap. Otherwise, employees are not allowed to "cash out" vacation leave. Any employee separating from the Agency will be paid for any accrued unused paid vacation leave at their rate of pay at the time of separation.

~~An employee whose employment terminates will be paid for accrued unused vacation days.~~

~~7.3 INSURANCE BENEFITS~~

~~HEALTH INSURANCE: The Agency provides a comprehensive medical, vision, dental, and life insurance plan for full and eligible part time employees. Health insurance for employee dependents is provided on a cost sharing basis. An employee becomes eligible as required by law. In the event of an increase in health insurance premium rates, all employees may be required to contribute to the cost of increased premiums to retain coverage.~~

~~DISABILITY INSURANCE: Each employee contributes to the state of California to provide disability insurance pursuant to the California Unemployment Insurance Code. Contributions are made through a payroll deduction. Disability insurance is payable when~~

the employee cannot work because of illness or injury not caused by employment. Specific rules and regulations governing disability are available from the Employment Development Department.

UNEMPLOYMENT COMPENSATION: The Agency contributes each year to the California Unemployment Insurance Fund on behalf of its employees.

WORKERS COMPENSATION: At no cost to the employee, the employee is protected by the Agency's workers' compensation insurance policy while employed by the Agency. The policy covers the employees in case of occupational injury or illness.

RETIREMENT PLAN: The Agency contracts with the California Public Employees Retirement System to provide a plan for eligible employees in order to assist in planning for their retirement. For information regarding eligibility, contributions, benefits and tax status, contact the General Manager. All eligible participants will receive a summary plan description.

SPECIAL COMPENSATION - UNIFORM ALLOWANCE:

In compliance with the California Public Employees' Retirement System regulations and definition of Special Compensation (2 CCR §571), for "classic members" as defined by the Public Employees' Pension Reform Act of 2013, the compensation paid or the monetary value for the purchase, rental and/or maintenance of required uniforms shall be reported to CalPERS as Special Compensation. The Agency agrees that the amount paid for uniform rental is "pay" is described in Title 2 CCR, Section 571(a)(5) as a "statutory item" of compensation. However, it is ultimately CalPERS who determines whether any form of pay is reportable special compensation.

The Agency will report to CalPERS the average monetary value (i.e. average cost) of uniform rental for only "Classic" members on a per payroll basis. The average monetary value applied in the current calendar year payroll will be based on the prior calendar year average monetary value paid for the uniform rental for Classic members only.

The Agency will report to CalPERS the monetary value of provide a uniform maintenance allowance of two-hundred sixty dollars ($260) annually ($10 paid biweekly) for those full-time Classic member employees required by the Agency to wear uniforms.

The Uniform Allowance is a payroll deduction funded by the employee. The monetary value of the uniform is a benefit provided by the Agency.

7.34 SICK LEAVE

A. PURPOSES FOR SICK LEAVE

Sick leave is paid leave from work that an employee may use for the following purposes:

1. Diagnosis, care, or treatment of an existing health condition of, or preventative care for the employee themselves or any of the following family members of the employee: a child of any age or dependency status; a parent; a parent-in-law; a spouse; a registered domestic partner; a grandparent; a grandchildren; or a sibling; or

2. For an employee who is a victim of domestic violence, sexual assault, stalking, or other crime in order for the employee to engage in any of the following activities: (1) obtain or attempt to obtain a temporary restraining order or other court assistance to help ensure the health safety or welfare of the employee or their child; or (2) obtain medical attention or psychological counseling, services from a shelter, program or crisis center, or (3) participate in safety planning or other actions to increase safety.

B. ACCRUAL & CARRYOVER FOR DIFFERENT CATEGORIES OF EMPLOYEES

1. Full time employees who are not temporary accrue eight (8) hours of sick leave for each calendar month of paid status; part-time employees who are not temporary accrue sick leave in an amount prorated to the lower number of hours they work each calendar month in paid status. Accrued sick leave carries over from year to year. No accrual limit applies.

2. A temporary employee who works 30 or more days within a year from the commencement of employment with the Agency accrues one (1) hour of paid sick leave for every 30 hours worked. Accrued and unused sick leave carries over to the following year of employment but a temporary employee stops earning sick leave once they have accrued 48 hours or six (6) work days/shifts of sick leave, whichever is greater.

C. SICK LEAVE USE

An employee may use accrued sick leave, in a minimum increment of two (2) hours, beginning on the 90th day after the first day of employment with the Agency, subject to the limits and request provisions in this policy.

D. PROTECTED SICK LEAVE

1. For full time employees who are not temporary employees, one-half of the employee's accrued and available annual sick leave is protected and may be used for any of the purposes stated in this policy; and

2. For temporary employees, up to 24 hours, or three (3) days, whichever is greater, of accrued and available sick leave each year is protected and may be used for any of the purposes stated in this policy. The year is measured beginning on July 1, 2015, or the employee's anniversary of hire date, whichever is later.

E. SICK LEAVE REQUEST

To request to use sick leave if the need for leave is foreseeable, an employee must give the immediate supervisor reasonable advance written or oral notice, preferably no later than 30 minutes before they are scheduled to report for work. If the need for sick leave is not foreseeable, the employee shall provide written or oral notice of the need for the leave as soon as practicable. If the employee is required to be absent on sick leave for more than one (1) day, the employee must keep the immediate supervisor informed each day as to the date the employee expects to return to work and the purpose of the leave. Failure to request sick leave as required by this policy without good reason, may result in the employee being treated as absent without leave.

Paid sick leave used as well as paid sick leave remaining will be reflected on the ~~E~~employee's wage statement. Employees wishing to utilize paid sick leave must indicate it on their timecard.

F. CERTIFICATION

The Agency may require that employees who are not temporary employees, provide a physician's certification to support any absence that involves the illness of the employee or family member if the Agency suspects that there is an abuse of sick leave by the employee. All employees, including temporary employees, who use paid leave to address issues related to domestic violence, sexual assault, stalking, or other crimes and who cannot provide advance notice of their need for leave must provide certification of the need for leave within a reasonable time thereafter.

G. SICK LEAVE ON SEPARATION FROM EMPLOYMENT

Unused sick leave is not cashed out upon termination, resignation, retirement, or other separation from employment. Unused sick leave may be converted to retirement service credits only as may be permitted under applicable retirement system laws and regulations as permitted by CalPERS.

H. SICK LEAVE REINSTATEMENT

If an employee separates and is rehired within one (1) year from separation, accrued and unused sick leave, to a maximum of six (6) days or 48 hours, whichever is greater, will be reinstated. An employee who worked at least 90 days in the initial employment with the Agency may immediately use reinstated sick leave. An employee who had not worked 90 days in the initial employment with the Agency must work the remaining amount of the 90 day-qualifying period to be able to use accrued sick leave.

~~It is the intention of the Agency that sick leave be provided to each regular full time employee for use in the event of illness. Sick leave shall accrue for all eligible employees at the rate of eight (8) hours per month of service. Accrued sick leave shall be awarded at the end of each accrual period. An employee using sick leave shall, on a daily basis, notify their supervisor that they will be absent from work due to illness at least one half hour before they are scheduled to report for work.~~

~~There is no limit on the amount of sick leave that may be accrued.~~ Upon ~~retirement or~~ termination or resignation, an employee shall be entitled to payment for any accrued but unused sick leave in excess of 200 hours based on each two (2) hours of accrued sick leave being converted to one (1) hour of vacation leave. ~~or upon retirement unused accrued sick leave may be applied to the employee's retirement service credit with the Public Employees Retirement System.~~

~~Any employee who has used all their accrued sick leave and is still unable to return to work due to illness must make arrangements with the General Manager for additional time off. All employees may need to provide written verification from a physician of sickness or injury if sick leave continues for more than three (3) consecutive days, as allowed by applicable law.~~

~~Sick leave may be used for the diagnosis, care or treatment of an existing health condition of, or preventive care for, an employee or an employee's family member. "Family member" is defined as: a child (whether biological, adopted, or foster child, stepchild, legal ward, or a child to whom the employee stands in loco parentis) regardless of the age of the child or dependency status, a parent, whether biological, adoptive, or foster parent, stepparent, or legal guardian of an employee or the employee's spouse or registered domestic partner, or a person who stood in loco parentis when the employee was a minor child, a spouse, a registered domestic partner, a grandparent, a grandchild, and a sibling. The Agency will also approve of the use of an employee's accrued paid sick time if the employee is a victim of domestic violence, sexual assault, stalking and as otherwise required by applicable law.~~

~~When electing to use paid sick time, the employee must use a minimum increment of thirty (30) minutes. Paid sick leave used as well as paid sick leave remaining will be~~

~~reflected on the Employee's wage statement. Employees wishing to utilize paid sick leave must indicate it on their timecard.~~

~~If the need for paid sick leave is foreseeable, the employee must provide their immediate supervisor reasonable advance notification. If the need for paid sick leave is unforeseeable, the employee must provide notice of the need for leave as soon as practicable.~~

~~Sick leave for part time and temporary employees will accrue at the rate of one (1) hour for every thirty (30) hours actually worked up to a maximum balance of forty-eight (48) hours. All employees are eligible to utilize their sick leave after ninety (90) days of employment.~~

~~Sick leave is a benefit provided by the Agency, not a right earned by the employee. Abuse of this benefit will not be tolerated. Excessive abuse of the sick leave benefit could result in disciplinary action up to and including termination.~~

7.~~45~~ OTHER LEAVES OF ABSENCE

The Board shall have the authority to grant other leaves of absence to the General Manager. The General Manager shall have the authority to grant leaves to all other Agency employees in accordance with the provisions under which eligible leaves may be granted. All leaves shall be requested on a form provided by the Agency prior to the start of the requested leave. Failure to return promptly from authorized leave without prior authorization from the General Manager may result in disciplinary action up to and including termination.

~~A leave of absence, not to exceed thirty (30) consecutive days, may be requested in writing by any regular Agency employee. The General Manager may grant the leave provided that the leave is in the best interest of the Agency and the employee. The leave shall be without pay and no benefits shall accrue or be paid during the term of the leave. However, the employee may self-pay the premiums under the provisions of "COBRA." Supervisors can provide employees additional information on this subject.~~

7.~~56~~ CALIFORNIA FAMILY RIGHTS ACT LEAVE POLICY~~MEDICAL LEAVES~~

The Agency provides leave in accordance with the California Family Rights Act ("CFRA"). Unless otherwise stated in this Policy, "Leave" means leave pursuant to the CFRA.

Employees who misuse or abuse Leave may be disciplined up to and including termination. Employees who fraudulently obtain or use Leave are not protected by the statute's job restoration or maintenance of health benefits provisions. Please contact the General Manager for more information.

A. Definitions

1. "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.

2. "Child" means an employee's child, including a child who is 18 years of age or older. An employee's child means a biological, adopted, foster, step-child, legal ward, a child of a domestic partner, or a person to whom the employee stands in loco parentis (in place of a parent).

3. "Family member" means an employee's child, parent, spouse, domestic partner, grandchild, grandparent, and sibling.

4. "Parent" means the biological, adoptive, step or foster parent of an employee or an individual who stood in loco parentis (in place of a parent) to an employee when the employee was a child. This term does not include parents-in-law.

5. "Spouse" means one or two persons to a marriage, regardless of the sex of the persons, and includes a registered domestic partner as defined below.

6. "Domestic Partner," is another adult with whom the employee has filed a Declaration of Domestic Partnership with the Secretary of State and who meets the criteria specified in California Family Code sections 297 and 299.2. A legal union formed in another state that is substantially equivalent to the California domestic partnership is also sufficient.

7. "Grandparent" means a parent of the employee's parent.

8. "Grandchild" means a child of the employee's child.

9. "Sibling" means a person related to the employee by blood, adoption or affinity through a common legal or biological parent.

10. "Serious health condition" means an illness, injury impairment, or physical or mental condition that involves:

    a. Inpatient Care (*i.e.*, an overnight stay) in a hospital, hospice or residential medical care facility, including any period of incapacity (i.e., inability to work, or perform other regular daily activities due to the serious health condition, treatment involved, or recovery therefrom), or any subsequent treatment in connection with such inpatient care; or

b. Continuing treatment by a health care provider: A serious health condition involving continuing treatment by a health care provider includes any one or more of the following:

1. A period of incapacity (*i.e.*, inability to work or perform other regular daily activities) due to a serious health condition of more than three consecutive calendar days, and any subsequent treatment or period of incapacity relating to the same condition, that also involves:

c. Treatment two or more times within thirty (30) days of the first day of incapacity, unless extenuating circumstances exist, by a health care provider, a nurse, or by a provider of health care services (*e.g.*, a physical therapist) under orders of, or on referral by, a health care provider. The first in-person treatment visit must take place within seven days of the first day of incapacity; or

d. Treatment by a health care provider on at least one occasion that must take place within seven days of the first day of incapacity and results in a regimen of continuing treatment under the supervision of the health care provider. This includes, for example, a course of prescription medication or therapy requiring special equipment to resolve or alleviate the health condition. If the medication is over the counter, and can be initiated without a visit to a health care provider, it does not constitute a regimen of continuing treatment.

1. Any period of incapacity or treatment for such incapacity due to a chronic serious health condition. A chronic serious health condition is one which:

e. Requires periodic visits (defined as at least twice a year) for treatment by a health care provider, or by a nurse;

f. Continues over an extended period of time (including recurring episodes of a single underlying condition); and

g. May cause episodic rather than a continuing period of incapacity (*e.g.*, asthma, diabetes, epilepsy). Absences for such incapacity qualify for leave even if the absence lasts only one day.

1. A period of incapacity that is permanent or long term due to a condition for which treatment may not be effective. The employee or family member must be under the continuing supervision of, but need not be receiving active treatment by, a health care provider.

2. Any period of absence to receive multiple treatments (including any period of recovery therefrom) by a health care provider or by a provider of health care services under orders of, or on referral by, a health care provider, either for restorative surgery after an accident or other injury, or for a condition that would likely result in a period of incapacity of more than three consecutive calendar days in the absence of medical intervention or treatment.

11. "Health Care Provider" means:

a. A doctor of medicine or osteopathy who is authorized to practice medicine or surgery by the State of California;

b. Podiatrists, dentists, clinical psychologists, optometrists, and chiropractors (limited to treatment consisting of manual manipulation of the spine to correct a subluxation as demonstrated by X-ray to exist) authorized to practice in California and performing within the scope of their practice as defined under California State law;

c. Nurse practitioners and nurse-midwives, clinical social workers and physician assistants who are authorized to practice under California law and who are performing within the scope of their practice as defined under California law;

d. Christian Science practitioners listed with the First Church of Christ, Scientist in Boston, Massachusetts; and,

e. Any health care provider from whom an employer or group health plan's benefits manager will accept certification of the existence of a serious health condition to substantiate a claim for benefits.

12. "Covered active duty" means: (1) in the case of a member of a regular component of the Armed Forces, duty during deployment of the member with the Armed Forces to a foreign country; and (2) in the case of a member of the reserve component of the Armed Forces, duty during the deployment of members of the Armed Forces to a foreign country under a call or order to active duty under certain specified provisions.

B. ELIGIBILITY

An employee is eligible for leave if:

1. The employee has been employed by the Agency for at least 12 months (can be nonconsecutive work for employer over a 7-year period, except

that any military leave time while employed counts towards this 12 months of service); and

2. The employee has been employed by the Agency for at least 1,250 hours during the 12-month period immediately preceding the commencement of the leave.

C. PERMISSIBLE USES OF LEAVE

Leave is only permitted for the reasons listed below.

1. Leave because of a serious health condition that makes the employee unable to perform the functions of his or her position;

2. Leave for the birth of a child or to care for a newborn of an employee;

3. Leave after the placement of a child with an employee in connection with the adoption or foster care of a child;

4. Leave to care for a child, parent, spouse, domestic partner, grandparent, grandchild or sibling who has a serious health condition; and,

5. Leave for a variety of "qualifying exigencies" arising out of the fact that an employee's spouse, domestic partner, son, daughter, or parent is on covered active duty or been notified of an impending call or order to covered active duty in the Armed Forces. There are eight general categories of "qualifying exigencies": short-notice deployment, military events and related activities, childcare and school activities, financial and legal arrangements, counseling, rest and recuperation, post-deployment activities, additional activities, and parental care arrangements.

D. AMOUNT OF LEAVE

Eligible employees are entitled to a total of 12 weeks of leave during any 12-month period.

E. EFFECT OF HOLIDAYS

If a holiday observed by the Agency occurs within a week taken as CFRA leave, the holiday has no effect on the amount of CFRA leave taken and the entire week is still counted as a week of CFRA leave. However, if the employee is using CFRA leave in increments of less than one week, the holiday will not count against the employee's leave entitlement unless the employee was otherwise scheduled and expected to work during the holiday.

F. MINIMUM DURATION OF LEAVE

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. In addition, the basic minimum duration of such leave is two weeks. However, an employee is entitled to leave for one of these purposes (*e.g.*, bonding with a newborn) for less than two weeks duration on any two occasions.

If leave is requested to care for a child, parent, spouse, domestic partner, grandparent, grandchild, sibling or the employee himself or herself with a serious health condition, there is no minimum amount of leave that must be taken. However, compliance with the notice and medical certification provisions of this Policy is required.

G. INTERMITTENT LEAVE OR LEAVE ON A REDUCED SCHEDULE

Under certain circumstances, leave may be taken intermittently or on a reduced leave schedule.

"Intermittent leave" is leave taken in separate blocks of time due to a single qualifying reason, rather than for one continuous period of time, and may include leave of periods from an hour or more to several weeks. "Reduced leave schedule" means a leave schedule that reduces the employee's usual number of hours per workweek or workday, usually from full- to part-time.

Where leave is taken because of the birth or the placement of a child for adoption or foster care, a reduced leave schedule may only be taken if the Agency agrees. Employees may take intermittent leave because of the birth or the placement of a child for adoption or foster care in minimum increments of two weeks duration, with the exception that an employee is entitled to leave for this purpose in periods that are less than two weeks duration on any two occasions.

Where leave is taken to care for a sick family member, or for the employee's own serious health condition, intermittent leave or leave on a reduced leave schedule may be taken when "medically necessary" (e.g., weekly physical therapy treatments). The employee must provide medical certification that there is a medical need for leave (as distinguished from voluntary treatments and procedures) and such medical need can be accommodated best through an intermittent leave or reduced leave schedule. Employees needing such leave must make a reasonable effort to schedule their leave so as not to disrupt the Agency's operations.

If an employee needs intermittent leave or leave on a reduced leave schedule that is foreseeable based on planned medical treatment, the Agency may require the employee to transfer temporarily to an alternate position of equivalent pay and benefits during the period that the intermittent leave or reduced schedule leave is required. The Agency will not transfer employees who take unforeseeable intermittent leave.

If an employee takes leave intermittently or on a reduced leave schedule, only the amount of leave actually taken may be counted towards the 12 weeks of leave to which an employee is entitled. For example, if an employee takes one day of leave per week, he or she has used 1/5 of a week of CFRA leave. Similarly, if an employee who regularly works eight-hour days works four-hour days on a reduced leave schedule, the employee would use one-half of a week of CFRA leave.

H. SPOUSES BOTH EMPLOYED BY THE AGENCY

In any case in which both parents of a child, adoptee, or foster child are employed by the Agency and are entitled to bonding leave, each parent is entitled to take 12 workweeks of CFRA bonding leave during any 12-month period.

I. SUBSTITUTION OF PAID ACCRUED LEAVES AND LEAVE'S EFFECT ON PAY

Although leave under this Policy is unpaid, an employee may elect and the Agency will require an employee to use paid accrued leaves as described below:

1. An employee may elect and the Agency will require an employee to use accrued paid vacation or personal leave, if any, for all or part of any unpaid leave under this Policy.

2. An employee may elect and the Agency will require an employee use sick leave concurrently with leave under this Policy only if the leave is for the employee's own serious health condition. If the leave is needed to care for a parent, spouse, child, grandparent, grandchild, sibling, or domestic partner with a serious health condition, the employee may elect to use sick leave concurrently with leave under this Policy, but is not required to do so.

3. Where an employee both qualifies for CFRA leave and is taking leave pursuant to the Agency's temporary disability policy, the state disability benefit plan or worker's compensation benefits, neither the employee nor the Agency may require substitution of paid leave. However, the employee and the Agency may mutually agree to have paid leave supplement the disability plan or worker's compensation benefits.

Except to the extent that accrued paid leave are substituted for family care and medical leave, as set forth above, leave under this Policy is unpaid.

Upon becoming disabled, an employee should apply for State Disability Insurance (SDI). In addition, under the Paid Family Leave (PFL) law, employees who take time off from work to care for a seriously ill child, spouse, domestic partner, parent, grandparent,

grandchild, or sibling, or to bond with a new child (entering their life either by birth, adoption, or foster care placement), may receive PFL benefits through SDI. For more information, and to obtain claim forms, employees may speak with the General Manager, visit any SDI office, or go to EDD's website at: www.edd.ca.gov. Any paid time used will be integrated so that the employee does not receive more than 100% of regular pay.

Vacation and sick leave are not earned during unpaid leaves. Employees who are eligible to accrue vacation only accrue vacation when working or when receiving another form of paid leave earned through their work (for example, when using paid vacation or sick leave), and then only for the portion of the paid leave earned through work.

J. AGENCY'S RIGHT TO REQUIRE AN EMPLOYEE TO EXHAUST CFRA LEAVE CONCURRENTLY WITH OTHER LEAVES

If an employee takes a leave of absence for any reason that also qualifies under the CFRA, the Agency may designate that leave as running concurrently with the employee's 12-week CFRA leave entitlement.

K. AGENCY'S AND EMPLOYEE'S RIGHTS IF AN EMPLOYEE REQUESTS ACCRUED LEAVE WITHOUT MENTIONING CFRA

If an employee requests to utilize accrued vacation leave, personal leave, or other accrued paid time off without reference to a CFRA qualifying purpose, the Agency may not ask the employee if the leave is for a CFRA qualifying purpose. However, if the Agency denies the employee's leave request and the employee provides information that the requested time off is for a CFRA qualifying purpose, the Agency may require the employee to exhaust accrued leave as described above.

L. EMPLOYEE BENEFITS WHILE ON LEAVE

1. Group Health Insurance During Unpaid Leave

Leave under this Policy is unpaid. While on unpaid leave, employees will continue to be covered by the Agency's group health insurance (which includes health, dental and vision) for up to 12 weeks each leave year to the same extent that coverage is provided while the employee is on the job. If the employee is disabled by pregnancy, coverage will continue up to four months each leave year (see below for more information). If an employee disabled by pregnancy also uses leave under the CFRA for baby-bonding, the Agency will maintain her coverage while she is disabled by pregnancy (up to four months or 17 1/3 weeks) and during her CFRA leave (up to 12 weeks).

2. Benefit Plans Not Provided through the Agency's Group Health Plan During Unpaid Leave Do Not Continue

The Agency does not pay for benefit plans that are not part of the group health plan for any employee on unpaid leave. As a result, employees will not continue to be covered under the Agency's benefit plans that are not provided through the Agency's group health plans while the employee is on unpaid leave.

3. Payment of Premiums

Employees may make the appropriate contributions for continued coverage under the health benefits plans by payroll deductions (if the employee is using his or her paid leave) or direct payments (if the employee is not using his or her paid leave). The Agency will inform the employee whether the direct payments for premiums should be paid to the carrier or to the Agency, and the deadlines for paying premiums in order to prevent coverage from being dropped. Employee contribution rates are subject to any changes in rates that occur while employee is on leave.

4. Recovery of Premium if the Employee Fails to Return from Leave

If an employee fails to return to work after his or her leave entitlement has been exhausted or expires, the Agency shall have the right to recover its share of health plan premiums for the entire leave period, unless the employee does not return because of the continuation, recurrence or onset of a serious health condition of the employee or his or her family member that would entitle the employee to leave or because of circumstances beyond the employee's control.

M. NOTICE REQUIREMENTS

Although the Agency recognizes that emergencies arise which may require employees to request immediate leave, employees are required to give as much verbal or written notice as possible of their need for leave. If leave is foreseeable, at least thirty (30) days' notice is required. In addition, if an employee knows that he or she will need leave in the future, but does not know the exact day(s) (e.g., for the birth of a child or to take care of a newborn), the employee shall inform his or her supervisor as soon as possible that such leave will be needed. For foreseeable leave due to a qualifying exigency, an employee must provide verbal or written notice of the need for leave as soon as practicable, regardless of how far in advance such leave is foreseeable.

N. MEDICAL CERTIFICATIONS

Employees who request leave must provide a medical certification and/or recertification to support the need for the leave as described below:

1. Employee's Own Serious Health Condition

Employees who request leave for their own serious health condition must provide written certification from the health care provider that contains all of the following: the date, if

known, on which the serious health condition commenced; the probable duration of the condition; and a statement that, due to the serious health condition, the employee is unable to work at all or is unable to perform any one or more of the essential functions of his or her position. Upon expiration of the time period the health care provider originally estimated that the employee needed for his or her own serious health condition, the employee must obtain recertification if additional leave is requested.

2. Family Member Serious Health Condition

Employees who request leave to care for a child, parent, domestic partner, spouse, grandparent, grandchild, or sibling who has a serious health condition must provide written certification from the health care provider of the family member requiring care that contains all of the following: the date, if known, on which the serious health condition commenced; the probable duration of the condition; an estimate of the amount of time which the health care provider believes the employee needs to care for the child, parent, domestic partner, spouse, grandparent, grandchild, or sibling and a statement that the serious health condition warrants the participation of the employee to provide care during a period of treatment or supervision of the child, parent, spouse, domestic partner, grandparent, grandchild, or sibling. The term "warrants the participation of the employee" includes, but is not limited to, providing psychological comfort, and arranging third party care for the covered family member, as well as directly providing, or participating in, the medical care. Upon expiration of the time period the health care provider originally estimated that the employee needed to care for a covered family member, the employer must obtain recertification if additional leave is requested.

3. Qualifying Exigency

The first time an employee requests leave because of a qualifying exigency, an employee may require the employee to provide a copy of the military member's active duty orders or other documentation issued by the military which indicates that the military member is on covered active duty or call to active duty status in a foreign country, and the dates of the military member's active duty service. A copy of the new active duty orders or similar documentation shall be provided to the Agency if the need for leave because of a qualifying exigency arises out of a different active duty or call to active duty status of the same or a different military member. The Agency will verify the certification as permitted by the CFRA.

4. Time to Provide Certification

When an employee's leave is foreseeable and at least thirty (30) days' notice has been provided, if a medical certification is requested, the employee must provide it before the leave begins. When this is not possible, the employee must provide the requested certification to the Agency within the time frame requested by the Agency (which must

allow at least fifteen (15) calendar days after the Agency's request), unless it is not practicable under the particular circumstances to do so despite the employee's diligent, good faith efforts.

5. Incomplete/Invalid Medical Certification

If an employee provides an incomplete medical certification the employee will be given a reasonable opportunity to cure any such deficiency. However, if an employee fails to provide a medical certification within the time frame established by this Policy, the Agency may delay the taking of CFRA leave until the required certification is provided or deny CFRA protections following the expiration of the time period to provide an adequate certification.

If the Agency has a good faith, objective reason to doubt the validity of a certification for the employee's serious health condition, the Agency may require a medical opinion of a second health care provider chosen and paid for by the Agency. If the second opinion is different from the first, the Agency may require the opinion of a third provider jointly approved by the Agency and the employee, but paid for by the Agency. The opinion of the third provider will be binding. An employee may request a copy of the health care provider's opinions when there is a second or third medical opinion sought.

O. REINSTATEMENT UPON RETURN FROM LEAVE

Upon expiration of leave, an employee is entitled to be reinstated to the position of employment held when the leave commenced, or to an equivalent position with equivalent employment benefits, pay, and other terms and conditions of employment. Employees have no greater rights to reinstatement, benefits and other conditions of employment than if the employee had been continuously employed during the CFRA period.

If a definite date of reinstatement has been agreed upon at the beginning of the leave, the employee will be reinstated on the date agreed upon. If the reinstatement date differs from the original agreement of the employee and the Agency, the employee will be reinstated within two business days, where feasible, after the employee notifies the employer of his or her readiness to return, with the exception of employees beginning or returning from leave at the end of the academic year, as set forth below.

P. EMPLOYEE'S OBLIGATION TO PERIODICALLY REPORT ON HIS OR HER CONDITION

Employees may be required to periodically report on their status and intent to return to work. This will avoid any delays to reinstatement when the employee is ready to return.

Q. FITNESS-FOR-DUTY CERTIFICATION

As a condition of reinstatement of an employee whose leave was due to the employee's own serious health condition, which made the employee unable to perform his or her job, the employee must obtain and present a fitness-for-duty certification from the health care provider that the employee is able to resume work. Failure to provide such certification will result in denial of reinstatement.

~~A medical leave of absence may be granted for non-work related temporary medical disabilities (other than pregnancy, childbirth, and related medical conditions) for up to four months with a doctor's written certificate of disability. Requests for leave should be made in writing as far in advance as possible. If an employee is granted a medical leave the Agency will pay wages from the employees accrued sick leave account for the period of time equivalent to the accumulated sick pay earned. Employees also may use any paid vacation time previously accrued. As with all leaves of absences, no benefits shall accrue or be paid during the term of the leave which is unpaid, unless otherwise required by applicable law. If an employee is a disabled individual pursuant to the Fair Employment and Housing Act and the Agency does not grant the leave of absence, an interactive process meeting will be scheduled.~~

~~A medical leave begins on the first day the employee's doctor certifies that they are unable to work and ends when the employee's doctor certifies that they are able to return to work or after a total of four months of leave, whichever occurs first. The supervisor will supply the appropriate form for the employee's doctor to complete, showing the date the employee was disabled and the estimated date when the employee will be able to return to work. An employee returning from a medical disability leave must present a doctor's certificate showing fitness to return to work based on the essential physical functions of the assigned position.~~

~~If returning from a non-work-related medical leave the employee will be offered the same position held at the time of leaving, if available. If this position is not available due to an "undue hardship," a comparable position will be offered. If neither the same nor a comparable position is available, the employees return to work will depend on job openings existing at the time of the employees scheduled return. There are no guarantees of reinstatement and the employees return will depend on their qualifications for existing openings.~~

~~California workers' compensation laws govern work-related illnesses and injuries. The Agency will fully comply with these laws.~~

7.67 ~~RIGHTS AND RESPONSIBILITIES AS A PREGNANT EMPLOYEE~~LEAVE BECAUSE OF PREGNANCY, CHILDBIRTH, OR RELATED MEDICAL CONDITION

A. AMOUNT OF LEAVE

An employee who is disabled because of pregnancy, childbirth, or a related medical condition is entitled to an unpaid leave for up to the number of hours she would normally work within four calendar months (one-third of a year or 17 1/3 weeks). For a full-time employee who works 40 hours per week, "four months" means 693 hours of leave entitlement, based on 40 hour per week times 17 1/3 weeks. An employee who works less than 40 hours per week will receive a pro rata or proportional amount of leave.

B. NOTICE & CERTIFICATION REQUIREMENTS

1. Notice: Requests for pregnancy disability leave must be submitted in writing with reasonable advance notice of the medical need for the leave. All leaves must be confirmed in writing, have an agreed-upon specific date of return, and be submitted to the General Manager or designee.

2. Certification: The request for pregnancy disability leave must be supported by a written certification from the attending physician stating that: (1) the employee is disabled from working by pregnancy, childbirth or a related medical condition; (2) the date on which the employee became disabled by pregnancy, childbirth or a related medical condition; and (3) the estimated duration or end date of the leave.

C. COMPENSATION DURING LEAVE

Pregnancy disability leaves are without pay. However, the employee must first use sick leave, if any. Once sick leave is depleted, the employee may elect to use vacation leave or any other accrued paid time off during the leave.

D. BENEFITS DURING LEAVE

3. Group Health Insurance: An employee on pregnancy disability leave may continue to receive any group health insurance coverage that was provided before her leave, beginning on the date the pregnancy disability leave begins and continuing for up to four months in a 12-month period, at the same level and under the same conditions that coverage would have been provided if the employee had continued in employment continuously for the duration of the leave. The Agency may recover premiums it paid to maintain health coverage if an employee does not return to work following pregnancy disability leave, unless the reason for

the failure to return is a circumstance beyond her control or the use of the separate right to 12 weeks of bonding leave under the CFRA.

4. Sick and Vacation Leaves: Sick and vacation leaves do not accrue while an employee is on unpaid pregnancy disability leave.

5. Employee Status During Leave: The employee retains employee status during the leave. The leave is not a break in service for purposes of longevity or seniority under any collective bargaining agreement or employee benefit plan. Benefits will be resumed upon the employee's reinstatement in the same manner and at the same levels as provided when the leave began, without any new qualification period, physical exam, or other qualifying provisions.

E. REINSTATEMENT

1. Upon the expiration of pregnancy leave, the employee will be reinstated to her original or a comparable position, so long as it was not eliminated for a legitimate business reason during the leave.

2. If the employee's original position is no longer available, the employee will be assigned to a comparable, open position.

3. If upon return from leave an employee is unable to perform the essential functions of her job because of a physical or mental disability, the Agency will initiate an interactive process with the employee in order to identify a potential reasonable accommodation in accordance with this Handbook.

~~If you are pregnant, have a related medical condition, or are recovering from childbirth, PLEASE READ THIS NOTICE.~~

~~California law protects employees against discrimination or harassment because of an employee's pregnancy, childbirth or any related medical condition (referred to below as "because of pregnancy"). California law also prohibits employers from denying or interfering with an employee's pregnancy-related employment rights.~~

~~The Agency has an obligation to:~~

~~•Reasonably accommodate employees' medical needs related to pregnancy, childbirth or related conditions (such as temporarily modifying employee work duties, providing the employee with a stool or chair, or allowing more frequent breaks);~~

~~•transfer an employee to a less strenuous or hazardous position (where one is available) or duties if medically needed because of a pregnancy; and~~

~~•provide the employee with pregnancy disability leave (PDL) of up to four months (the working days the employee normally would work in one-third of a year or 17⅓ weeks) and return the employee to the same job when the employee is no longer disabled by the pregnancy or, in certain instances, to a comparable job. Taking PDL, however, does not protect an employee from non-leave related employment actions, such as a layoff.~~

~~•provide a reasonable amount of break time and use of a room or other location in close proximity to the employee's work area to express breast milk in private as set forth in the Labor Code.~~

~~For pregnancy disability leave:~~

~~•PDL is not for an automatic period of time, but for the period of time that the employee is disabled by pregnancy. The employee's health care provider determines how much time will be need.~~

~~•Once the Agency has been informed that an employee needs to take PDL, the Agency must guarantee in writing that the employee can return to work in the same position if the employee requests a written guarantee. The Agency may require the employee to submit written medical certification from a health care provider substantiating the need for the employees leave.~~

~~•PDL may include, but is not limited to, additional or more frequent breaks, time for prenatal or postnatal medical appointments, doctor-ordered bed rest, severe "morning sickness," gestational diabetes, pregnancy-induced hypertension, preeclampsia, recovery from childbirth or loss or end of pregnancy, and/or post-partum depression.~~

~~•PDL does not need to be taken all at once but can be taken on an as-needed basis as required by the employee's health care provider, including intermittent leave or a reduced work schedule, all of which counts against employees four-month entitlement to leave.~~

~~•Employees leave will be paid or unpaid depending on the Agency policy for other medical leaves.~~

~~•Employees' may also be eligible for state disability insurance or Paid Family Leave (PFL), administered by the California Employment Development Department.~~

~~•At the employee's discretion, an employee can use any vacation during PDL.~~

~~•The Agency requires employees to use any available sick leave during PDL.~~

~~•The Agency is required to continue the employee's group health coverage during PDL at the same level and under the same conditions that coverage would have been provided if~~

the employee had continued in employment continuously for the duration of the employees leave.

•Taking PDL may impact certain employee's benefits and employee's seniority dates; please contact Human Resources for details.

•If possible, the employee must provide at least 30 days' advance notice for foreseeable events (such as the expected birth of a child or a planned medical treatment for the employee.) For events that are unforeseeable, we need employees to notify us, at least verbally, as soon as an employee learns of the need for the leave. Failure to comply with these notice rules is grounds for, and may result in, deferral of the requested leave until the employee complies with this notice policy.

Notice Obligations of Employees.

•Give the Agency reasonable notice: To receive reasonable accommodation, obtain a transfer, or take PDL, an employee must give the Agency sufficient notice for it to make appropriate plans. Sufficient notice means 30 days' advance notice if the need for the reasonable accommodation, transfer or PDL is foreseeable, otherwise as soon as practicable if the need is an emergency or unforeseeable.

•Provide a Written Medical Certification from the employee's Health Care Provider. Except in a medical emergency where there is no time to obtain it, the Agency may require the employee to supply a written medical certification from the employee's health care provider of the medical need for the employee's reasonable accommodation, transfer or PDL. If the need is an emergency or unforeseeable, the employee must provide this certification within the time frame the Agency requests, unless it is not practicable for the employee to do so under the circumstances despite the employee's diligent, good faith efforts. The Agency must provide at least 15 calendar days for the employee to submit the certification. See Human Resources for a copy of a medical certification form to give to the employee health care provider to complete.

•PLEASE NOTE that if the employee fails to give the Agency reasonable advance notice or written medical certification of the employee's medical need, the Agency may be justified in delaying the employee's reasonable accommodation, transfer, or PDL.

Employees also may be entitled to additional rights under the California Family Rights Act of 1993 (CFRA) if an employee has more than 12 months of service with the Agency, has worked at least 1,250 hours in the 12-month period before the date the employee wants to begin the leave and works at a worksite with 50 or more employees within 75 miles of that worksite. This leave may be up to 12 workweeks in a 12-month period for the birth, adoption, or foster care placement of an employee's child or for an employee's own serious health condition (not related to pregnancy) or that of the employee's child, parent or

~~spouse. While the law provides only unpaid leave, employees may choose or employers may require use of accrued paid leave while taking CFRA leave under certain circumstances. For further information on the availability of CFRA leave, please review the employer's Notice regarding the availability of CFRA leave.~~

~~This notice is a summary of the employee's rights and obligations under the Fair Employment and Housing Act (FEHA). For more information about the employee's rights and obligations as a pregnant employee, contact Human Resources, visit the Department of Fair Employment and Housing's website at www.dfeh.ca.gov, or contact the Department at 800-884-1684. The text of the FEHA and the regulations interpreting it are available on the Fair Employment and Housing Commission's website at www.dfeh.ca.gov.~~

7.~~7~~8 BEREAVEMENT LEAVE

In the event of ~~the~~a death of an employee's immediate family member, the employee may ~~apply for~~request from the General Manager a bereavement leave ~~and receive~~ of up to a maximum of five (5) days ~~of bereavement leave~~ per incident with pay. The immediate family is defined as a current spouse~~,~~ or registered domestic partner, child, parent, legal guardian, brother, sister, grandparent, grandchild, or mother-in-law, father-in-law, sister-in-law, brother-in-law, son-in-law, or daughter-in-law.

7.~~8~~9 MILITARY LEAVE

Military leave will be granted in accordance with applicable federal and state law. An employee requesting leave for this purpose shall promptly provide the General Manager with a copy of the military orders specifying the dates, site and purpose of the activity or mission. Within the limits of such orders, the General Manager may determine when the leave is to be taken and may modify the employee's work schedule to accommodate the request for leave.

7.~~9~~10 JURY DUTY LEAVE

Any non-exempt employee who is required to serve on jury duty, and has completed their training period, will receive full pay while serving up to ten (10) days of jury duty per calendar year. A leave of absence without pay will be granted if jury duty exceeds the ten (10) day limit (exempt employees' salary will not be changed for jury duty service). The employee should notify the supervisor of the need for time off for jury duty as soon as a notice or summons from the court is received. The employee may be requested to provide written verification from the court clerk of having served. If work time remains after any day of jury duty, then the employee will be expected to return to work. Any mileage allowance paid by the court for jury services is to be retained by the employee.

7.10 OTHER COURT OR ADMINISTRATIVE PROCEEDING APPEARANCES

A. REGARDING AGENCY DUTIES

Any employee, including a temporary employee, who is subpoenaed to appear in court in a matter regarding an event or transaction in the course of their Agency job duties, must give their supervisor as much advance notice as is possible. The Agency will determine whether the matter involves an event or transaction in the course of the employee's Agency job duties. If so, this leave to appear in court will be without loss of compensation, and the time spent will be considered work time. The Agency will offset the amount from pay the employee receives for witness fees.

B. REGARDING EMPLOYEE-INITIATED PROCEEDINGS

Any employee, including a temporary employee, who is subpoenaed to appear, or appears in court because of civil or administrative proceedings that they initiated, is not entitled to receive compensation for time spent related to those proceedings. An employee may request to receive time off without pay, or may use any accrued leave other than sick leave for time spent related to those proceedings. The time spent in these proceedings is not considered work time.

C. REGARDING CRIME VICTIM/ VICTIM FAMILY MEMBER COURT ATTENDANCE LEAVE

Any employee, including a temporary employee, who is a victim of a crime may take leave from work to attend judicial proceedings related to that crime, if the employee provides the Agency notice of the scheduled proceeding in advance. If advance notice is not feasible, the employee must provide the Agency, within a reasonable time after the leave is taken, documentation from the District Attorney, victim's rights office, or court/governing agency that shows that the judicial proceeding occurred when the leave was used. An employee who is an immediate family member of such a crime victim, including: a registered domestic partner; the child of the registered domestic partner; spouse; child; stepchild; brother; stepbrother; sister; stepsister; mother; stepmother; father; or stepfather of the crime victim is also entitled to leave from work to attend judicial proceedings relating to that crime. The leave is unpaid unless the employee elects to use accrued vacation, sick, or other paid leave, or compensatory time off.

D. REGARDING CRIME VICTIM/ FAMILY MEMBER VICTIMS' RIGHTS PROCEEDINGS LEAVE

Any employee, including a temporary employee, who is a victim of a crime listed in Labor Code section 230.5(a)(2)(A), may take leave from work to appear in court to be heard at any proceeding in which the right of the victim is at issue, if the employee provides the Agency reasonable advance notice. If advance notice is not feasible, the employee must

provide the Agency, within a reasonable time after the leave is taken, certification from a police report, a district attorney or court, or from a health care provider or victim advocate, that the employee was a victim of any of the crimes listed in Labor Code section 230.5(a)(2)(A). An employee who is a spouse, parent, child, sibling, or guardian of such a crime victim is also a victim who is entitled to this leave if the above notice or certification requirements are met. The leave is unpaid unless the employee elects to use accrued vacation or paid leave, or compensatory time off.

7.11 LEAVE FOR VICTIMS OF DOMESTIC VIOLENCE, SEXUAL ASSAULT, STALKING, OR OTHER CRIMES

A. TO OBTAIN RESTRAINING ORDERS OR INJUNCTIVE RELIEF

Any employee, including a temporary employee, who is a victim of domestic violence, sexual assault, stalking, or other crime may take leave from work to obtain or attempt to obtain any relief, including, but not limited to: a temporary restraining order, restraining order, or other injunctive relief to help ensure the health, safety, or welfare of the employee or their child, if the employee provides advance notice of the need for leave. If advance notice is not feasible, the employee must provide any of the following certifications within a reasonable time after the leave: a police report indicating that the employee was a victim; a court order protecting the employee from the perpetrator; evidence from the district attorney or court that the employee has appeared in court; or documentation from a health care provider or counselor that the employee was undergoing treatment for physical or mental injuries or abuse. The leave is unpaid unless the employee elects to use Healthy Workplace Healthy Family Act of 2014 sick leave, accrued vacation or paid leave, or compensatory time off.

B. TO OBTAIN MEDICAL ATTENTION, COUNSELING, OR SAFETY PLANNING

Any employee, including a temporary employee, who is a victim of domestic violence, sexual assault, stalking, or other crime, may take leave from work to attend to any of the following: obtaining medical attention or psychological counseling; obtaining services from a shelter, program or crisis center; or participating in safety planning or other actions to increase safety, if the employee provides advance notice of the employee's intention to take time off for these purposes. If advance notice is not feasible, the employee must provide any of the following to the Agency within a reasonable time after the leave: a police report indicating that the employee was a victim; a court order protecting the employee from the perpetrator; evidence from the district attorney or court that the employee has appeared in court; or documentation from a health care provider or counselor that the employee was undergoing treatment for physical or mental injuries or abuse. The leave is unpaid unless the employee elects to use Healthy Workplace Healthy

Family Act of 2014 sick leave, accrued vacation or personal leave, or compensatory time off.

7.121 TIME OFF FOR VOTING

In the event that an employee does not have sufficient time outside of working hours to vote in a statewide election, the employee may request up to two (2) hours of paid leave either take off enough working time to enable them to vote. Such time off shall be taken at the beginning or the end of the employee's regular working shift, whichever allows for more free time, and the time taken off shall be combined with the voting time available outside of working hours. Under these circumstances an employee will be allowed a maximum of two hours on the Election Day without loss of pay. Where possible, the employee shall request time off to vote fromgive their supervisor at least two (2) working days' notice that time off to vote is neededprior to Election Day.

7.132 SCHOOL CONFERENCES INVOLVING CHILD SUSPENSION LEAVE

If it becomes necessary for an employee who is the parent or guardian of a child to attend the child's school to discuss possible suspension, the employee should alert their supervisor as soon as possible so that alternative arrangements may be made. No discriminatory action will be taken against the employee for taking time off for this purpose.Any employee who is the parent or guardian of a child in grades 1 through 12 may take time off to go to the child's school in response to a request from the child's school, if the employee gives advance notice to their supervisor. A school has the authority to request that the parent attend the child's school if the child has: committed any obscene act; habitually used profanity or vulgarity; disrupted school activities; or otherwise willfully defied the valid authority of school personnel.

7.14 SCHOOL-RELATED LEAVE: SCHOOL OR LICENSED DAY CARE ACTIVITY LEAVE

Any employee who is a parent, guardian, stepparent, foster parent, grandparent, or person who stands in loco parentis to one or more children who are in kindergarten or grades 1 through 12, or who are in a licensed child care facility, shall be allowed up to 40 hours each school year, not to exceed eight (8) hours in any calendar month of the school year, to: (1) participate in activities of their child's school or licensed child care facility; (2) find, enroll, or reenroll a child in a school or with a licensed child care provider; or (3) to pick up a child due to a child care provider or school emergency. The employee must provide reasonable advance notice to their supervisor of the planned absence. The leave is unpaid unless the employee uses vacation, personal leave, or compensatory time off. The employee must provide documentation from the school or licensed child care facility as verification that the employee participated in school or child care facility activities on a specific date and at a particular time. If both parents, guardians or grandparents having

custody work for the Agency at the same Agency work site, only the first parent requesting leave will be entitled to leave under this provision.

ARTICLE 8.0 EMPLOYEE BENEFITS

8.1 HEALTH INSURANCE

The Agency provides a comprehensive medical, vision, dental, and life insurance plan for regular full time and eligible part time employees. Health insurance for employee dependents is provided on a cost-sharing basis. An employee becomes eligible for such insurance as set forth in the Agency's insurance benefit plan documents and as required by law. In the event of an increase in health insurance premium rates, all employees may be required to contribute towards the cost of increased premiums to retain coverage.

8.2 DISABILITY INSURANCE

Each employee contributes to the state of California for disability insurance pursuant to the California Unemployment Insurance Code. Contributions are made through a payroll deduction. Disability insurance is payable when the employee cannot work because of illness or injury not caused by employment, pregnancy, or childbirth. Specific rules and regulations governing disability insurance, including, but not limited to eligibility requirements and the process for filing a claim, are available from the Employment Development Department, including on its website: https://edd.ca.gov/.

8.3 UNEMPLOYMENT COMPENSATION

The Agency contributes each year to the California Unemployment Insurance Fund on behalf of its employees.

8.4 RETIREMENT PLAN

The Agency contracts with the California Public Employees Retirement System ("CalPERS") to provide a plan for eligible employees in order to assist in planning for their retirement. For information regarding eligibility, contributions, benefits, and tax status, contact the General Manager. All eligible participants will receive a summary plan description.

8.5 SPECIAL COMPENSATION - UNIFORM ALLOWANCE

In compliance with the California Public Employees' Retirement System ("CalPERS") regulations and definition of Special Compensation (2 C.C.R. § 571), for "classic members" as defined by the Public Employees' Pension Reform Act of 2013 ("PEPRA"), the compensation paid or the monetary value for the purchase, rental, and/or maintenance of required uniforms shall be reported to CalPERS as Special Compensation. The Agency agrees that the amount paid for uniform rental is "pay" is described in Title 2 of the California Code of Regulations Section 571 (a)(5) as a "statutory item" of compensation. However, it is ultimately CalPERS who determines whether any form of pay is reportable special compensation.

The Agency will report to CalPERS the average monetary value (*i.e.*, average cost) of uniform rental for only "classic members" on a per payroll basis. The average monetary value applied in the current calendar year payroll will be based on the prior calendar year average monetary value paid for the uniform rental for "classic members" only.

The Agency will report to CalPERS the monetary value of provide a uniform maintenance allowance of two-hundred sixty dollars ($260) annually ($10 paid biweekly) for those full-time "classic member" employees required by the Agency to wear uniforms.

The Uniform Allowance is a payroll deduction funded by the employee. The monetary value of the uniform is a benefit provided by the Agency.

8.67.13 ~~EXTERNAL~~ EMPLOYEE ~~EDUCATION~~OUTSIDE ACTIVITIES

It may be necessary for employees to attend training programs, seminars, conferences, lectures, meetings, or other outside activities for the benefit of the Agency or the individual employee's employment with the Agency. Attendance at such activities may be required by the Agency or requested by individual employees. However, attendance will not be considered an officially authorized activity, subject to the following policies on reimbursement and compensation, unless prior written approval has been issued by the General Manager. To obtain approval, employees wishing to attend an activity must submit a written request detailing all relevant information about the activity, including date, hours, location, cost, expenses, ~~and~~ nature and~~,~~ purpose of activity, and justification for attendance.

Where attendance is required or authorized by the Agency, customary and reasonable expenses will be reimbursed upon submission of proper receipts. ~~Reimbursement for required or authorized educational classes will be awarded after successful completion of the educational class and the receipt of a passing grade (C or better).~~ Customary and reasonable expenses generally may include registration fees, materials, meals, transportation, and parking. Reimbursement policies regarding these expenses should be discussed with the General Manager in advance.

Employees will ~~also~~ be reimbursed following successful completion of examinations for certificates that are required by their job descriptions. Similarly, renewals for required certificates will be reimbursed by the Agency. For activities that result in a letter grade (*e.g.*, A, B, C, D, or F) or a pass/fail designation, the employee must ~~Reimbursement for required or authorized educational classes will~~ be awarded after successful completion of the ~~educational class~~activity and the receipt of a ~~passing~~ grade ~~(~~C or better~~)~~ or a pass designation.

Employee attendance at authorized outside activities, during normal working hours, will be considered hours worked for non-exempt employees and will be compensated in

accordance with normal payroll practices. Further, when an employee's participation in an activity is required by the Agency, attendance will be considered hours worked for non-exempt employees and will be compensated in accordance with normal payroll practices.

This policy does not apply to an employee's voluntary attendance, outside of normal working hours, at formal or informal educational sessions, even if such sessions may generally lead to improved job performance. While the Agency generally encourages all employees to improve their job skills and promotional qualifications, such activities will not be subject to this policy regarding reimbursement or compensation unless prior written approval is obtained as discussed above.

~~SECTION 7.14~~8.7 STUDENT LOAN ASSISTANCE BENEFIT

The Agency offers assistance in repayment of ~~C~~college/~~U~~university student loan debt to up to two (2) eligible employees during each fiscal year. Eligibility for the benefit will be determined based on the date on which the employee has provided their request to the General Manager.

Agency approved and ~~E~~eligible employees may receive up to $500 per month to repay their student loan debt to a maximum reimbursement of $10,000 for an Associate of Arts (or Sciences) degree, $30,000 for a four-year Bachelor's degree, or $20,000 for a Master of Science degree from an accredited college or university.

The repayment for student loan debt for tuition, books, applications, and tests is limited to current debt that the employee has directly related to tuition payments for having received a degree (referred to above), relevant to the employee's job (as determined by the General Manager) at an accredited college or university. The requesting employee must have at least three (3) years continuous service at the Agency at the time of the request.

The requesting employee must submit paperwork satisfactory to the General Manager that confirms the debt amount (for example, if the ~~E~~employee only owes $20,000 for their Bachelor of Science degree, the reimbursement maximum will be limited to ~~that~~ $20,000.) ~~At such time as~~If the employee ceases to be a regular full-time employee, the benefit will stop. For example, should the employee become a part-time employee, temporary employee, or have their employment terminated, the benefit will no longer be available to ~~E~~employee.

The maximum lifetime benefit available to an employee is $60,000.

The employee can only participate in one (1) reimbursement benefit agreement at a time. For example, an employee who has student loans for both a Masters and a Bachelor's degree would have to select ~~which~~ the debt for which they wish to seek reimbursement ~~for~~.

~~Only two employees are eligible for the benefit during any fiscal year. Eligibility for the benefit will be determined based on the date which the Employee has provided their request to the General Manager.~~

~~7.15~~ 8.8 RECREATIONAL ACTIVITIES AND PROGRAMS

The Agency or its insurer will not be liable for the payment of workers' compensation benefits for any injury that arises out of an employee's voluntary participation in any off-duty recreational, social, or athletic activity that is not part of the employee's work-related duties.

~~7.16~~ 8.9 WORKERS' COMPENSATION

The Agency, in accordance with state law, provides workers' compensation insurance coverage for employees in case of work-related injury or illness. The workers' compensation insurance benefits provided to ~~injured~~ such employees may include:

- Medical care,
- Cash benefits, generally tax free, to replace lost wages,
- Vocational rehabilitation to help qualified injured employees return to suitable employment.

To ~~ensure that the employee receives any/all~~request workers' compensation insurance benefits ~~to which they may be entitled~~, the employee will need to:

- Immediately report any work-related injury to the supervisor.
- Seek medical treatment and follow-up care if required.
- Complete a written Employee's Claim Form (DWC Form 1) and return it to the General Manager.

Employees must provide the Agency with a certification from their health care provider regarding the need for workers' compensation disability leave and the employee's ability to return to work from the leave based on the essential ~~physical~~ functions of the assigned position.

The Agency provides for medical treatment for work-related injuries through an Agency designated medical provider.

Employees who are injured in a work-related incident will be referred to the Agency's designated medical treatment provider, unless prior to a work-related injury, the Agency has received from the employee a written notice that the employee wishes to be treated by their own physician. Employees who do not designate their own physician will be treated by the Agency's designated medical treatment provider for work-related injuries,

for at least 30 days, if required. Employees may seek treatment from their own physician after 30 days, should they so desire.

Upon submission of a medical certification that the employee is able to return to work, they will be offered the same position held at the time of leaving, unless the job has been filled in order to avoid undermining the Agency's ability to operate safely and efficiently, or the employee is not capable of performing the job responsibilities upon return. If the employee's former position is not available, a substantially similar position will be offered unless there is no substantially similar position available, or filling the available position would substantially undermine the Agency's ability to operate safely and efficiently, or the employee is not capable of performing the job responsibilities.

The law requires that this Agency notify the workers' compensation insurance company of any concerns of false or fraudulent claims. Any person who makes or causes to be made any knowingly false or fraudulent material statement or material misrepresentation for the purpose of obtaining or denying workers' compensation benefits or payments is guilty of a felony. A violation of this law is punishable by imprisonment for one to five years, or by a fine not exceeding $50,000 or double the value of the fraud, whichever is greater, or both. Additional civil penalties may be in order.

~~7.17 DEFINITION OF DOMESTIC PARTNER~~

~~A Domestic Partner is the employee's or retiree's domestic partner under a legally registered and valid domestic partnership.~~

~~For an employee or retiree to include their domestic partner as a dependent under the plan, the employee or retiree and their domestic partner must meet the following criteria:~~

- ~~a. Both persons must share a common residence~~
- ~~b. Neither person can be married to someone else nor be a member of another domestic partnership with someone else that has not been terminated, dissolved, or nullified~~
- ~~c. The two individuals are not related by blood in a way that would prevent them from being married to each other in the state of California~~
- ~~d. Both persons must be at least 18 years of age~~
- ~~e. Both persons must be capable of consenting to the domestic partnership~~

~~Both persons must provide the plan administrator with a California State Registration of Domestic Partnership.~~

ACKNOWLEDGMENT OF RECEIPT AND REVIEW OF EMPLOYEE HANDBOOK

I hereby acknowledge that I have received and reviewed a copy of the Bighorn Desert View Water Agency EMPLOYEE HANDBOOK (hereinafter "Handbook"), ~~dated December 11, 2018,~~ and ~~that I~~ understand it contains important information regarding the Agency's general personnel policies and my privileges and obligations as an employee of the Agency. ~~that~~ I acknowledge that I am expected to read, understand, and adhere to the Handbook and I agree to familiarize myself with ~~to promptly read~~ its contents. I understand that if I have any questions about the Handbook or its contents, I am to discuss them with my supervisor or the General Manager.

I recognize that this Handbook supersedes and replaces any previous ~~H~~handbooks, and to the extent that provisions of this Handbook conflict with previously issued policies or practices, whether or not such policies and practices were contained in an ~~E~~employee ~~H~~handbook, this Handbook shall prevail. I understand that the Agency may revise, modify, delete, or add to any of the provisions in this Handbook, from time to time in its sole and absolute discretion with or without prior notice, subject to written approval by the Board of Directors~~I agree that changes in the policies set out in the Handbook are not valid unless made and approved, in writing, by the Board of Directors~~. I understand that the Agency will advise employees of material changes to the Handbook within a reasonable time.

~~Finally,~~ I further understand and agree that my employment with the Agency is at will, as set forth in the At Will Employment section of the Handbook, which means that my employment may be terminated with or without cause, and with or without notice, at any time by either the Agency or me. I understand and agree that nothing in this Handbook limits the right to terminate my at-will employment, with or without cause, or with or without notice. ~~and that this agreement on at will employment status is the sole and entire agreement between me and the Agency regarding the term of my employment and the termination thereof; and,~~ I further understand and agree that ~~this agreement on~~my at will employment status cannot be changed in any way, whatsoever, except in a writing which has been approved by the Board of Directors~~signed by the President of the Agency~~.

_____

Employee's Name (print or type)

Date: _____ _____

Employee Signature

Date: _____ _____

Witness

APPENDICES A - D

ALL APPENDICES ARE ADOPTED BY SEPARATE BOARD RESOLUTION OR MOTION AND INCORPORATED BY REFERENCE ONLY

APPENDIX A DRUG AND ALCOHOL TESTING PROGRAM

APPENDIX B JOB DESCRIPTIONS/CLASSIFICATIONS

APPENDIX C RANGE AND STEP SCHEDULE

APPENDIX D ORGANIZATIONAL CHART

APPENDIX A

DRUG AND ALCOHOL TESTING PROGRAM

U.S. DEPARTMENT OF TRANSPORTATION PROGRAM FOR

SAFETY-SENSITIVE EMPLOYEES ONLY

APPENDIX B

JOB DESCRIPTIONS/CLASSIFICATIONS

APPENDIX C

RANGE AND STEP SCALE

APPENDIX D

ORGANIZATIONAL CHART

BIGHORN DESERT VIEW WATER AGENCY
FINANCE/PUBLIC RELATIONS/EDUCATION/PERSONNEL
AGENDA ITEM SUBMITTAL

Meeting Date: May 18, 2022

To: FPREP Committee Members

Budgeted: N/A
Budgeted Amount: N/A
Cost: N/A

From: Marina D. West

General Counsel Approval: N/A
CEQA Compliance: N/A

Subject: Review Property Tax Lien Process and Dissemination of Tax Apportionments

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SUMMARY

Staff will present an overview of the property tax lien process and associated dissemination of tax apportionments received.

RECOMMENDATION TO BOARD OF DIRECTORS

Information and Discussion Purposes Only

BACKGROUND/ANALYSIS
None

PRIOR RELEVANT BOARD ACTION(S)
None

BIGHORN-DESERT VIEW WATER AGENCY

"To provide a high quality supply of water and reliable service to all customers at a fair and reasonable rate."

Finance/Public Relations/Education and Personnel Standing Committee
SPECIAL Meeting Minutes

Committee Members: Director McKenzie & Director Dicht

BOARD MEETING OFFICE
1720 N. CHEROKEE TR.
LANDERS, CALIFORNIA 92284

March 23, 2022
Time – 4:00 P.M.

PUBLIC AND BOARD WISHING TO PARTICIPATE REMOTELY
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CALL TO ORDER
Chair McKenzie called the meeting to order at 4:03 pm.

PLEDGE OF ALLEGIANCE
Led by Chair McKenzie.

ROLL CALL

Directors Present:	Chair McKenzie
	Director Dicht
Staff Present:	Marina West

One (1) member of the Board attending the meeting as an observer. Zero public attended via Zoom.

APPROVAL OF AGENDA
Agenda was approved with GM West noting a typo on page ; general manager salary increase effective July 1, 2022 not 2023 as shown on the printed agenda.

Discussion and Action Items -

1. **Review 2022 Social Security Cost-of-Living Index and Discuss 2022 Cost-of-Living Adjustment for Staff and General Manager**
   GM West gave the staff report as presented in the Agenda Packet. During the PowerPoint portion of the presentation she introduced a new slide summarizing the change in payroll taxes and CalPERS contributions. She noted that the staff of the Agency is our greatest asset and given that the Social Security Index adopted the 5.9% increase in October 2021. This is well before the latest inflationary impacts to food and fuel which is locally at $6.00 per gallon.

   GM West informed the Board that the action is intended to be adopted by the full Board about this time of year for incorporation into the annual budget. She noted that the Fiscal Year 2022/23 Budget will be reconfigured this year allowing for better discussion and analysis of salary and benefits each year and to be projected into the future.

   Director Dicht commented that he agreed with employees being crucial and given the "ecosystem we are in" where there are potentially other opportunities for employment elsewhere and with housing costs going up the Consumer Price Index is even higher than 5.9%. He felt the SSI of 5.9% was justified and that our low-income customers would be familiar with that metric. He suggested it probably was not enough given that the Consumer Price Index was at 7.9% and it probably would not keep up with the rising costs. He questioned if there is a different metric allowing the Board to provide a different formula.

   Chair McKenzie stated that she was not opposed to justifying a higher COLA based on the CPI at 7.9%.

   GM West offered to accept the 5.9% COLA per the SSI index so as to allow room for the staff to achieve the 7.9% COLA based on CPI.

   The Committee concluded to recommend to the full Board a Cost-of-Living Adjustment, effective on or about July 1, 2022 for all non-exempt staff. The Committee recommends the Board accept the general manager's proposal for 5.9% Cost-of-Living Adjustment effective on or about July 1, 2022.

   The Committee asked that total salary package (salary/taxes/CalPERS/medical) be presented in the final budget.

2. **Review Status Report on Public Relations Activities**
   GM West reviewed the Public Relations report and answered questions fo the committee.

3. **Consent Items –**
    - **a.** FPREP Committee Meeting Minutes January 19, 2022
    - **b.** PARS Investment Statement December 2021, January 2022 and February 2022

Recommended Action:
Approve as presented (Items a-b):

4. **Public Comment Period**

5. **Verbal Reports -** Including Reports on Courses/Conferences/Meetings.
    1. Committee Members' Comments/Reports – Director Dicht's commented on the CSDA Conference in San Diego and that he applied for the grant to attend. He said that he did receive approval for the grant.

    2. General Manager's Report – Reported on Drought Round grant awarded to BDVWA in the amount of $235,000. She also stated the Agency expects to be awarded $750,000 from the Prop. 1/Round 2 opportunity. She stated that the Agency may also have opportunity to apply for additional funds from this same grouping. Lastly, she reported on the Hi-Desert Water District Engineering Committee Meeting she attended on March 22nd. The HDWD is considering expansion of the Ames/Reche Recharge area and installation of another production well.

6. **Adjournment**
    Chair McKenzie adjourned the meeting at 5:30 pm.

Approved by:

_____
JoMarie McKenzie, Committee Chair

Official Seal

PUBLIC AGENCY RETIREMENT SERVICES | PARS

BIGHORN-DESERT VIEW WATER AGENCY
PARS Post-Employment Benefits Trust

Account Report for the Period
3/1/2022 to 3/31/2022

Marina West
General Manager
Bighorn-Desert View Water Agency
622 South Jemez Trail
Yucca Valley, CA 92284

Account Summary

Source	Balance as of 3/1/2022	Contributions	Earnings	Expenses	Distributions	Transfers	Balance as of 3/31/2022
PENSION	$255,043.69	$0.00	-$2,363.32	$127.89	$0.00	$0.00	$252,552.48
Totals	**$255,043.69**	**$0.00**	**-$2,363.32**	**$127.89**	**$0.00**	**$0.00**	**$252,552.48**

Investment Selection

Source	
PENSION	**Moderately Conservative Index PLUS**

Investment Objective

Source	
PENSION	The dual goals of the Moderately Conservative Strategy are current income and moderate capital appreciation. The major portion of the assets is committed to income-producing securities. Market fluctuations should be expected.

Investment Return

Source	1-Month	3-Months	1-Year	Annualized Return 3-Years	5-Years	10-Years	Plan's Inception Date
PENSION	-0.93%	-5.18%	-0.52%	-	-	-	6/16/2020

Information as provided by US Bank, Trustee for PARS; Not FDIC Insured; No Bank Guarantee; May Lose Value

Past performance does not guarantee future results. Performance returns may not reflect the deduction of applicable fees, which could reduce returns. Information is deemed reliable but may be subject to change.
Investment Return: Annualized rate of return is the return on an investment over a period other than one year multiplied or divided to give a comparable one-year return.
Account balances are inclusive of Trust Administration, Trustee and Investment Management fees

Date: 4/27/22 3/31/22 By: MW
GL: 01-00-492000 CR: 2,363.32
GL: 01-01-564000 CR: 127.89
Reason: MAR PARS

01-00-132000 CR 2,491.21

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Economic and Market Perspectives

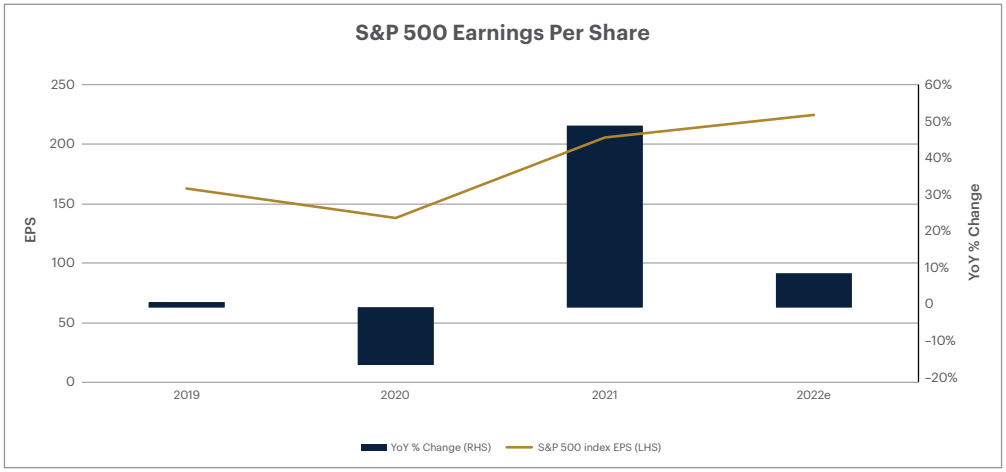
2Q 2022

Turning the Page

Heading into 2022 investors pondered, but remained unconcerned about, the implications of mounting inflation pressure and the removal of historic monetary and fiscal policy accommodation that acted as an economic lifeline during the pandemic. Amid the early stages of this monumental policy regime shift, market participants remained focused on the shift's tangible benefits over its potential costs.

The Federal Reserve's (Fed) uber-accommodation, combined with free-flowing fiscal stimulus, spurred a strong domestic economic growth momentum (5.7 percent GDP growth in 2021[1]), as unemployment rates headed back to pre-pandemic levels just two years after reaching the highest levels since The Great Depression. By the end of the first quarter the unemployment rate fell to 3.6 percent,[2] close to the historic low of 3.5 percent seen in February of 2020.

Most important for equity investors, the rapid economic recovery supported a monster comeback for corporate profits in 2021, surpassing even the rosiest of expectations at the beginning of last year. According to FactSet, S&P 500 companies reported earnings growth of 48 percent in 2021. While nowhere near last year's feat, the consensus of analyst projections calls for a healthy 9 percent growth rate in 2022.



Source: FactSet

[1] Source: U.S. Bureau of Economic Analysis.
[2] Source: U.S. Bureau of Labor Statistics.

Unfortunately, the optimistic tone of the market that carried into early 2022 did not last long. Investor sentiment abruptly pivoted as a new paradigm set in: persistent inflation pressure meant the tide of policy accommodation would likely recede faster than anticipated. Financial markets already accounted for what became known as the "fiscal cliff," with U.S. fiscal spending expected to decline substantially in 2022. But, in concert with an increasing expectation that taming inflation required a hastened tightening of monetary policy, investors were forced to quickly recalibrate to a less sanguine growth outlook.

Not So Fast

The S&P 500 index hit an all-time high on January 3, 2022, with the expectation that the Fed (and other global central banks facing the same issue) could bring inflation in check through a gradual tightening cycle without choking off economic growth. However, the unrealistically optimistic "inflation is a manageable issue" narrative hit a snag as data and anecdotal evidence suggested pricing pressure was broadening and becoming more entrenched. In turn, investors began to wake up to the reality that a more hawkish Fed policy stance was required, seriously questioning the ability of central banks to engineer a soft economic landing.

Unfortunately, the optimistic tone of the market that carried into early 2022 did not last long.

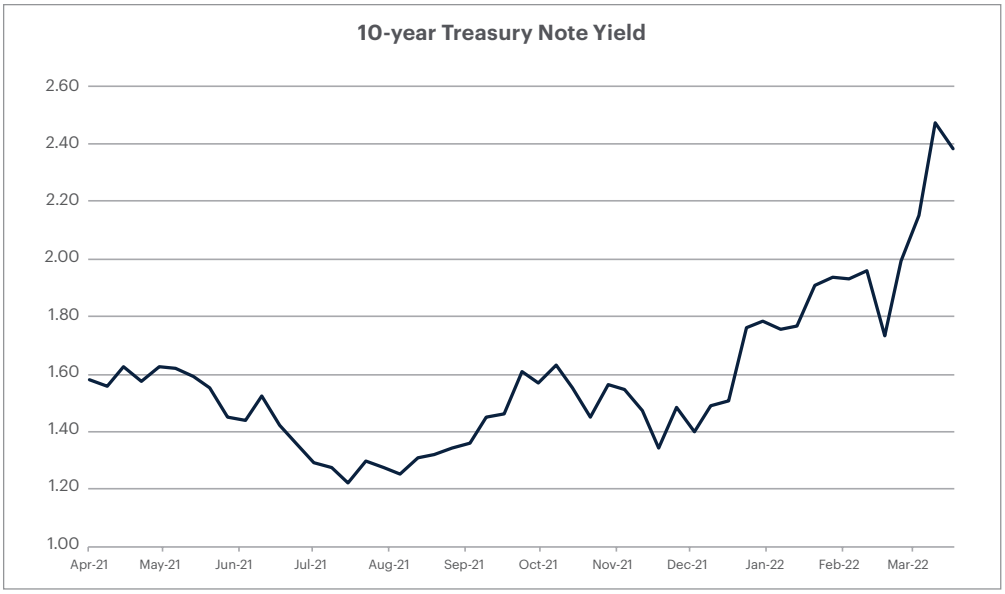
To make matters worse, in addition to the unimaginable human tragedy, Russia's war with Ukraine further complicated the inflation battle as energy prices surged following the invasion. As well as the spike in energy prices, supply chain issues already stressed by the pandemic worsened as exports of key raw materials from both Russia and Ukraine were disrupted.

Under a weakening growth and rising inflation outlook, the S&P 500 index fell into correction territory[3] for the first time in two years. A strong risk-on rally as the quarter ended led to a recovery of more than half of the drawdown, leaving the index down just 4.6 percent (including dividends) for the first quarter. The pain was not evenly distributed. More interest-rate sensitive large cap growth stocks suffered losses for the quarter of 9 percent, while value counterparts lost a mere 0.7 percent.[4]

Bond markets took the most direct hit from rising interest rates as demand for Treasuries from the Fed (also known as quantitative easing or "QE") was expected to transform quickly into a source of supply (quantitative tightening or "QT"). The yield on the bellwether 10-year Treasury Note began climbing last summer after bottoming at 1.17 percent on August 3, 2021. After climbing to 1.51 percent by the end of 2021, the pace of yield increases found a new gear in 2022, adding 82 basis points to end the first quarter at 2.33 percent—territory not seen since May of 2019.

[3] An equity market correction is defined by a decline of greater than 10 percent.

[4] Source: Morningstar.



Source: Bloomberg

Even more pronounced was the move for shorter-term maturities, reflecting the likely path of The Fed's most conventional policy tool, the Fed Funds Rate. In the first quarter of 2022, the yield on the 2-year Treasury Note rose 1.5 percent to 2.28 percent.[5] The rapid increase and flattening of the yield curve led to the worst performance for the bond market since the Volker Fed Era of 1979 to 1987, with the broad Bloomberg U.S. Aggregate Bond index down nearly 6 percent for the quarter.

While investors hope for a soft-landing scenario, the Fed is walking a very narrow path.

Looking Forward

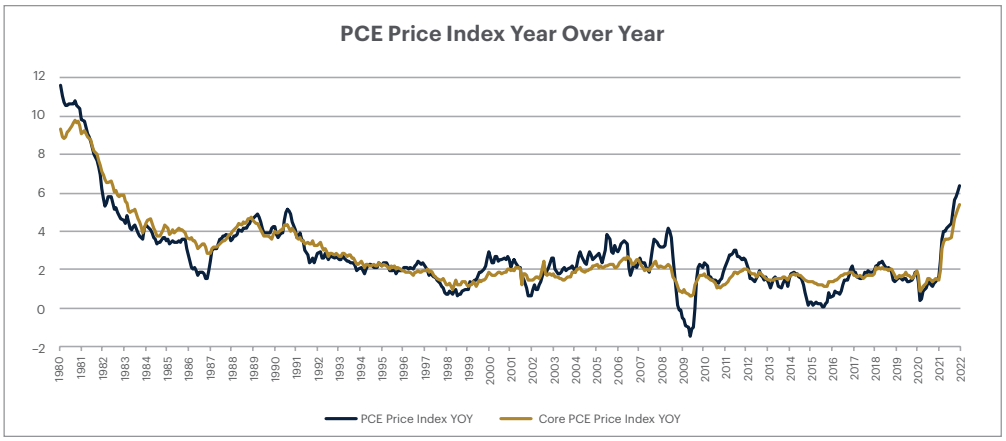
We expect financial market volatility to continue throughout the year as policy tailwinds transform into headwinds. If history is any guide, there is a chance that the Fed will hike rates and shrink its balance sheet until something breaks: either inflation, the economy, or the stock market. While investors hope for a soft-landing scenario, the Fed is walking a very narrow path. In other words, the hill of worry that investors must climb has become steeper but remains climbable, in our view. Investors should take comfort in the fact that corporate and consumer fundamentals are embarking on this journey of policy normalization from a very strong position.

Between a Rock and a Hard Place

The inflation genie has escaped its bottle. There are various reasons why–some supply side, some demand side–and there are numerous ways inflation has or could rear its head. The genie will eventually be stuffed back into the bottle, but the result will likely put downward pressure on economic growth and, potentially, put an end to the 40-year bond bull market.

[5] Source: U.S. Department of the Treasury.

It's no secret the inflation genie is running rampant. Headline CPI (Consumer Price Index) increased 7.9 percent year-over-year during the month of February; 6.4 percent, excluding the volatile food and energy components. The headline PCE (Personal Consumption Expenditures) price index increased 6.4 percent year-over-year in February; 5.4 percent if you exclude food and energy components. Inflation figures are reaching their highest levels since the 1980s.



Source: Bloomberg

There are various causes of the inflation spike:

- Pandemic-related supply chain issues and post-pandemic pent-up demand for goods and services;
- China's zero-COVID policy exacerbating strained supply chain issues;
- Overly accommodative global central bank stimulus measures causing "too much money chasing too few assets";
- Unprecedented pandemic-era U.S. fiscal stimulus supporting consumer wallets;
- Labor force participation rate declines;
- Depressed year-over-year price comparisons;
- Energy, agriculture, and metal prices impacted by Russia/Ukraine war; and
- De-globalization trends which began with the 2019 trade wars.

Inflation was initially more prevalent in goods-related prices, such as new and used cars, due to supply chain issues, as well as in home furnishings, due to increasing work-from-home arrangements. Recently though, pricing pressures are finding their way into service-related sectors, such as restaurants and accommodations, as demand returns and labor supply remains scarce, and housing-related rents are also being affected as home prices continue to appreciate. In the spotlight, high energy prices, initially spiking due to post-pandemic demand and depressed production, have been further impacted by Russia's invasion of Ukraine and subsequent sanctions on Russia which in combination are stoking the inflation fire even higher.

Some of the drivers fueling inflationary pressures should ease relatively soon, such as supply chain disruptions, post-pandemic demand, and year-over-year price comparisons. Other issues, such as labor shortages and resulting wage inflation, as well as housing rental costs, might take longer to ease and could become more embedded in long-term price pressures. The long-term implications of the Russia/Ukraine war could lead to further de-globalization, resulting in an increase of the low prices U.S. consumers have enjoyed from manufacturers taking advantage of global competitiveness.

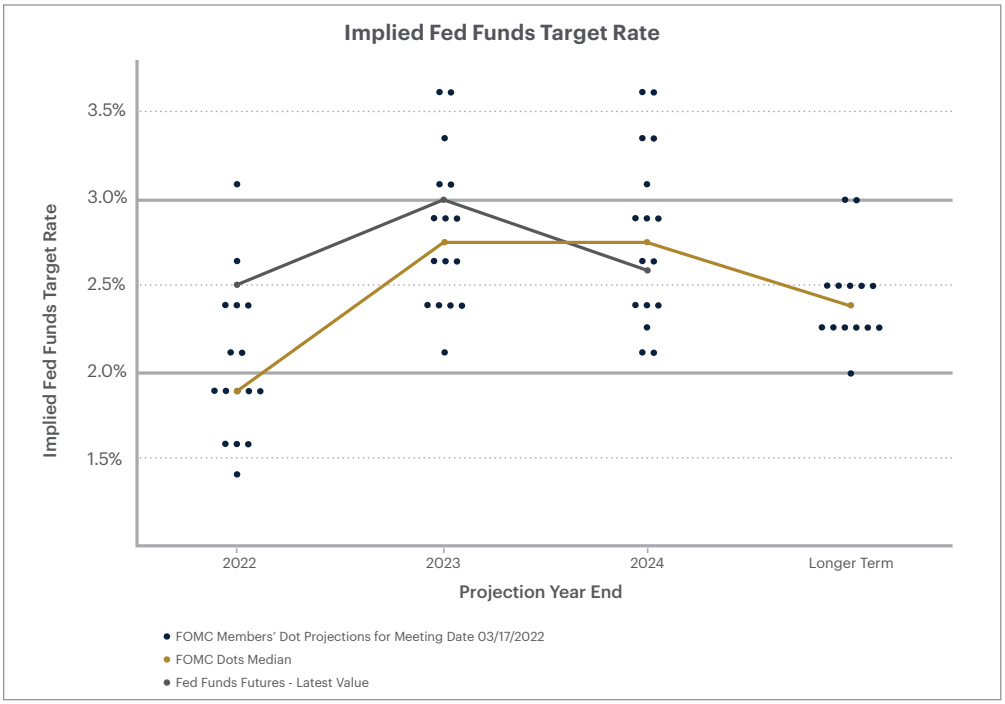
The Fed and Soaring Inflation

Monetary policy is one of the best tools for reducing demand-based inflation. After adding unprecedented amounts of monetary stimulus to offset the pandemic shock, the Fed now faces an extremely delicate balancing act to slow inflation without causing a severe economic slowdown or recession. Further complicating matters, the Fed's extended and overly accommodative monetary policy, combined with a belief inflation would soon subside, have put its inflation-fighting credibility at risk.

Some of the drivers fueling inflationary pressures should ease relatively soon, such as supply chain disruptions, post-pandemic demand, and year-over-year price comparisons.

To slow inflation and regain credibility, the Fed raised the Fed Funds rate 25 basis points at its March meeting and became extremely hawkish in both their economic projections and recent public statements. The median projection for the lower-bound of the Fed Funds target rate for the end of 2022 increased from 0.75 percent at the December 2021 meeting to 1.75 percent at the March 2022 meeting, and from 1.5 percent to 2.75 percent between meetings for 2023 year-end projections.

In addition, several Federal Open Market Committee members had Fed Funds forecasts ("dots") for 2022 and 2023 above the estimated long-term neutral policy rate, indicating a greater focus towards fighting inflation as opposed to maintaining economic growth. Recent Fed rhetoric has also hinted at the possibility of one or more 50 basis point hikes.



Source: Bloomberg (Fed Funds Futures as of April 1, 2022)

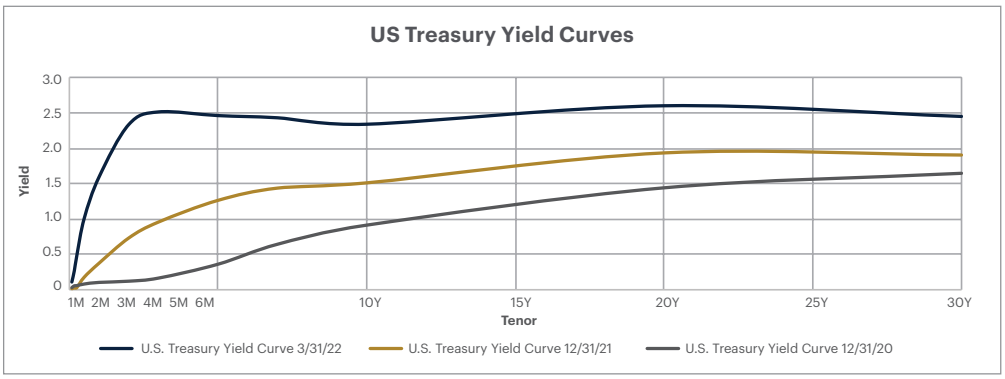
Financial markets have more than priced in the newly-aggressive Fed stance. As signaled by the Fed Funds futures market as shown in the previous chart, bond investors now forecast a 2.5 percent Fed Funds lower-bound target rate by the end of 2022 (a rate more than the Fed's own forecast) and a 3 percent rate at the end of 2023, also higher than the Fed's forecast, followed by a 0.5 percent rate cut in 2024.

Increases in short-term interest rates are just one of the ways the Fed can tighten monetary policy. Shrinking the Fed balance sheet through quantitative tightening is another method and is expected to begin in May or June. With the Fed's balance sheet reaching approximately $9 trillion, an increase of $5 trillion since the start of the pandemic, a gradual reduction should reverse the "too much money chasing too few assets" phenomenon over time.

Significant and well-anticipated changes in monetary policy should slow demand-pull inflation, but won't reduce supply shock-related inflation which, ultimately, should fade over time. Further, fighting inflation through monetary policy comes at a cost of slowing future economic growth and potentially inviting a recession, although a recession is not currently in our economic forecast.

The Bond Bull is Hibernating

Persistently high inflation, a hawkish U.S. Fed, and strong but decelerating economic growth have caused U.S. interest rates to move significantly higher off historically low levels, leading to a flattening of the yield curve as shown below.[6]



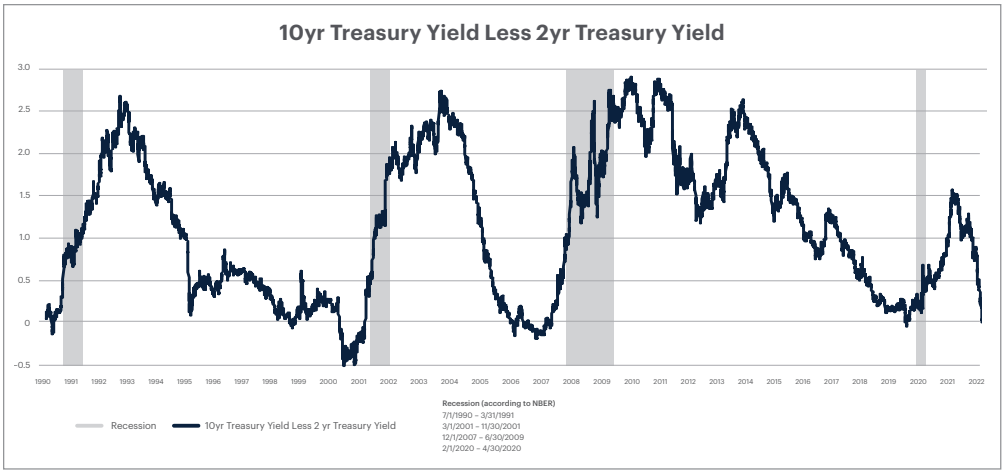
Source: Bloomberg

Higher short-maturity rates are largely a result of market expectations for significantly higher Fed Funds rates through 2023. Increases in longer-maturity rates are influenced by numerous factors, including:

- Long-term expectations of Fed Funds policy rates;
- Term premiums;
- Current inflation and inflation expectations;
- Supply/demand considerations including budget deficits, quantitative tightening, foreign demand for U.S. Treasuries and currency hedging costs;
- Forward growth estimates;
- Global interest rate differentials; and
- Real interest rates (nominal rates less inflation expectations).

[6] The yield curve is defined as the difference between yields on long-maturity and short-maturity Treasury issues.

We believe the relatively flat yield curve is anticipating slower economic growth, elevated inflation expectations (yet significantly less than current data indicators), modest rate cuts after 2023, and reduced Treasury issuance partially offset by quantitative tightening. With short-maturity rates near those of long-maturity rates, the potential for a yield curve inversion is significant. In the past, significant Treasury curve inversions have often forewarned of future recessions.



Source: Bloomberg, NBER

Our View Going Forward

Ultimately, we believe the market is pricing in a Fed Funds policy rate higher than what will be achieved over the next two years. Over the near-term, however, interest rate curves should remain relatively flat and could even invert. Longer term, we believe longer-maturity nominal rates will continue to creep higher as real rates normalize back toward zero due to the Fed shrinking its balance sheet while part of this move higher could be somewhat offset by declining inflation expectations.

However, should the Fed prove to be more hawkish than anticipated, a significant interest rate curve inversion would be likely with higher short-maturity rates and flat or lower long-maturity rates. Irrespective, significantly higher interest rates already seen across maturities in bond land should ultimately provide investors with better income-earning opportunities from fixed income investments going forward.

Should the Fed prove to be more hawkish than anticipated, a significant interest rate curve inversion would be likely with higher short-maturity rates and flat or lower long-maturity rates.

Energy, Commodities and Russia's Role

A perfect storm of headwinds, including a lack of investment, low excess capacity, and the first European land war since WWII, collided with fiscal stimulus spending, pandemic-related spikes in demand and low interest rates to drive prices of oil and select metals to levels not seen in decades.

Starving the Spigot

Due to ten years of over-investment and negative free cash flow in the energy sector, returns of energy-related stocks suffered,[7] leading investors to sour on the sector. The resulting decline of capital available to oil-producing companies, combined with an unprecedented drop in demand due to pandemic shutdowns, has shifted producers' capital allocation strategies.

While investors drained capital from the sector, the Organization of Petroleum Exporting Countries (OPEC) implemented supply cuts during the COVID era to support crude prices. As demand for energy began to slowly return, OPEC remained united and drove crude oil inventories below normalized levels even as spare global capacity approached decade-low levels. Oil prices began to respond to improving supply and demand dynamics in late summer last year as the economic backdrop improved.[8]

Geopolitics has always played an ebb-and-flow role throughout history in energy and commodity markets.

Geopolitics has always played an ebb-and-flow role throughout history in energy and commodity markets. In the U.S., technological developments led to fracking becoming economically feasible and even lower cost than other extraction methods. After importing the vast majority of our crude oil needs for an extended period of time, this has allowed for greater energy self-sufficiency, a U.S. goal since the oil crisis of 1973 when long lines at gas stations plagued the nation.

Europe, on the other hand, has maturing oil and gas fields and imports much of their natural gas needs, with Russia supplying over 39 percent.[9] This reliance, and concerns over climate change, are at the forefront of Europe's attempts to shift away from fossil fuels as renewable energy sources become economically feasible and policy measures encourage changes in energy consumption.

Consequences of the Invasion

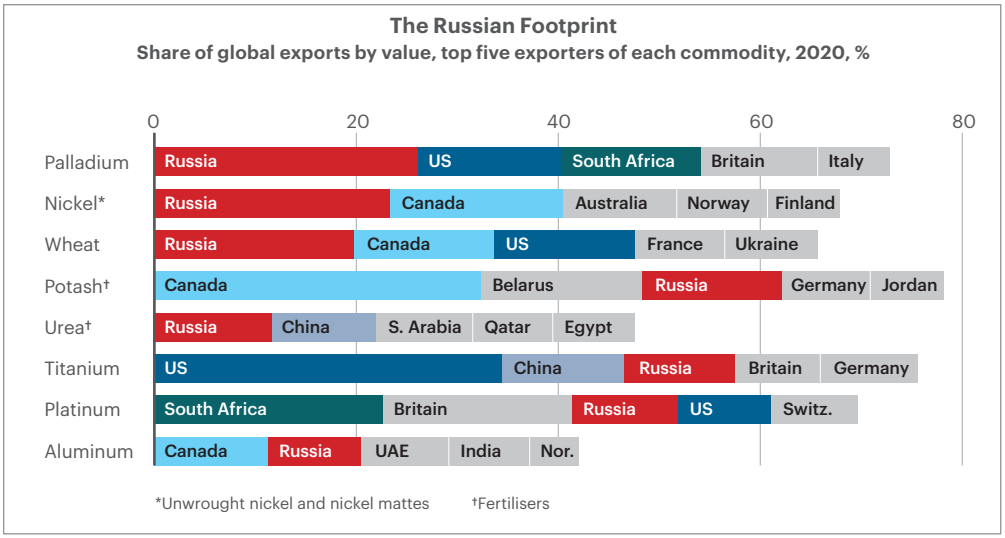
The tragic Russian attack of Ukraine has broad but, as of now, unknowable consequences for the energy and commodities complex. While Russia represents only about 2 percent of global Gross Domestic Product (GDP),[10] it has a much larger share of food and energy production. Russia's economy is driven by commodity exports and the global economy relies on these products to operate. Both Russia and Ukraine export large quantities of energy (oil, natural gas and coal), agriculture (wheat and corn), and commodities (aluminum, nickel, palladium, platinum).

[7] While the S&P 500 index returned an annualized 14.8 percent for the 10 years ending first quarter 2022, the Energy Select Sector SPDR Fund, an energy stock ETF, returned 4.4 percent for the same period. Source: Bloomberg.

[8] For example, crude oil prices rose from $69 a barrel in late August of 2021 to $77 per barrel by year-end.

[9] Source: European Commission, Eurostat Energy Statistics

[10] Source: World Bank as of 2020



Source: The Centre for Prospective Studies and International Information.

Many of these commodities are already in tight supply and the war will only exacerbate global shortages. Food-related commodities are of particular concern with Russia and Ukraine combined supplying some 27 percent of global wheat demand.[11] Ukraine will soon harvest the winter wheat crop and begin planting the spring corn crop. But a lack of fuel and infrastructure destruction could cut planted acreage by half or more. Logistics, given significant structural damage, will be strained to get product to market and the world will rely to a greater extent on Brazil and the United States to offset wheat and corn shortfalls.

Consumer pain from inflationary pressures in both food and energy will come down hardest on developing nations and those lower on the economic ladder. Because developing economies spend a greater portion of their income on food-based commodities, inflationary pressures from demand elsewhere will cause increasing costs and slowing global economic growth. Increasing food insecurity in many parts of the world is a growing concern.

Further, the agricultural industry is energy-dependent with a key ingredient, nitrogen-based fertilizer, requiring both minerals and natural gas. Higher energy costs are already impacting farmer costs which in turn increase the cost of all agricultural products.

Sanctions Bite Deeply

As sanctions target the Russian regime, its oligarchs and Putin's inner circle, the measures taken by key demand centers including the U.S., Europe, China and India will dictate how much of Russia's products are exported and thus the price of each commodity. While the current trajectory of the war looks to be drawn out, its direction and duration will determine how global supply and demand shape up and influence global pricing. Russian crude is trading at a significant discount of around $28 per barrel versus the price of Brent crude and, even at a significant discount, is finding a limited set of buyers.

[11] Source: U.S. Department of Agriculture

Russian oil exports, amounting to about 4.7 million barrels per day,[12] will see a reshuffling of trade routes to those willing to accept product—often requiring payment in Russian Rubles.

The current tight supply situation, exacerbated by less Russian oil on the market, will likely need to see demand destruction to balance supply and demand. The most likely supply response is from U.S. shale, but pressure on management teams to return capital rather than grow production will hold back a return to extraction efforts. In tandem, labor constraints, oil field service costs and logistics will drive inflationary concerns and uncertainty of returns on investment.

Global governments, already shifting energy policies to accommodate climate goals are now addressing energy security concerns as well. The chaotic nature of the process suggests further volatility in markets. In the short-term, U.S. shale producers will be relative winners given quicker time to market, low-cost positions, and shorter time periods from investment to payback.

In a protracted Russia/Ukraine crisis, commodity flows will be disrupted by the war and increasing sanctions. Even with a diplomatic solution, Europe will focus on lowering its reliance on Russian natural gas through three avenues—supply diversification, demand destruction, and increased storage capacity. Increasing natural gas imports from other providers including Qatar, the U.S, and West Africa is ambitious and will take time to fully execute. Europe might also reembrace nuclear generation while adopting a favorable view of natural gas as an energy transition fuel on the way to renewables. This in turn could lead to signing long-term liquified natural gas contracts with global suppliers.

China would like to stay neutral in the war given internal economic issues and the fact that its exports to Europe are an important, and growing, component of the domestic economy.

Economic sanctions, including Russian banks' removal from SWIFT[13] and the freezing of Russian central bank offshore reserves, are severely limiting Russia's financial and economic transactions, hampering exports. This economic war, previously unused even in WWII, aims to drive Russia into a severe recession with the goal of causing sufficient economic pain to force a diplomatic solution, regime change, or other outcome.

China would like to stay neutral in the war given internal economic issues and the fact that its exports to Europe are an important, and growing, component of the domestic economy. Yet China also imports much of its energy and commodity needs from Russia and is likely disturbed by the freezing of Russia's Central Bank reserves. As they push trading partners to increase Yuan usage rather than U.S. dollars, the ultimate outcome—if pushed too hard—drives the rebalancing of their economic model.

While desired, a shift away from the greenback has large implications to Chinese economic growth and those who benefitted from the previous economic regime. While this regime shift has been a long time coming, there is a reason why it has been so hard to implement. President Xi and other world leaders clearly have some decisions to make.

[12] Source: U.S. Energy Information Administration.

[13] SWIFT, the Society for Worldwide Interbank Financial Telecommunications, is a messaging system that allows large financial institutions worldwide to transfer money to each other.

China's recent COVID breakout is causing disruptions in the production of commodities, including steel, aluminum, and coal, as well as impacting domestic demand for commodities. China's slowing economic growth, exacerbated by real estate issues, will have a negative impact over the medium term for commodity demand.

The Russian war likely adds to the list of reasons for China to shift its economic growth model to one that is consumer-focused and less commodity intensive than the current infrastructure-reliant model. While fossil fuels power some 80 percent of today's global economy,[14] the shift towards "electrifying" transportation and manufacturing will drive demand for specific commodities such as copper, lithium and, potentially, nickel. If nuclear generation sees a renaissance, demand for uranium should also increase.

Prices for many energy, metal-based commodities, and agricultural products are well above incentive-based levels for reinvestment, with many at decade highs. As the old saying goes, the cure to high commodity prices is high commodity prices. Continue to expect volatility.

[14] Source: United Nations Economic Commission

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EQUAL HOUSING LENDER

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