

COMPENSATION AGREEMENT

This Compensation Agreement (this "Agreement"), dated for reference purposes as of January 1, 2015, is entered into by and among the City of Garden Grove, a municipal corporation (the "City"), and the following local agencies and school districts, each of which is a taxing entity as defined by Health and Safety Code section 34171(k) (collectively, the "**Other Taxing Entities**" or "OTEs"):

County of Orange;
Orange County Flood Control District;
Orange County Water District;
Orange County Sanitation District;
Orange County Vector Control District;
Orange County Transportation Authority;
Garden Grove Sanitary District;
Orange County Superintendent of Schools, on behalf of the Orange County Department of Education;
Garden Grove Unified School District; and
Rancho Santiago Community College District.

In this Agreement, the City and the OTEs may each separately be referred to as a "**Party**" or a "**Taxing Entity**" and collectively may be referred to as the "**Parties**" or the "**Taxing Entities**."

RECITALS

A. Prior to February 1, 2012, the Garden Grove Agency for Community Development (herein referred to as the "**Former Agency**") was a community redevelopment agency duly organized and existing under the California Community Redevelopment Law (Health and Safety Code Sections 33000 et seq.).

B. Assembly Bill x1 26, chaptered and effective June 27, 2011, added Parts 1.8 and 1.85 to Division 24 of the California Health and Safety Code, which caused the dissolution of all redevelopment agencies and winding down of the affairs of former redevelopment agencies, including as such laws were amended by Assembly Bill 1484, chaptered and effective on June 27, 2012 (together, the "**Dissolution Act**").

C. As of February 1, 2012, the Former Agency was dissolved pursuant to the Dissolution Act, and the City of Garden Grove as Successor Agency to the Garden Grove Agency for Community Development (the "**Successor Agency**") implements the Dissolution Act subject to the review and approval by a seven-member Oversight Board (the "**Oversight Board**").

D. Health and Safety Code Section 34180(f) provides that if a city wishes to retain any properties or other assets for future redevelopment activities, it must reach a compensation agreement with the other taxing entities to provide payments to them in proportion to their shares

of the base property tax, as determined by Health and Safety Code Section 34188, for the value of property retained.

E. Pursuant to Health and Safety Code Section 34191.5(b), upon the Successor Agency's receipt of a "Finding of Completion" from the California Department of Finance pursuant to Health and Safety Code Section 34179.7, the Successor Agency is required to prepare a long-range property management plan ("LRPMP") to address the use and disposition of the Former Agency's real property assets. If approved by the Oversight Board and the Department of Finance, the LRPMP may provide for, among other things, the retention of such property for future development and/or transfer of such property to the City for such purposes. Pursuant to Health and Safety Code section 34191.3, the approved LRPMP shall govern, and supersede all other provisions relating to, the disposition and use of all the real property assets of the Former Agency.

F. On May 15, 2013, pursuant to Health and Safety Code Section 34179.7, the Successor Agency received a Finding of Completion from the Department of Finance.

G. On May 29, 2013, pursuant to Health and Safety Code Section 34191.5, the Successor Agency submitted a LRPMP, approved by the Oversight Board, to the Department of Finance. On December 11, 2013, the Successor Agency submitted a revised LRPMP, approved by the Oversight Board, to the Department of Finance. The revised LRPMP provides for the transfer of certain properties from the Successor Agency to the City for future development pursuant to Health and Safety Code Sections 34191.5(c)(2)(A) and 34191.5(c)(2)(B). These properties comprise two sites referred to respectively in the LRPMP and this Agreement as "Site C" and the "Vacant Restaurant Property," which are more completely described below.

H. In response to a written request by the Department of Finance made in connection with its review of the revised LRPMP, on February 25, 2014, the Oversight Board adopted Resolution No. 31-14 approving certain revisions to the LRPMP. Resolution No. 31-14 provides that the Successor Agency will verify that compensation agreements between the City and the other taxing entities are in place and executed prior to the transfer of Site C and the Vacant Restaurant Property to the City.

I. On March 7, 2014, the Department of Finance approved the revised LRPMP, as revised pursuant to Oversight Board Resolution No. 31-14.

J. Site C consists of several generally contiguous parcels on or near Harbor Boulevard within the City's resort district, which are entitled for the development and operation of a resort hotel, retail, and entertainment project. The property comprising Site C is subject to that certain Grove District Resort Hotel Development Agreement between the City and Land & Design, Inc., or any approved affiliate, assignee or successor thereto permitted by the Agreement (the "Developer"), dated April 9, 2013 (the "Site C Agreement"), providing for the development and operation of a project on Site C generally consisting of a combination of hotels, retail, restaurant, and entertainment venues, and related parking facilities. Pursuant to the Site C Agreement, the Developer is required to construct and operate the entitled resort hotel project in consideration for the City providing specified economic assistance necessary to fund the economic feasibility gap of the project, including conveyance of Site C to the Developer at no

cost. In conjunction with its approval of the Site C Agreement, the City Council considered an economic evaluation of the proposed project prepared by Horwath HTL, LLC, which concluded that the project's development costs compared to the estimated income and development values reasonably expected from the project generates a negative residual land value, or financial feasibility gap, of approximately \$31.5 million, inclusive of City assistance in the form of conveyance of Site C at no cost to Developer. The Parties anticipate that the development and operation of the project pursuant to the Site C Agreement will result in significant additional future property tax revenue to the Taxing Entities, the net present value of which is no less than what would otherwise be distributed to the Taxing Entities pursuant to Health and Safety Code Section 34180(f) if not for the development and operation of the project pursuant to the Site C Agreement.

K. The Vacant Restaurant Property, which is located at 12361 Chapman Avenue in the City of Garden Grove, and currently identified as Assessor's Parcel No. 233-171-23, is comprised of a 20,908 square foot parcel containing a 10,800 square foot building that formerly housed a restaurant. Upon transfer to the City, the City intends to continue to market the Vacant Restaurant Property for sale to a restaurant operator in accordance with Government Code Section 52201.

L. The Parties intend by this Agreement to satisfy the provisions of the approved LRPMP, Oversight Board Resolution No. 31-14, and Health and Safety Code Section 34180(f), and to provide for payment to the Taxing Entities of their proportionate shares of the net proceeds, if any, to be received by the City in connection with the future disposition of Site C and the Vacant Restaurant Property by the City.

NOW THEREFORE, in consideration of the foregoing recitals and the mutual promises contained in this Agreement, the Parties agree as follows:

AGREEMENT

1. Incorporation of Recitals. The foregoing recitals are true and correct and hereby incorporated herein by reference.

2. Definitions. The following definitions shall apply in this Agreement:

(a) **"Disposition Proceeds"** means the net proceeds, if any, actually received by the City in exchange for the conveyance of fee title or a leasehold interest in Site C and/or the Vacant Restaurant Property. For purposes of this definition, the term "net proceeds" shall mean sales proceeds paid by a buyer directly to City or into escrow, minus sums paid or withheld by escrow for broker and/or agent sales commissions, closing costs, escrow fees, title insurance premiums, applicable taxes, and any other similar fees and costs customarily allocated to the seller of commercial property. The Disposition Proceeds represent the Parties' agreed-upon value of Site C and the Vacant Restaurant Property pursuant to Health and Safety Code Section 34180(f).

(b) **"Each Taxing Entity's Proportionate Share of the Disposition Proceeds"** means each Taxing Entity's proportionate share of the Disposition Proceeds, as determined pursuant to Health and Safety Code Section 34188.

3. Compensation Agreement. This Agreement constitutes a "compensation agreement" between the City and the Other Taxing Entities within the meaning of Health and Safety Code Section 34180(f).

4. Disposition of Site C and Vacant Restaurant Property by City.

(a) Disposition of the Vacant Restaurant Property. The City shall use best efforts to market and expeditiously dispose of the Vacant Restaurant Property and shall comply with all applicable law, including, to the extent applicable, Government Code Section 52201. Unless otherwise mutually agreed by all of the Taxing Entities through an amendment to this Agreement, if the City's disposition of the Vacant Restaurant Property occurs after January 1, 2018, or such other date mutually agreed upon amongst the Parties, such disposition shall be at no less than fair market value, as presently zoned, as determined by an appraisal performed by an appraiser mutually acceptable to all of the Parties. In the event that the City disposes of the Vacant Restaurant Parcel for nominal or no consideration, Parties shall have an appraisal performed by a mutually agreed upon appraiser, at the City's cost, to determine the appraised value of the Vacant Restaurant Parcel and the City shall remit an amount equal to the appraised value to the Orange County Auditor-Controller for determination and distribution of the Each Taxing Entity's Proportionate Share of the Disposition Proceeds. In the event a rezoning of the Vacant Restaurant Property, or its surrounding area, results in a higher market value of the Property, the Parties acknowledge and agree that the higher market value shall apply for purposes of appraising the value of same and remitting an amount equal such appraised value to the Orange County Auditor-Controller for determination and distribution of the Each Taxing Entity's Proportionate Share of the Disposition Proceeds.

(b) Disposition of Site C.

- (i) The City's disposition of Site C shall comply with all applicable law, including, to the extent applicable, Government Code Section 52201.
- (ii) City may convey Site C to the Developer pursuant to the Site C Agreement.
- (iii) City represents that it intends to convey Site C to the Developer pursuant to the Site C Agreement. The Parties acknowledge and understand, however, that City's conveyance of Site C to the Developer pursuant to the Site C Agreement is subject to certain conditions precedent. If, due to a failure of a condition precedent or for any other reason, the City does not convey Site C to the Developer pursuant to the Site C Agreement and the Site C Agreement is terminated, then City shall use best efforts to market and expeditiously dispose of Site C to another developer for development and operation of a similar resort hotel, retail, and entertainment project on

Site C by January 1, 2018. In the event the Site C Agreement is terminated and the City has failed to successfully market and dispose of Site C as aforementioned, the City shall, upon mutual agreement amongst the Parties, be granted an additional year to dispose of Site C. If the Site C, however, is not disposed by either January 1, 2018 or the aforementioned extension of time, if applicable, the Parties shall have an appraisal of Site C performed by a mutually agreed upon appraiser, at the City's cost, to determine the value of Site C and expeditiously market and sell the property using the appraised value of the Site C. Upon sale of Site C, the City shall remit the Disposition Proceeds to the Orange County Auditor-Controller for determination and distribution of Each Taxing Entity's Proportionate Share of the Disposition Proceeds. In the event that the City disposes of Site C, after January 1, 2018, or the aforementioned extension of time, if applicable, for nominal or no consideration, Parties shall have an appraisal performed by a mutually agreed upon appraiser, at the City's cost, to determine the appraised value of Site C and the City shall remit an amount equal to the appraised value to the Orange County Auditor-Controller for determination and distribution of the Each Taxing Entity's Proportionate Share of the Disposition.

- (iv) If, for any reason, fee title to all or a portion of Site C reverts to or is re-vested in the City following conveyance of Site C to the Developer pursuant to the Site C Agreement, but prior to completion of Grove District Resort Hotel Development more particularly described in the Site C Agreement, then, subject to the then existing rights, if any, of third parties, City shall use best efforts to market and expeditiously dispose of such portion of Site C to another developer for development and operation of a similar resort hotel, retail, and entertainment project on Site C by January 1, 2018. In the event of such reversion or re-vesting of fee title to Site C to the City, and the City has not disposed of Site C to another developer as provided in the foregoing sentence within three (3) years after the date of such reversion or re-vesting, then the City shall, upon agreement amongst the Parties, be granted an additional year to dispose of the property. If the Site C, however, is not disposed at the end of the aforementioned three (3) year period, or the aforementioned extension of time, if applicable, the Parties shall have an appraisal of Site C performed by a mutually agreed upon appraiser, at the City's cost, to determine the value of Site C and expeditiously market and sell the property using the appraised value of the Site C. Upon sale of Site C, the City shall remit the Disposition Proceeds to the Orange County Auditor-Controller for determination and distribution of Each Taxing Entity's Proportionate Share of the Disposition Proceeds. Unless otherwise mutually agreed by all of the Taxing Entities through an amendment to this Agreement, if City conveys any re-vested portion of Site C for any purpose other than for development and operation of a similar resort hotel, retail, and entertainment project on Site C, then such conveyance shall be at no less

than fair market value, as determined by an appraisal performed by an appraiser mutually acceptable to all of the Parties.

- (v) The Parties acknowledge that, upon mutual agreement, this Subsection (b) may be amended to allot the City additional time to dispose of Site C.

5. Payment of Proportionate Share of Disposition Proceeds to Taxing Entities. Within fifteen business (15) days after the City receives Disposition Proceeds, if any, in conjunction with the disposition of either Site C or the Vacant Restaurant Parcel, the City shall remit such Disposition Proceeds to the Orange County Auditor-Controller for determination and distribution to the Taxing Entities of Each Taxing Entity's Proportionate Share of the Disposition Proceeds.

6. Time. Time is of the essence in the performance of this Agreement.

7. Limitation of Liability of Other Taxing Entities to City. The OTEs shall not be liable to the City, and the City hereby waives and discharges all claims against the OTEs, for any and all liability, demands, claims, costs, losses, injuries, damages, recoveries, settlements, and expenses (collectively, "Claims") resulting from, or in any way connected with or incidental to, the transfer of title of Site C and/or the Vacant Restaurant Property to the City or the City's management of the Site C and the Vacant Restaurant Property during the term of this Agreement, no matter how caused. This provision shall survive any termination of this Agreement.

8. Indemnification of OTEs by City for Third Party Claims. The City shall indemnify, defend, and hold harmless each OTE and its officers, agents, and employees, from and against any Claims arising out of or related to this Agreement made by the California Department of Finance, the State Controller, and/or any third party not a party to this Agreement.

9. Attorney's Fees. In any action between the Parties to enforce or interpret any of the terms of this Agreement, each Party shall bear its own attorneys' fees and costs.

10. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the internal laws of the State of California, without regard to conflict of law principles.

11. Entire Agreement. This Agreement contains the entire agreement between the Parties respecting the matters set forth herein, and supersedes all prior agreements between the Parties respecting such matters.

12. Non-liability of Officials and Employees of Parties. No member, official, or employee of any Party shall be personally liable to any other Party, or any successor in interest, in the event of any default or breach of this Agreement or for any amount which may become due hereunder, or on any obligation under the terms of this Agreement.

13. Successors and Assigns. All the terms, provisions and conditions of the Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors, assigns and legal representatives.

14. No Third Party Beneficiaries. No person or entity other than the Taxing Entities, and the permitted successors and assigns of each of them, shall be authorized to enforce the provisions of this Agreement.

15. Severability. In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Agreement, but this Agreement shall be construed as if such invalid, illegal, or unenforceable provisions had not been contained herein.

16. No Waiver. No waiver of any term or condition of this Agreement will be a continuing waiver.

17. Counterparts. This Agreement may be executed in counterparts, each of which so executed shall, irrespective of the date of its execution and delivery, be deemed an original, and all such counterparts together shall constitute one and the same instrument. The signature page of any counterpart may be detached therefrom without impairing the legal effect of the signature(s) thereon provided such signature page is attached to any other counterpart identical thereto having additional signature pages executed by the other Parties. Any executed counterpart of this Agreement may be delivered to the other Parties facsimile or electronic mail and shall be deemed as binding as if an originally signed counterpart was delivered.

SIGNATURES ON FOLLOWING PAGES

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement by their duly authorized representatives indicated below.

CITY OF GARDEN GROVE, a municipal corporation

By: _____
City Manager

ATTEST:

By: _____
Kathleen Bailor
City Clerk

SIGNATURES CONTINUE ON FOLLOWING PAGES

The undersigned signatory hereby executes this Agreement on behalf of the County of Orange and each of the following entities and/or funds:

**ORANGE COUNTY GENERAL FUND
ORANGE COUNTY PUBLIC LIBRARY
O.C. HARBORS BEACHES AND PARKS CSA 26
EDUCATIONAL REVENUE AUGMENTATION FUND (ERAF)**

APPROVED AS TO FORM

COUNTY COUNSEL

By: _____

Date: _____

SIGNED AND CERTIFIED THAT A COPY OF THIS DOCUMENT HAS BEEN DELIVERED TO THE CHAIR OF THE BOARD PER GC § 25103, RESO. 79-1535

COUNTY OF ORANGE, a political subdivision of the State of California

By: _____
Susan Novak
Clerk of the Board of Supervisors
Orange County California

Chair of the Board of Supervisors

SIGNATURES CONTINUE ON FOLLOWING PAGES

APPROVED AS TO FORM

COUNTY COUNSEL

By: _____

Date: _____

SIGNED AND CERTIFIED THAT A COPY
OF THIS DOCUMENT HAS BEEN
DELIVERED TO THE CHAIR OF THE
BOARD PER GC § 25103, RESO. 79-1535

**ORANGE COUNTY FLOOD
CONTROL DISTRICT, a body
corporate and politic**

By: _____
Susan Novak
Clerk of the Board of Supervisors
Orange County California

Chair of the Board of Supervisors

SIGNATURES CONTINUE ON FOLLOWING PAGES

**ORANGE COUNTY WATER DISTRICT, a political subdivision of the State of California
organized under Chapter 924 of the Statutes of 1933, as amended**

By: _____

Name: _____

Its: _____

ATTEST:

By: _____

Name: _____

Its: _____

APPROVED AS TO FORM:

By: _____

Name: _____

Its: _____

SIGNATURES CONTINUE ON FOLLOWING PAGES

ORANGE COUNTY SANITATION DISTRICT

By: _____

Name: _____

Its: _____

ATTEST:

By: _____

Name: _____

Its: _____

APPROVED AS TO FORM:

LEWIS BRISBOIS BISGAARD & SMITH, LLP

By: _____
Special Counsel

SIGNATURES CONTINUE ON FOLLOWING PAGES

ORANGE COUNTY VECTOR CONTROL DISTRICT

By: _____
Michael Hearst
District Manager

ATTEST:

By: _____

Name: _____

Its: Secretary

APPROVED AS TO FORM:

By: _____
Alan R. Burns
District Counsel

SIGNATURES CONTINUE ON FOLLOWING PAGES

ORANGE COUNTY TRANSPORTATION AUTHORITY, a public entity

By: _____
Darrell Johnson
Chief Executive Officer

ATTEST:

By: _____
Name: _____
Its: _____

APPROVED AS TO FORM:

By: _____
Name: _____
Its: _____

SIGNATURES CONTINUE ON FOLLOWING PAGES

GARDEN GROVE SANITARY DISTRICT, a subsidiary special district of the City of Garden Grove

By: _____
Matthew J. Fertal
General Manager

ATTEST:

By: _____
Kathleen Bailor
Secretary

SIGNATURES CONTINUE ON FOLLOWING PAGES

**ORANGE COUNTY SUPERINTENDENT OF SCHOOLS
On behalf of the Orange County Department of Education**

By: _____
Wendy Benkert, Ed. D.
Associate Superintendent for Business Services

ATTEST:

By: _____

Name: _____

Its: _____

APPROVED AS TO FORM:

By: _____
Ronald D. Wenkart
General Counsel

SIGNATURES CONTINUE ON FOLLOWING PAGES

GARDEN GROVE UNIFIED SCHOOL DISTRICT

By: _____
Rick Nakano
Assistant Superintendent Business Services

ATTEST:

By: _____
Name: _____
Its: _____

APPROVED AS TO FORM:

By: _____
Name: _____
Its: _____

SIGNATURES CONTINUE ON FOLLOWING PAGE

RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT

By: _____
Peter J. Hardash
Vice Chancellor Business Operations/Fiscal Services

ATTEST:

By: _____
Name: _____
Its: _____

APPROVED AS TO FORM:

By: _____
Name: _____
Its: _____

STEERING COMMITTEE

AGENDA REPORT

Meeting Date 02/25/15	To Bd. of Dir. 02/25/15
Item Number 3	Item Number 10

Orange County Sanitation District

FROM: Steve Filarsky, Chief Negotiator

CHIEF NEGOTIATOR'S RECOMMENDATION

1. Adopt Resolution No. OCSD 15-04, entitled, "A Resolution of the Board of Directors of the Orange County Sanitation District approving the Memoranda of Understanding between the Orange County Sanitation District and the Orange County Employees Association (OCEA), for Fiscal Years 2014/2015 & 2015/2016." and
2. Direct staff to finalize and sign the Memoranda of Understanding (MOUs) between Orange County Sanitation District and the three (3) OCEA bargaining units.

SUMMARY

The Memoranda of Understanding (MOUs) between the Orange County Sanitation District (OCSD) and the Orange County Employees Association (OCEA) expired on June 30, 2014. OCEA and OCSD opened negotiations on May 21, 2014. OCSD and OCEA have met a total of eight (8) times to date. Four (4) proposals have been exchanged, and OCSD has provided three (3) presentations in response to OCEA information requests.

OCEA delivered its last counter proposal on November 19, 2014.

On January 28, 2015, the Board of Directors directed the Chief Negotiator to make a counter proposal to OCEA including a two-year contract with a 2% salary increase in the first year and 2% salary increase in the second year. Pursuant to the understanding with OCEA at the beginning of negotiations, the salary changes would take effect retroactively to July 11, 2014, the first pay period in the current fiscal year. OCSD delivered this counter proposal to OCEA on February 3, 2015. OCEA's membership ratified the proposal by majority vote on February 9, 2015.

The key points include the following:

- **Salary Increases (2-Year Cost: \$674K, all-inclusive of benefits) - 2% in Year 1; and 2% in Year 2.**

- **Medical Reopener** - Parties agree to reopen negotiations, at the beginning of the month following ratification, regarding health insurance carrier and/or plan design changes in order to achieve cost containment.
- **Classification & Compensation Study** - OCSD agrees to include a representative from OCEA to participate as a partner in the agency-wide Classification & Compensation study.

PRIOR COMMITTEE/BOARD ACTIONS

In preparation for and during the meet and confer process, the Chief Negotiator received direction for labor negotiations with OCEA from the Steering Committee and the Board of Directors.

The OCEA meet and confer process was agendaized for discussion, and discussed, at the following Committee/Board meetings in closed session:

- February 19, 2014 – Administration Committee
- May 28, 2014 – Steering Committee
- June 25, 2014 – Steering Committee
- July 9, 2014 – Special Steering Committee Meeting
- July 23, 2014 – Steering Committee and Board Meeting
- August 27, 2014 – Steering Committee and Board Meeting
- November 19, 2014 – Steering Committee and Board Meeting
- January 28, 2015 – Steering Committee and Board Meeting

ADDITIONAL INFORMATION

The Orange County Employees Association is the recognized employee organization certified to provide exclusive representation over wages, hours of work, and other terms and conditions of employment for 100 non-exempt District employees spread across three (3) bargaining units: the Administrative and Clerical Unit, the Technical Services Unit, and the Engineering Unit. These employees perform administrative, clerical, and/or para-professional tasks in support of their assigned function or program.

The MOUs between OCSD and OCEA expired on June 30, 2014.

Based on Board direction, OCSD issued a counter proposal to OCEA on February 3, 2015, including two-year contracts with a 2% salary increase in the first year, and a 2% salary increase in the second year. This proposal mirrored the proposal that the Board approved for years two (2) and three (3) of the SPMG MOUs on December 17, 2014.

OCEA distributed the proposals to their membership for voting, and OCEA's membership ratified the proposals by majority vote on February 9, 2015.

The agreements include the following key items:

- Salary
 - Year 1 – 2.0% Salary Increase, retroactive to the first pay period of July 2014.
 - Year 2 – 2.0% Salary Increase, effective the first pay period of July 2015.

- Medical Reopener
 - Medical reopener, at the beginning of the month following ratification, to discuss the transition from Anthem to Blue Shield through California State Association of Counties – Excess Insurance Authority (CSAC-EIA), or to another carrier directly, and varied plan design changes in order to mitigate excise taxation in 2018 and achieve cost containment.
 - Potential strategies for consideration include, but are not limited to, the following: plan design changes to office and specialist copays, emergency room copays, plan deductibles and contribution rates; and alternative plan offerings such as a high deductible health plan with health savings account funding.

- Classification & Compensation (C&C) Study
 - OCSD agrees to include a representative from OCEA to participate as a partner in the agency-wide C&C study.

The total cost is \$674K over the term of the agreement, which is all-inclusive of benefits.

Listed below is a summary of all of the proposed changes in the tentative agreements by article number:

FINAL MOU AGREEMENTS

Article 1.0 – Recognition: Effective date is July 1, 2014.

Article 2.0 – Duration: Terminates June 30, 2016.

Article 3.0 – Successor Agreement: Minor language changes to reflect that the Group will submit an initial proposal for a successor agreement prior to the expiration date of the MOU.

Article 4.0 – OCEA Access: No change.

Article 5.0 – OCEA Rights: No change.

Article 6.0 – District Rights: No change.

Article 7.0 – Nondiscrimination in Employment: No change.

Article 8.0 – Smoke-free Work Environment: No change.

Article 9.0 – Safety: No change.

Article 10.0 – Discipline and Dismissal: Minor housekeeping changes.

Article 11.0 – Grievance Procedure: No change.

Article 12.0 – Problem Solving Procedure: No change.

Article 13.0 – Salary Adjustments and Compensation: Year 1: 2% Salary Increases, and Year 2: 2% Salary Increases; removal of outdated language regarding salary reopener.

Article 14.0 – Severance Pay: No change.

- Article 15.0 – Deferred Compensation: Minor administrative changes/updated language to clarify that participation is subject to IRS requirements.
- Article 16.0 – Holidays: No change.
- Article 17.0 – Hours of Work: No change.
- Article 18.0 – Call-Back Pay – No change.
- Article 19.0 – Standby Pay – No change.
- Article 20.0 – Insurance: Medical Reopener at the beginning of the month following contract ratification to discuss the transition from Anthem to Blue Shield through California State Association of Counties – Excess Insurance Authority (CSAC-EIA), or to another carrier directly, and varied plan design changes in order to achieve additional cost savings; minor housekeeping changes, removal of retiree medical reopener language.
- Article 21.0 – Reimbursement Accounts: No change.
- Article 22.0 – Overtime – No change.
- Article 23.0 – Probationary Period: No change.
- Article 24.0 – Promotions: Minor housekeeping changes.
- Article 25.0 – Retirement: Addition of Plan U/PEPRA language: Employees hired on or after January 1, 2013: The District will contract with OCERS to provide the 2.5% @ 67 benefit formula (Plan U - PEPRA) based on the highest consecutive thirty-six (36) months average earnings, past and future service. The District will pay 0% of an eligible employee's base salary towards the employee's contribution to OCERS. Minor housekeeping changes.
- Article 26.0 – Shift Differential: No change.
- Article 27.0 – Leave of Absence with Pay: Addition of language regarding straight proration of leave; addition of language regarding proration of leave for part-time employees; minor housekeeping changes.
- Article 28.0 – Leave of Absence without Pay: Minor housekeeping changes.
- Article 29.0 – Classification Studies: OCSD agreed to include a representative from OCEA to participate as a partner in the upcoming agency-wide Classification & Compensation study.
- Article 30.0 – Driver's License: No change.
- Article 31.0 – Layoff Procedure: Minor housekeeping change.
- Article 32.0 – Light Duty: No change.
- Article 33.0 – Medical Examination: No change.
- Article 34.0 – Mileage Allowance: No change.
- Article 35.0 – Acting Pay: No change.
- Article 36.0 (intentionally left blank) – No change.
- Article 37.0 – Personnel Files: No change.
- Article 38.0 – Bulletin Boards: No change.
- Article 39.0 – Release Time for Meet and Confer Sessions: No change.
- Article 40.0 – Use of District Facilities: No change.
- Article 41.0 – Scope of Bargaining: No change.
- Article 42.0 – Impasse Procedures: No change.
- Article 43.0 – Severability: No change.
- Article 44.0 – Uniforms: No change.
- Article 45.0 – Substance Abuse Policy: Minor housekeeping changes.
- Article 46.0 – Dues Deductions: No change.

Article 47.0 – (intentionally left blank) – No change.
Article 48.0 – Peaceful Resolution of Disputes: No change.
Article 49.0 (intentionally left blank) – No change.
Article 50.0- Workplace Violence & Weapons Policy: No change.
Article 51.0 – Resignation: No change.
Article 52.0 (intentionally left blank) – No change.
Article 53.0 – Labor Management Committee – Orange County Employees Association (OCEA) and the Orange County Sanitation District (OCSD) hereby agree to meet within two (2) months, from the OCSD Board approval of this MOU, to discuss the structure and process of a Labor Management Committee at OCSD. Absent mutual agreement regarding the structure and process of a Labor Management Committee, the parties will defer discussions to the time when a successor MOU is raised.

ATTACHMENTS

The following attachment(s) are included in hard copy and may also be viewed on-line at the OCSD website (www.ocsd.com) with the complete agenda package:

- Resolution OCSD 15-04
- OCEA MOU – Administrative and Clerical Unit – July 1, 2014 thru June 30, 2016
- OCEA MOU – Technical Services Unit – July 1, 2014 thru June 30, 2016
- OCEA MOU – Engineering Unit – July 1, 2014 thru June 30, 2016

RESOLUTION NO. OCSD 15-04

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE ORANGE COUNTY SANITATION DISTRICT APPROVING THE MEMORANDA OF UNDERSTANDING BETWEEN THE ORANGE COUNTY SANITATION DISTRICT AND THE ORANGE COUNTY EMPLOYEES ASSOCIATION, FOR FISCAL YEARS 2014/2015 & 2015/2016.

WHEREAS, on July 27, 2011, the Board of Directors ("Directors") of the Orange County Sanitation District (the "District") authorized the General Manager to sign the Memoranda of Understanding with the Orange County Employees Association (referred hereinafter as "OCEA"), regarding salaries, benefits and terms and conditions of employment for the period July 1, 2011 through June 30, 2014 ("2011 MOUs").

WHEREAS, pursuant to Government Code Section 3500, *et seq.*, representatives of OCEA have met and conferred with the representatives of the District and have reached an understanding with regard to certain terms and conditions relative to employment;

WHEREAS, at the beginning of negotiations the parties agreed that any salary changes would take effect retroactively to July 1, 2014, the first pay period in the current fiscal year; and

WHEREAS, the parties have modified the 2011 MOUs between the District and OCEA to reflect the parties' understanding regarding certain terms and conditions, which include:

- Duration of the MOUs have been modified and will be for a 2-year term commencing July 1, 2014 and terminating June 30, 2016, as reflected in the Cover Page and Article 1 and 2 of the MOUs:
- Salary Adjustments and Compensation has been modified as set forth below and as reflected in Article 13 of the MOUs:
 - Year 1 – 2.0% Salary Increase, retroactive to the first pay period of July 2014.
 - Year 2 – 2.0% Salary Increase, effective the first pay period of July 2015.
- Deferred Compensation has been modified as set forth below and as reflected in Article 15 of the MOUs:
 - Minor administrative changes/updated language to clarify that participation is subject to IRS requirements.
- Insurance has been modified as set forth below and as reflected in Article 20 of the MOUs:
 - Medical reopener in February 2015 to discuss health insurance carrier and/or plan design changes in order to achieve additional cost savings; minor updates to language.

- Retirement has been modified as set forth below and as reflected in Article 25 of the MOUs:
 - Employees hired on or after January 1, 2013: The District will contract with OCERS to provide the 2.5% @ 67 benefit formula (Plan U - PEPRA) based on the highest consecutive thirty-six (36) months average earnings, past and future service. The District will pay 0% of an eligible employee's base salary towards the employee's contribution to OCERS.

- Leave of Absence with Pay has been modified as set forth below and as reflected in Article 27 of the MOUs:
 - Part-time employees accrue vacation leave and sick leave on a pro-rata basis as set forth in District Policy.
 - When unpaid absences occur, vacation leave and sick leave accruals will be applied by straight proration of leave accruals based on the number of hours actually worked, and is applicable to all types of leave, whether legally protected or not.

- Classification Studies has been modified as set forth below and as reflected in Article 29 of the MOUs:
 - OCSD will include a representative from OCEA to participate as a partner in the agency-wide Classification & Compensation study; minor administrative changes.

- Labor Management Committee has been added as set forth below and as reflected in Article 53 of the MOUs:
 - Orange County Employees Association (OCEA) and the Orange County Sanitation District (OCSD) hereby agree to meet within two (2) months, from the OCSD Board approval of this MOU, to discuss the structure and process of a Labor Management Committee at OCSD. Absent mutual agreement regarding the structure and process of a Labor Management Committee, the parties will defer discussions to the time when a successor MOU is raised.

NOW, THEREFORE, the Board of Directors of the Orange County Sanitation District, DOES HEREBY RESOLVE, DETERMINE AND ORDER:

Section 1. The aforementioned MOUs between the District and OCEA for the contract period of July 1, 2014 through June 30, 2016 as outlined herein are hereby approved.

Section 2. The General Manager is authorized to sign the Memoranda of Understanding with OCEA for the period of July 1, 2014 through June 30, 2016, in a form approved by General Counsel.

PASSED AND ADOPTED at a regular meeting of the Board of Directors held
February 25, 2015.

Tom Beamish,
Board Chair

ATTEST:

Kelly A. Lore
Acting Clerk of the Board

MEMORANDUM OF UNDERSTANDING
BETWEEN THE
ORANGE COUNTY SANITATION DISTRICT
AND THE
ORANGE COUNTY EMPLOYEES ASSOCIATION
FOR THE
ADMINISTRATIVE AND CLERICAL UNIT

July 1, 2014 through June 30, 2016

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**MEMORANDUM OF UNDERSTANDING
BETWEEN THE
ORANGE COUNTY SANITATION DISTRICT
AND THE
ORANGE COUNTY EMPLOYEES ASSOCIATION
FOR THE
ADMINISTRATIVE AND CLERICAL UNIT**

In accordance with the provisions of California Government Code Sections 3500, et seq., and Resolution No. 75-127 of the Joint Board of Directors, the District's authorized representative has met and conferred in good faith with representatives of the Orange County Employees Association (OCEA) for the Administrative and Clerical Unit. These meetings have resulted in an agreement and understanding to recommend that the employees represented by OCEA accept these terms and conditions, and that the Board of Directors adopt by Resolution the changes and additions to the wages, hours, and conditions of employment for the employees represented by OCEA as set forth in this Agreement.

ARTICLE 1. - RECOGNITION

- 1.1 This Agreement, effective July 1, 2014, is entered into between the Orange County Sanitation District, referred to hereinafter as the "District," and the Orange County Employees Association, referred to hereinafter as "OCEA."
- 1.2 The District recognizes the Orange County Employees Association as the exclusive recognized employee organization for matters within the scope of representation for the following classifications, as set forth in Exhibit "A" (attached hereto and incorporated by reference), as well as additional classes as may be added hereafter by the District.

ARTICLE 2. - DURATION

- 2.1 This Agreement shall be binding on the District and OCEA when approved and adopted by the District's Board of Directors. This Agreement shall terminate on June 30, 2016. This Agreement shall act as a bar to the raising of the question of representation during its term, except that the question of representation may be raised during the period between sixty (60) and ninety (90) days prior to its expiration.

ARTICLE 3. - SUCCESSOR AGREEMENT

- 3.1 The Group shall submit in writing its initial proposal for a successor agreement prior to the expiration date of this Agreement.

ARTICLE 4. - OCEA ACCESS

- 4.1 An OCEA Representative shall have access to the District's facilities during working hours for the purpose of assisting Unit employees in processing grievances or investigating matters arising out of the application of provisions of this Agreement. The OCEA Representative must obtain authorization for each visit in advance from the Director of Human Resources, or designee.
- 4.2 The OCEA shall provide the Director of Human Resources, or designee, with a list of Representatives who are authorized to request access under this article, and shall notify the Director of any changes in that list.
- 4.3 OCEA access shall not interfere with the District's operations, or with the work of employees in any manner. The District reserves the right to restrict access in certain areas designated as confidential or secure.

ARTICLE 5. - OCEA RIGHTS

- 5.1 The OCEA may designate employees to act as representatives for employees covered by this Agreement. The OCEA shall furnish the Director of Human Resources, or designee with the names of employees selected as representatives and shall update the list as necessary. An alternate representative may be designated to act in the absence of the regular representative. Employees not listed on the roster of representatives provided to the District by the OCEA may not act as representatives.
- 5.2 Representatives shall not perform non work-related duties on work time without the prior approval of their immediate supervisor. Neither the District nor the OCEA shall interfere with, intimidate, restrain, coerce or discriminate against employees because of the exercise or non-exercise of their rights to engage in OCEA activity.

ARTICLE 6. - DISTRICT RIGHTS

- 6.1 District inherent rights, powers, functions, duties, responsibilities and authority related to a managerial or administrative character are reserved to the District in its exercise of management decision-making, except as specifically modified by the express provisions of this Memorandum. District rights include, but are not limited to, the exclusive right to consider the merits, necessity or organization of any service or activity provided by law, or administrative order; determine the mission of its constituent departments, commissions and boards; set standards of service, determine the procedures and standards of selection for employment and promotion; establish and implement performance standards; direct its employees; take disciplinary action for proper cause; layoff employees from duty because of lack of work or lack of funds; maintain the efficiency of District operations; determine the methods, means and personnel by which District operations are to be conducted; determine the content of job classifications; classify and reclassify positions; take all necessary actions to carry out its mission in emergencies; and exercise complete control and discretion over its organization and the technology of performing its work.
- 6.2 District retains all authority and rights conferred on it by law, or other legal sources, except to the extent that such authority is explicitly waived by the express terms of this agreement. District exercise of its management rights hereunder shall not be subject to appeal or meeting and conferring, however, that the exercise of such rights does not preclude OCEA from appealing or meeting and conferring the practical consequences or impacts that District decisions have on wages, hours, and other terms and conditions of employment.

ARTICLE 7. - NONDISCRIMINATION IN EMPLOYMENT

- 7.1 There shall be no unlawful discrimination in the application of the provisions of this Agreement with regard to race, color, religion, national origin, ancestry, sex, sexual orientation, or veteran status. To the extent required by law or by the District's rules or regulations, this provision of the Agreement shall be applied to all members of the unit without regard to marital status, handicap, medical condition, status as a disabled veteran, age or citizenship.

ARTICLE 8. - SMOKE-FREE WORK ENVIRONMENT

- 8.1 The District endorses and supports the right of all employees to work in a healthy and safe environment free of recognized hazards. In view of the hazards associated with smoking and the potentially harmful effect it has on the health and well being of District employees and their families, smoking is not acceptable within District facilities, and may occur only in areas posted for smoking.

ARTICLE 9. - SAFETY

- 9.1 It is the duty of the District to provide and maintain a safe place of employment. OCEA shall cooperate by encouraging all employees covered by this Agreement to perform their work in a safe manner. It is the duty of all employees covered by this Agreement, in the course of performing their assigned duties, to be alert to unsafe practices, equipment, and conditions, and to follow the safety regulations and requirements of the District, and to report any unsafe practices or conditions to their immediate supervisors. An employee shall not be required to perform work that is unsafe.

ARTICLE 10. - DISCIPLINE AND DISMISSAL

- 10.1 Discipline may occur when any of the following actions are taken for just cause with respect to any employee in the unit: verbal reprimand, written reprimand, suspension without pay; reduction in pay, demotion to a classification with a lower maximum rate of pay or dismissal.
- 10.2 Dismissal, for purposes of this Article, is the separation of a non-probationary employee initiated by the District for just cause.
- 10.3 A Notice of Intent is not required when the disciplinary action involves a verbal reprimand or written reprimand.
- 10.4 A Notice of Intent is required and will be given to an employee whenever the disciplinary action involves a suspension without pay, a reduction in pay, a demotion to a classification with a lower pay grade, or dismissal. The notice will be given to the affected employee either by delivery in person or by Certified Mail sent to the employee's last known address. Such personal delivery or mailing shall be presumed to provide actual notice to the affected employee. The Notice of Intent shall indicate the date on which it was personally delivered or deposited in the mail, which shall be the date of issuance.
- 10.5 The Notice of Intent shall contain the following: (1) a description of the disciplinary action intended and the effective date of the action; (2) the reasons for the proposed action; (3) a copy of the charges and materials upon which the action is based; and, (4) a statement of the employee's right to respond, either verbally or in writing to the person initially imposing the discipline or to a District management representative with authority to make an effective recommendation on the proposed action, the person to whom any response must be directed, and the fact that such response must be received within ten (10) business days of the date of issuance of the notice. The Notice shall also advise the employee of his or her right to representation.
- 10.6 Prior to the effective date of the proposed disciplinary action, the employee shall be given an opportunity to respond either verbally or in writing to a management representative with authority to make an effective recommendation on the proposed action. After review of an employee's response, the District shall notify the employee in writing of the action that shall be taken. Such action may not involve discipline more severe than that described in the Notice of Intent; however, the District may reduce discipline without further notice. Further clarification of the disciplinary policies and procedures are covered in the District's Personnel Policies & Procedures Manual.
- 10.7 Dismissal shall be preceded by at least one (1) written reprimand, except in those situations in which the employee knows or reasonably should have known that the performance or conduct was unsatisfactory. Such performance or conduct may involve, but is not limited to, dishonesty, possession, use, sale or being under the influence of drugs or alcohol, theft or misappropriation of District property or funds, fighting on the job, insubordination, acts endangering people or property, or other serious misconduct. The District may substitute documented suspensions without pay for written reprimands.
- 10.8 If a Notice of Intent is upheld and the disciplinary action is imposed, the employee may request a post-disciplinary hearing. The request must be submitted to the Director of Human Resources, or designee, within ten (10) business days following the effective date of the disciplinary action (for suspensions, the effective date shall be the first business day following the final day of the suspension). The Director of Human Resources, or designee, shall schedule a post disciplinary hearing with the General Manager or a hearing officer selected by the General Manager. The hearing officer may not be an employee of the District. The hearing officer will provide a written, advisory decision to the General Manager. The General Manager may uphold the disciplinary action that has been taken or may reduce such discipline without the issuance of a further Notice of Intent. The decision of the General Manager shall be final.
- 10.9 Disciplinary action documentation shall be placed in an employee's personnel file in the Human Resources Department. Documentation regarding verbal and written reprimands may be removed from an employee's personnel file twenty-four (24) months subsequent to the date of issuance, provided that there has been no recurrence of a similar incident during the period. If the Director of Human Resources, or designee, agrees to remove disciplinary action documentation from an employee's personnel file, such documentation shall be retained in a separate file by the Human Resources Department for the purpose of showing that progressive discipline has been followed or in support of the District's proposed discipline.

- 10.10 Verbal reprimands and written reprimands may only be reviewed under this Agreement through the Problem Solving Procedure. Nothing in this article shall be construed as a waiver of any statutory or constitutional rights.
- 10.11 A reduction in pay or demotion to a classification with a lower pay grade that is not a result of performance deficiencies (for example, reclassifications, "bumping" associated with layoffs, reasonable accommodation) shall not be considered discipline.

ARTICLE 11. - GRIEVANCE PROCEDURE

- 11.1 A grievance is any complaint that management has violated a specific provision of this Agreement, except that, in accordance with Article 10 above, discipline which requires a Notice of Intent may not be reviewed under this Grievance Procedure.
- 11.2 A grievance may be brought to the attention of the District by an individual employee within the Unit or by the OCEA. The District may not bring a grievance through this procedure. Grievances brought by two (2) or more employees, and concerning the same incident, issue, or course of conduct, or multiple grievances brought by the same employee may, upon mutual agreement of the District and the OCEA, be consolidated for the purposes of this procedure.
- 11.3 An employee may be self-represented or be represented by the OCEA at all steps of the Grievance Procedure, unless specifically agreed otherwise by the OCEA and the employee. The District shall provide a copy of all written grievance settlements to the OCEA. Any reference to days in this article implies business days.
- 11.3.1 Step 1. An employee will submit his/her complaint in writing to his/her immediate supervisor or designee within five (5) days of the occurrence of the event giving rise to the complaint, or within five (5) days from the time that the employee became aware of such event. The supervisor, or designee, shall attempt to resolve the issues surrounding the complaint, and respond in writing to the employee within five (5) days.
- 11.3.2 Step 2. If the grievance is not settled at Step 1, it may be submitted in writing to the employee's Division Manager, or designee. This request for formal review must be presented on a form provided by the District within five (5) days of the conclusion of Step 1. A copy of each written communication on a grievance will be filed with the Director of Human Resources, or designee. The written grievance must:
- a) Identify the specific management act to be reviewed;
 - b) Specify how the employee was adversely affected;
 - c) List the specific provisions of the MOU that were allegedly violated and state how they were violated;
 - d) Specify the remedy requested; and
 - e) Provide the date of attempts at informal resolution and the name of the supervisor or individual involved.
- 11.3.2.1 The Division Manager, or designee, shall respond in writing to the employee within ten (10) days after the date the grievance is received.
- 11.3.3 Step 3. If a grievance is not settled under Step 1 or 2, it may be presented to the employee's Department Director, or designee, for review and written response. The request for formal review must be presented on a form provided by the District within five (5) days of the conclusion of Step 1 or 2, and must contain the information specified in Step 2 above. A copy of each written communication on a grievance will be filed with the Director of Human Resources or designee. The employee's Department Director, or designee, shall respond in writing to the employee within ten (10) days after the date the grievance is received.

- 11.3.4 Step 4. If the grievance cannot be resolved under Step 3, it may be presented to an Assistant General Manager, or designee, within five (5) days from the date the Step 3 finding was issued. The Assistant General Manager, or designee, shall respond in writing to the employee within ten (10) days after the date the grievance is received.
- 11.3.5 Step 5. Appeal to the General Manager, or designee, is the final step in the Grievance Procedure. If the grievance cannot be resolved under Step 4, it may be presented to the General Manager, or designee, within five (5) days from the date the Step 4 finding was issued. The General Manager, or designee, shall respond in writing to the employee within ten (10) days after the date of the grievance is received.
- 11.4 General Provisions: An employee shall be given reasonable time off without loss of pay to present and process a grievance. If an employee is represented by the OCEA, the OCEA may designate one employee to present and process the grievance. The employee representative shall be given reasonable time off without loss of pay to perform this responsibility. Absence from work shall be approved only if it does not cause disruption to District operations. However, if the time requested cannot be provided, an alternate time shall be arranged.
- 11.4.1 Failure of a management representative to respond within the appropriate time limit shall provide a basis for the employee appealing to the next step. If a grievance is not presented or appealed within the time limits, it shall be considered resolved on the basis of the preceding response. The Director of Human Resources, or designee, may be petitioned in writing to waive the step or time requirements provided sufficient cause exists.
- 11.4.2 Resolution may be agreed upon at any stage of the grievance process. However, the OCEA shall be notified prior to the resolution of any formal grievance matter.

ARTICLE 12. - PROBLEM SOLVING PROCEDURE

- 12.1 Employees may bring problems to the attention of District managers through the Problem Solving Procedure. This Procedure was developed to encourage and facilitate the resolution of employee concerns in a responsive and fair manner, and may be used to attempt to resolve issues that may not be subjected to the Grievance Procedure. Any reference to days in this article implies business days.
- 12.2 Employees should discuss concerns regarding issues that are not grievable with their supervisor as soon as possible. The supervisor shall review the situation or decision, and provide a written response within five days from the date they were notified of the problem.
- 12.3 If the problem is not resolved to the employee's satisfaction, the employee may file a written statement concerning the problem with the Director of Human Resources, or designee, within ten (10) days of receipt of the supervisor's decision. Upon request of either party, a meeting shall be held to define issues and establish the remedies sought. The employee shall be provided a written response within ten (10) days after his or her statement is received. Time limits may be extended for cause upon mutual consent of the parties, and the decision of the Director of Human Resources, or designee, is final.

ARTICLE 13. - SALARY ADJUSTMENTS AND COMPENSATION

- 13.1 Each pay grade is divided into five (5) steps, with an approximate 5.0% difference between each step.
- 13.2 Pay increases will only apply to eligible employees in an active payroll status on the effective date of implementation. Eligible employees will not receive retroactivity if active payroll status becomes effective after the date of implementation.
- 13.3 Merit Pay
- 13.3.1 Step Increase Pay – Bargaining unit employees will be eligible for Step Increase Pay based upon receipt of year-end performance appraisal ratings issued by the assigned supervisor. Step Increase Pay will be paid according to the following:

13.3.1.1 Eligible - Employees must have a proficient year-end performance appraisal to receive a one (1) step base-building salary increase until earning placement at step five (5).

13.3.1.2 Ineligible - Employees who are placed on a Performance Improvement Plan (PIP) due to a needs improvement performance review on the year-end appraisal or who are on a PIP at the time of the year-end appraisal period will remain at their current step until the PIP is satisfactorily completed.

13.3.1.3 Performance Management Program: The performance management program includes three (3) rating categories (exceeds, proficient, needs improvement) for performance appraisals.

13.3.2 Development Pay – Employees under this Agreement will be eligible for Development Pay. Development Pay is a non-base building pay type that will be distributed in a lump-sum amount each pay period. Employees must have a proficient year-end performance appraisal to be eligible for the following Development Pay types:

- Education – Eligible employees who obtain or who have obtained a degree of approved subjects at an accredited college or university will receive \$20.76 per pay period for an associate degree and \$41.53 per pay period for an undergraduate degree. The maximum amount of Education pay is fixed at \$41.53 per pay period.
- Certification/License – Eligible employees who obtain or who have obtained a District approved certification or license will receive \$7.62 per pay period per certificate or license with a maximum of three (3) certificates and/or licenses. The maximum amount of certification/license pay for any combination of certificates and/or licenses is fixed at \$22.86 per pay period.

13.3.2.1 The overall maximum Development Pay for education, certification and/or licenses is fixed at \$64.39 per pay period.

13.3.2.2 Employees who are placed on a PIP due to a needs improvement performance review on the year-end performance appraisal are not eligible for Development Pay until the PIP is satisfactorily completed.

13.3.2.3 Employees who are placed on a PIP due to needs improvement performance outside the year-end appraisal will have all Development Pay suspended until the PIP is satisfactorily completed. The return of Development Pay will not be retroactive.

13.4 Salary Range Adjustments

13.4.1 Effective the first pay period in July 2014, employees under this Agreement will receive salary range adjustments at a flat rate of 2.0%.

13.4.2 Effective the first pay period in July 2015, employees under this Agreement will receive salary range adjustments at a flat rate of 2.0%.

ARTICLE 14. - SEVERANCE PAY

14.1 Employees are expected to give a minimum of two (2) weeks written notification when terminating employment with the District. Except for disciplinary cause, when a full-time employee is terminated by action of the District, the employee shall be notified in writing two (2) weeks prior to the effective separation date. In the event the District does not give such notification, the employee shall be entitled to severance pay in accordance with the formula set forth below:

14.1.1 Full-time, regular employees shall be entitled to eight (8) hours pay for each full calendar month of continuous employment not to exceed one hundred sixty (160) hours pay.

14.1.2 Employees in limited term or part-time positions, probationary employees, and employees who are separated for cause, are not eligible for severance pay under any circumstances.

ARTICLE 15. - DEFERRED COMPENSATION

15.1 Employees may participate in the District's approved deferred compensation plan subject to IRS requirements, and in accordance with all guidelines for voluntary participation established by District management.

ARTICLE 16. - HOLIDAYS

16.1 The days listed below are observed by the District as holidays. Employees will receive holiday pay if their entire scheduled work shift immediately preceding and following the holiday are in a paid payroll status, meaning the employee worked those shifts or utilized paid time off in lieu of working those shifts. When an employee's work schedule requires that they work on an observed holiday, the employee will be paid at the employee's regular rate of pay for the holiday, and will also receive overtime pay at the rate of one and one half (1.5) times their regular hourly rate for all hours actually worked. Employees may also elect to receive Holiday Compensatory Time Off on an hour for hour basis rather than receive holiday pay. When a holiday occurs on an employee's regular scheduled day off, the employee will accrue compensatory time off for the amount of hours normally scheduled for that day. Employees with a compensatory time off balance in excess of fifty (50) hours as of the last pay period ending in October will receive a mandatory payout for the hours that exceed fifty (50).

HOLIDAY
New Year's Day
Lincoln's Birthday
President's Day
Memorial Day
Independence Day
Labor Day
Veteran's Day
Thanksgiving Day
Day after Thanksgiving
Day before Christmas
Christmas Day
Floating Holiday**

16.2 Employees may elect one (1) day during each year as a "Floating Holiday". New employees shall be granted a "Floating Holiday" on a pro rata basis in the first calendar year of service per the following table:

Hire Date	Percent
1 st Quarter (January-March)	100%
2 nd Quarter (April-June)	75%
3 rd Quarter (July-September)	50%
4 th Quarter (October-December)	0%

16.3 Employees must use the "Floating Holiday" within the year it is granted. Every effort will be made to approve an employee's request for a "Floating Holiday" off providing sufficient notice is given.

ARTICLE 17. – HOURS OF WORK

- 17.1 For record keeping and accounting purposes, the "workweek" for full-time employees is 40 hours per 168-hour period, to be paid on a biweekly payroll basis of 80 hours worked. Employee work periods may be scheduled in shifts of four 9-hour days and one 4-hour day each workweek (9/80 schedule), five 8-hour days each workweek (10/80), four 10-hour days each workweek (8/80), or three 12-hour days and one 4-hour day each workweek (7/80). The starting and ending times of individual employees' workweeks may vary.
- 17.2 Employees shall receive ten-minute rest periods twice in a nine-hour shift, and three times for a shift of more than ten hours. Meal and rest periods may not be avoided or accrued for the purpose of obtaining time off or shortening the regular shift. If an employee reports to work as scheduled and was not notified that their hours had been changed, he or she shall receive two hours pay at the overtime rate.
- 17.3 The District may, at its sole discretion, change an employee's work schedule with thirty (30) days written notice to the affected employee.

ARTICLE 18. - CALL-BACK PAY

- 18.1 When an employee is called back to work by District management without prior notice, and the employee has completed his or her normal work shift and left the work station, or when prior notice is given but the work begins on the same day at least three hours after completion of the regular shift, the employee shall receive a minimum of three hours of call back pay. The three hours minimum, whether or not actually worked, shall be paid at the rate of one and one half times the regular hourly rate. Employees who are called back a second time within a normal shift period are considered to be working for the duration of that shift.

ARTICLE 19. - STANDBY PAY

- 19.1 Standby is time during which an employee is not required to be at the work location or at the employee's residence but is required to be available for immediate return to work. Standby assignments shall first be made on a voluntary basis. A volunteer standby list shall be established by classification and job location. Standby assignments shall be made from the list of employees who are competent and experienced, in alphabetical order, on a rotating basis. In the event that no one volunteers, the District shall assign standby by job classification and work location from employees who are competent and experienced on a rotational basis. An employee placed on standby shall be compensated at the rate of three hundred forty-five (345) dollars per week, and shall receive Call Back pay when they are actually called to work.

ARTICLE 20. – INSURANCE

- 20.1 The District will provide healthcare and welfare insurance benefits.
- 20.2 All insurance coverage shall become effective on the first day of the month following date of hire, regardless of hire date. An open enrollment period shall be held annually.
- 20.3 Medical Reopener The District and OCEA agree to reopen this Agreement at the beginning of the month following ratification to discuss the transition from Anthem to Blue Shield through California State Association of Counties – Excess Insurance Authority (CSAC-EIA), or to another carrier directly, and varied plan design changes in order to mitigate excise taxation in 2018. Potential strategies for consideration include, but are not limited to, the following: plan design changes to office and specialist copays, emergency room copays, plan deductibles and contribution rates; and alternative plan offerings such as a high deductible health plan with health savings account funding.
- 20.3.2 The parties agree that any reopener shall be subject to Government Code Section 3505.4 and case law, including PERB, decisions which interpret that provision.

20.4 Medical Insurance

- 20.4.1 The District will provide medical health insurance coverage through a Health Maintenance

Organization (HMO) medical insurance plan and a Preferred Provider Organization (PPO) medical insurance plan, until such time that the parties agree to changes through the medical reopener in Section 20.3.

20.4.2 Regular, full-time employees:

20.4.2.1 The District shall contribute 90% of employee only premiums for the HMO medical health plan and 80% of employee only premiums for the PPO medical health plan. The District will contribute 80% of the employee +1 dependent and full family premiums for the HMO and PPO medical plans. Any change in insurance rates shall be shared equally in same ratio as the District and employees currently pay premiums. Before the renewal of any District's sponsored health insurance plan, the parties agree to meet and confer as to changes in the plan.

20.5 Life Insurance

The District shall pay the full premium for \$50,000 term life insurance on each employee.

20.6 Short Term Disability

The District shall provide a non-work related, short-term disability indemnity plan that provides benefits for employees equal to California's State Disability Insurance (SDI) program for up to twenty-six (26) weeks following a fourteen (14) calendar day waiting period.

20.7 Long Term Disability

20.7.1 The District shall provide a non-work related, long-term disability indemnity plan that pays two-thirds of the employee's rate of pay in effect at the time of such disability, not to exceed \$5,000 per month, up to age 65, following a 90-day waiting period of continuous disability, at such time that an employee completes five (5) years of service.

20.7.2 For participants age 64 and younger, the maximum period of payment is based on the Social Security Act retirement age of 65. For participants age 65 and older, the maximum period of payment is specified. The specified periods and additional information about coverage is included in the District's long-term disability plan contract accession on the intranet.

20.7.3 No combination of disability or sick leave pay shall result in more than an employee's regular rate of pay. Employees may not receive short-term and long-term disability benefits at the same time. An employee who is otherwise not eligible for District paid Long Term Disability may purchase such coverage at his or her own expense.

20.8 Dental Insurance

The District will contribute 80% of employee only and 80% of full family premiums for dental insurance.

20.9 Vision Insurance

The District shall provide a vision insurance plan for regular, full-time employees and eligible dependents.

20.10 Retiring Employees

20.10.1 The District shall pay, for employees hired prior to July 1, 1988, two and one-half (2.5) months' premium for each year of continuous service of a retiring employee towards the premium costs of coverage for the employee and eligible dependents under the District's medical plan.

20.10.2 In the event the District adds additional optional insurance plans, the District's share of the premium shall be the same as for existing plans as set forth above. In the event the District changes underwriters for existing insurance plans, the District's share of the premium shall be the same as for existing insurance plans as set forth above.

- 20.10.3 The District will continue to implement the retiree medical health premium offset program wherein the cost of health premiums are offset by \$10 per month for every year of continuous service up to a maximum of 25 years or \$250 per month. Employees hired on or after August 1, 2011 shall not be eligible for the retiree medical health premium offset.

ARTICLE 21. - REIMBURSEMENT ACCOUNT

21.1 Section 125 of the Internal Revenue Code permits employees to use pre-tax dollars to pay for their portion of the cost of benefits under the Plan through salary redirection arrangements. The options available under the flexible benefits program are listed below. This is a brief overview of the different options. For complete information regarding Flexible Spending Accounts, employees must refer to the plan booklet available in the Human Resources Department.

21.2 Group Insurance Premiums

Group insurance premiums that are paid by salary redirection can be made on a pre-tax basis.

21.3 Medical Care Reimbursement Account

The purpose of this account is to provide a method through which the employee can accumulate pre-tax funds in a Medical Care Reimbursement Account for purposes of reimbursing himself or herself for payment of health care costs not otherwise covered by his or her medical insurance.

21.4 Dependent Care Assistance Account

The purpose of this account is to provide a method through which the employee can accumulate pre-tax funds in a Dependent Care Assistance Account for purposes of reimbursing himself or herself for childcare expenses or day care for a disabled dependent.

ARTICLE 22. - OVERTIME

22.1 Employees shall be notified as soon as practicable after the District decides upon the need for overtime or additional work. The District may require the performance of overtime. In the event no qualified employee wishes to work overtime, District's management may select employees with the ability to perform the work by inverse seniority. District managers shall attempt to evenly distribute overtime among employees based upon an employee's ability to perform the overtime work.

22.2 For the purposes of overtime calculation, all time charged to unscheduled sick leave shall not be counted as time worked. Pay for overtime time shall not occur until after actual work time of forty (40) hours in a seven (7) day workweek is reached.

ARTICLE 23. - PROBATIONARY PERIOD

23.1 All new employees serve an initial probationary period beginning with the date of hire and extending to at least the first day of the pay period following twenty-six (26) weeks of employment without a break in service. Extended absence without pay, short-term and long-term disability and Workers' Compensation leave does not provide an opportunity to judge an employees' capability to meet performance expectations for a position, and thus the time spent on such leaves shall not be included towards completion of the probationary period and may result in an extension.

23.2 Employees who are rehired following a break in service must complete a new probationary period whether or not one was previously completed. An employee may be released during his or her Probationary Period at the discretion of the District without recourse to the Grievance Procedure.

23.3 Employees who are reassigned or laterally transferred will serve a probationary period of twenty-six (26) weeks. The "probationary period" shall not divest an employee of his/her property rights in his/her former position. Rejection of probation during this period shall result in the employee reverting to his/her former assignment and/or position.

ARTICLE 24. - PROMOTIONS

- 24.1 A promotion is the appointment of an employee to another classification with a higher maximum rate of pay. The District will determine whether a vacant position shall be filled as an open or promotional opportunity or recruitment. Whenever the District intends to fill a position by promotion, the District shall post the opportunity for a minimum of ten (10) business days. Employees must apply during the period of posting. Notices shall be posted on the District's intranet.
- 24.2 A promoted employee shall serve a promotional probationary period lasting at least until the first day of the pay period twenty-six (26) weeks after the effective date of the promotion. At any time during the promotional probationary period, an employee may be returned to his or her previous position. The promotional probation period may be extended by mutual agreement between the employee and District's management for up to ninety (90) days. If an employee is promoted during his or her initial probationary period, the period shall be extended until at least the first day of the pay period twenty-six (26) weeks after the effective date of the promotion.
- 24.3 Promoted employees will receive the equivalent of a step increase in pay, not to exceed the top of the range for the new classification or the minimum rate of the new classification whichever is greater.

ARTICLE 25. - RETIREMENT

- 25.1 The District shall continue participation in the Orange County Employees Retirement System (OCERS), wherein all full-time employees are considered members. The following retirement program is in effect pursuant to the contract between OCERS and the District.
- 25.1.1 Employees hired before September 21, 1979: The District will continue to contract with OCERS to provide the 2.5% @ 55 benefit formula (Plan G) based on the highest consecutive twelve (12) months average earnings, past and future service.
- 25.1.1.1 The District will continue to pay 4.5% toward the employee's contribution to OCERS for those employees who elected to make a one-time decision to remain in the Plan G program.
- 25.1.2 Employees hired on or after September 21, 1979 and before August 1, 2011: The District will continue to contract with OCERS to provide the 2.5% @ 55 benefit formula (Plan H) based on the highest consecutive thirty-six (36) months average earnings, past and future service.
- 25.1.2.1 The District will continue to pay 3.5% of an eligible employee's base salary toward the employee's contributions to OCERS.
- 25.1.3 Employees hired on or after August 1, 2011 and before January 1, 2013: The District will contract with OCERS to provide the 1.667% @ 57.5 benefit formula (Plan B) based on the highest consecutive thirty-six (36) months average earnings, past and future service.
- 25.1.3.1 The District will pay 0% of an eligible employee's base salary towards the employee's contribution to OCERS.
- 25.1.4 Employees hired on or after January 1, 2013: The District will contract with OCERS to provide the 2.5% @ 67 benefit formula (Plan U - PEPPRA) based on the highest consecutive thirty-six (36) months average earnings, past and future service.
- 25.1.4.1 The District will pay 0% of an eligible employee's base salary towards the employee's contribution to OCERS.
- 25.2 All monies actually contributed into the retirement system by an employee shall be deducted from gross salary for taxation purposes in accordance with Internal Revenue Code provisions.

ARTICLE 26. - SHIFT DIFFERENTIAL

- 26.1 Employees who are regularly assigned to work a night shift that consists of 50% or more of their hours between 6:00 p.m. and 6:00 a.m. and who actually work that shift shall receive a shift differential of \$2.50 per hour.

ARTICLE 27. - LEAVE-OF-ABSENCE WITH PAY

27.1 Vacation Leave

- 27.1.1 Except as otherwise provided, regular full-time employees accrue vacation leave, beginning with the first day of employment, in accordance with the following schedule:

Years of Service	Hours-Biweekly	Hours-Annual
In years 0 through 1	3.08	80
In years 2 through 4	3.08	80
In years 5 through 10	4.62	120
In year 11	4.93	128
In year 12	5.24	136
In year 13	5.54	144
In year 14	5.85	152
In year 15	6.16	160
In year 16	6.46	168
In year 17	6.77	176
In year 18	7.08	184
In year 19	7.39	192
In year 20 and over	7.69	200

- 27.1.2 Part-time employees accrue vacation leave on a pro-rata basis as set forth in District Policy.
- 27.1.3 Vacation leave begins after an employee has completed twenty-six (26) weeks of continuous service. After the individual's first twenty-six (26) weeks of service, his or her account will be credited with 40 hours. After that time, he or she will accrue vacation hours consistent with the above chart. Vacation leave may only be utilized in increments of one-half hour or more. Vacation leave is accrued for all paid hours, including hours actually worked and hours in a paid-leave payroll status.
- 27.1.4 When unpaid absences occur, vacation leave accruals will be applied by straight proration of leave accruals based on the number of hours actually worked, and is applicable to all types of leave, whether legally protected or not.
- 27.1.5 Employees may have a maximum accumulation of 200 hours as of the last day of the final pay period in December of each year. In the event an employee accrues vacation leave in excess of 200 hours, it must be used prior to said December date, all other remaining hours in excess of 200 will be paid to the employee in the first pay period in January at the employee's then current hourly rate of compensation.

27.2 Sick Leave

- 27.2.1 Definition. - Sick leave is an insurance or protection provided by the District to be granted to employees in circumstances of adversity to promote the health and welfare of the individual employee. It is not an earned right to take time off from work. Sick leave is defined as the absence from duty of an employee because of a bona fide illness, injury, or pregnancy, or to

attend to the illness or injury of a family member as hereinafter defined. Temporary employees are not entitled to sick leave benefits.

- 27.2.2 **Method - Sick Leave Accrual.** Full-time employees hired prior to November 27, 1981, accrue paid sick leave at the rate of three point five (3.5) hours for each biweekly pay period of continuous service (ninety-one (91) hours per year). Full-time employees hired on or after November 27, 1981, accrue paid sick leave at the rate of three (3.0) hours for each biweekly pay period of continuous service (seventy-eight (78) hours per year), beginning with the first day of employment.
- 27.2.3 Part-time employees accrue sick leave on a pro-rata basis as set forth in applicable District Policy.
- 27.2.4 When unpaid absences occur, sick leave accruals will be applied by straight proration for leave accruals based on the number of hours actually worked, and is applicable to all types of leave, whether legally protected or not.
- 27.2.5 **Annual Payoff -** Employees may elect annually to be paid for any unused sick leave hours accrued through the end of October at their current hourly rate according to the following payoff schedule or as specified in a Memoranda of Understanding.

Accrued Sick Leave Hours	Rate of Payoff
0-100	0%
101-240	25%
241-560	35%
Over 560 (mandatory)	50%

- 27.2.6 Employees who terminate for any reason other than retirement or death shall be compensated for any accrued and unused sick leave according to the above schedule. Employees who retire or decease with twenty (20) years or more of service shall be paid at the one hundred percent (100%) rate for all accrued and unused sick leave. Employees who retire or decease with less than twenty (20) years of service will be paid at the seventy-five percent (75%) rate for all accrued and unused sick leave.
- 27.2.7 **Permissible Uses -** Sick leave may be applied only to:
- A. Absence due to illness, injury or pregnancy of an employee.
 - B. Absence due to medical and dental office appointments of an employee when approved by the employee's supervisor.
 - C. Absence for the care of the employee's father, father-in-law, mother, mother-in-law, brother, sister, husband, wife, child, grandparent, legal guardian, or any family member with whom the employee resides.
 - D. Absence due to a job-related injury.
- 27.2.8 **General Provisions -** To qualify for sick leave pay, the employee must notify the District at or in advance of the time the employee is scheduled to report for duty. Minimum charge to the employee's sick leave account shall be one-half hour and thereafter in one-half hour increments.

Human Resources and department management shall be responsible for control of abuse of the sick leave privilege. If notified in advance, the employee may be required, at any time, to furnish a certificate issued by a licensed physician or nurse, or other satisfactory evidence of illness; however, for absences of ten consecutive working days or more, a request for leave and a medical statement, on prescribed forms, stating expected date of return must be submitted to Human Resources. Upon return to work, a written doctor's release must be submitted to Human

Resources. For absences of one or more working days in an unpaid status, a request for leave and a medical statement, on prescribed forms, stating expected date of return must be submitted to Human Resources.

If the need for leave is due to the employee's serious health condition, as defined in the Family and Medical Leave Act ("FMLA") or the California Family Rights Act ("CFRA"), the certification requirement shall comply with the provisions of these Acts.

27.3 Jury Duty Leave

27.3.1 Any full-time, including probationary, employee who is called for jury duty shall, upon request on prescribed forms, be entitled to his or her regular pay for those hours of absence due to performance of the jury duty for a period up to twenty-two (22) working days.

27.3.2 Prior to jury duty service, each employee must complete a time off request through the District's timesheet system and provide a copy of the summons to his or her supervisor. To be entitled to receive regular pay for such jury leave, the employee must report for work at the District for time not actually retained on jury unless there is less than ½ of their regular shift remaining. Employees are not compensated for jury duty occurring on scheduled days off.

27.4 Witness Leave

27.4.1 Any full-time, including probationary, employee, who is required to be absent from work by a subpoena properly issued by a court, agency or commission legally empowered to subpoena witnesses, which subpoena compels his or her presence as a witness, except in a matter wherein he or she is named as a defendant or plaintiff or as an expert witness, shall, upon approval of an online time off request, be entitled the time necessary to comply with such subpoena, provided any fees received for such service, exclusive of mileage, are submitted to the District for deposit in the General Fund of the District.

27.4.2 An employee so subpoenaed must submit a copy of the subpoena to his or her supervisor and complete an online time off request form in order to be eligible for pay for such absence. To be entitled to receive regular pay for such witness leave, the employee must report for work at the District for time not actually retained on witness service of one hour or more prior to and/or upon completion of each day's service, exclusive of travel time.

27.5 Military Leave

27.5.1 A request for military leave shall be made upon leave-of-absence forms approved by the Human Resources Department and shall state the date when it is desired to begin the leave-of-absence and the date of anticipated return. A copy of the orders requiring such military service shall be submitted with the request.

27.5.2 Provisions of the Military and Veterans Code of the State of California, Sections 395-395.5 shall govern military leave. In general, current law provides that an employee having one (1) year or more service with a public entity is entitled to military leave with pay not exceeding thirty (30) days per year if the employee is engaged in military duty ordered for purposes of active military training or encampment. An employee who is required to attend scheduled service drill periods or perform other inactive duty reserve obligations is entitled to military leave without pay, not exceeding seventeen (17) calendar days per year, although the employee may, at his or her option, elect to use accrued leave time to attend the scheduled reserve drill periods or to perform other inactive drill period obligations. Employees who participate in weekend military drill duty are not eligible for leave with pay for such activity, but may have their regular work schedule changed to accommodate the required time off.

27.6 Bereavement Leave

27.6.1 Using the online time off request system, any full-time employee, whether probationary or regular, shall receive a maximum of thirty-six (36) hours of paid time for the death or funeral of an immediate family member. Immediate family member is defined as the employee's father, step-

father, father-in-law, mother, step-mother, mother-in-law, brother, step-brother, sister, step-sister, husband, wife, domestic partner, biological child, adopted child, step-child, child of a domestic partner, grandchild, grandparent, foster parent, foster child, legal guardian, or any family member with whom the employee resides.

27.7 Supplemental Leave

27.7.1 Regular full-time employees in the bargaining unit shall be granted Supplemental Leave in accordance with the following schedule in the first pay period in July:

Years of Service	5 – 9	10 - 14	15 - 19	20 - 24	25+
Supplemental Leave Hours	5	10	15	20	25

27.7.2 Supplemental Leave will be administered in accordance with the following guidelines:

- 27.7.2.1 Supplemental Leave may be used in one-quarter (0.25) hour increments.
- 27.7.2.2 Any unused Supplemental Leave, within the fiscal year granted, will not be carried over to the next fiscal year.
- 27.7.2.3 Any unused Supplemental Leave, within the fiscal year granted, is not subject to cash out or eligible for any mandatory payout.
- 27.7.2.4 Employees who cease to be part of the bargaining unit for any reason will forfeit any unused Supplemental Leave.
- 27.7.2.5 Employees who are hired or transferred into the bargaining unit shall be granted Supplemental Leave on a pro-rata basis per the following schedule:

Hire/Transfer Date	Percent
July – September	100%
October – December	75%
January – March	50%
April – June	25%

ARTICLE 28. - LEAVE-OF-ABSENCE WITHOUT PAY

- 28.1 It is the policy of the District to grant employees leave-of-absences without pay under certain circumstances and in accordance with state and federal benefit entitlement laws. Except as stated below, employees shall not receive compensation during an unpaid leave-of-absence. Employees will not be granted an unpaid leave of absence prior to exhausting all paid leave accrual balances, excluding employees protected by PDL (Pregnancy Disability Leave)/FMLA (Family and Medical Leave Act)/CFRA (California Family Rights Act) for their own serious health condition.
- 28.2 Using the prescribed forms, approved by District management, any full-time, including probationary, or part-time employees with at least fifty-two (52) weeks of service and at least twelve hundred fifty (1,250) hours of service, may be granted an FMLA or CFRA leave-of-absence without pay, not to exceed twelve (12) weeks in a rolling twelve (12) month calendar period. A "rolling" twelve (12) month period is measured backward from the date the employee uses the leave. A request for leave of absence without pay must be made upon prescribed forms in all instances where an employee is absent without pay for more than five (5) consecutive working days, or for absences of ten (10) working days or more when using paid sick leave accruals.

28.3 Substitution of Paid Leave

- 28.3.1 Employees who request FMLA or CFRA Leave for qualifying purposes other than the employee's own serious health condition shall be required to use all accruals, before unpaid leave is granted. Paid time off will not accrue during any pay period that an employee is absent without pay for more than one (1) day.
- 28.3.2 Paid time off accruals may be used for the care of the employee's father, step-father, father-in-law, mother, step-mother, mother-in-law, brother, step-brother, sister, step-sister, husband, wife, domestic partner, biological child, adopted child, step-child, foster child, legal ward, child of a domestic partner, grandchild, grandparent, foster parent, legal guardian, or any family member with whom the employee resides.

28.4 Permissible Uses

28.4.1 FMLA Leave. FMLA leave may be used for:

- 28.4.1.1 The birth of a child or to care for a newborn of an employee;
- 28.4.1.2 The placement of a child with an employee in connection with the adoption or foster care of a child;
- 28.4.1.3 The care for the employee's father, step-father, father-in-law, mother, step-mother, mother-in-law, brother, step-brother, sister, step-sister, husband, wife, biological child, adopted child, step-child, foster child, legal ward, child of a domestic partner, grandchild, grandparent, legal guardian, or any family member with whom the employee resides, who has a serious health condition, as defined in the Act;
- 28.4.1.4 The employee's own serious health condition that renders the employee unable to perform the essential functions of his or her position, including incapacity due to pregnancy;
- 28.4.1.5 A qualifying exigency arising out of the fact that an employee's family member is on covered active duty or called to covered active duty status in the Armed Forces. A qualifying exigency may include activities such as making arrangements for childcare, attending counseling relating to the active duty of the service member, or attending to farewell or arrival arrangements for the service member.
- 28.4.1.6 The care for the employee's family member or "next of kin" service member of the United States Armed Forces who has a serious injury or illness incurred in the line of duty while on active military duty. This leave may consist of up to twenty-six (26) weeks of unpaid leave during a single twelve (12) month period.

28.4.2 CFRA Leave. CFRA Leave may be used for:

- 28.4.2.1 The same purposes as FMLA Leave, including the care of a domestic partner or child of a domestic partner, and shall run concurrently with FMLA leave.
- 28.4.2.2 CFRA may not be used for 1) an employee's incapacity due to pregnancy, 2) leave due to a qualifying exigency, or 3) to care for a family member or next of kin with a serious injury or illness incurred in the line of duty. However, incapacity due to pregnancy may entitle an employee to up to four (4) months of pregnancy disability leave under California's Pregnancy Disability Leave (PDL) law.

28.4.3 General Provisions: Requests for FMLA and CFRA Leave

Where the need for Leave is foreseeable, the District requests thirty (30) days advance notice.

28.4.4 Medical Certification

As a condition of FMLA or CFRA Leave because of a serious health condition, the District may require certification by the employee's attending physician in accordance with Department of

Labor (DOL) regulations.

28.4.5 Medical and Dental Premiums

During FMLA and CFRA Leave, the District shall pay for medical and dental benefits at the same level as coverage would have been provided if the employee was not on leave. The employee shall be required to pay his or her share of medical and dental premiums. Failure to submit a monthly co-payment, in full, within sixty (60) days of the invoice date will result in loss of group coverage. Coverage will be reinstated upon return to active employment.

28.4.6 Reinstatement

Upon expiration of FMLA or CFRA Leave, the employee shall be reinstated to the same or a comparable position, unless the employee would not otherwise have been entitled to that position for reasons unrelated to such leave (e.g., layoff), in which case the District's obligation to continue health and dental or other benefits shall cease.

28.4.7 District Employment of Spouses/Domestic Partners

28.4.7.1 FMLA Leave. Married employees shall be limited to a combined total of twelve (12) weeks FMLA or CFRA Leave in a rolling twelve (12) month calendar period for the care of a parent or newly born or placed child.

28.4.7.2 CFRA Leave. Married employees and employees in domestic partnerships will be limited to a combined total of twelve (12) weeks CFRA leave in a rolling twelve (12) month calendar period for the care of a parent or newly born or placed child.

28.5 General Leave

28.5.1 Employees who have exhausted all paid time off accruals may request to be granted a general leave-of-absence by District management to attend to personal matters or for FMLA or CFRA qualifying events after the expirations of previously authorized leave.

28.5.2 During a general leave-of-absence, the employee will be required to pay both the District's and the employee's share of medical and dental premiums.

28.5.3 Failure to submit a monthly co-payment, in full, within sixty (60) days of the invoice date will result in loss of group coverage. Coverage will be reinstated upon return to active employment.

28.6 Return to Work Policy

28.6.1 An employee who has been absent from work due to a medical reason may be subject to a Return-to-Work medical evaluation.

28.6.2 If it is determined that the job demands of the position last held by the employee are not compatible with the employee's restrictions (with reasonable accommodation if the employee is disabled within the meaning of the ADA/FEHA) and the employee is willing to return to work, placement in an alternative position, if available, shall be considered. The employee shall be re-classified as medically disqualified while alternative positions are being considered. Such time off shall be without pay; however, the employee may elect to use accrued leave hours, such as vacation, sick or personal, to receive compensation. Placement of an employee in an alternative position requires a pre-placement medical evaluation for the alternative job.

28.6.3 If it is determined that the job demands of the position last held by the employee are not compatible with the employee's restrictions (and cannot be reasonably accommodated if the employee is disabled within the meaning of ADA/FEHA) and there is not an alternative position, or the employee's restrictions are not compatible with an alternative position, or the employee is not willing to return to work, the employee shall be re-classified as medically disqualified and not permitted to work. Thereafter, the employee shall be retired for disability, if eligible, or dismissed. Such dismissal will not imply disciplinary action for cause. If requested, the employee's file will indicate the employee left for personal reasons.

28.6.4 Bridge of Service

If an employee is dismissed per Section 28.6.3, and then is rehired to a position within the District within one (1) year, the District shall bridge the employee's service date. Bridging of service procedures involve adding the total number of days away from work to the employee's original date of hire.

28.6.5 Failure to Return to Work

If, upon the expiration of FMLA or CFRA Leave, or any District approved extension thereof including General Leave, an employee fails to return to work and no additional leave has been authorized, the employee shall be considered to have automatically resigned from his or her position. In such cases, the employee will receive advance notification of the District's intent to implement an automatic resignation.

28.7 Compliance with Law

These Leave-of-Absence provisions shall be interpreted and applied in a manner that is consistent with the provisions of FMLA, CFRA, ADA and all other laws. In the event there is a direct conflict between these provisions, as written or applied, the provisions of law shall govern.

ARTICLE 29. - CLASSIFICATION STUDIES

29.1 OCSD will include a representative from OCEA to participate as a partner in the agency-wide classification and compensation study.

29.2 An employee who believes his/her position is not properly classified may submit a written request to the Department Director asking that a classification study be conducted. The Department Director will acknowledge the request in writing and review the request for accuracy, and forward it to the Director of Human Resources, or designee, for consideration and response. Classification studies will only be conducted twice a year in November and during the budget process; therefore, classification study requests shall be submitted October 1st for the November review and according to the Finance budget schedule. District's management may also conduct classification studies at their discretion to ensure that the duties and responsibilities of all employees are appropriately allocated within the classification structure.

29.3 Y-Rating

29.3.1 All classification study findings regarding existing classifications are subject to approval by the General Manager; findings recommending a new job classification range are subject to approval by the District's Board of Directors. The recommendations of the classification study shall be implemented in the first pay period immediately following the completion of the study, unless the recommendations require action be taken by the Board of Directors prior to implementation. In such event, the recommendations shall be implemented in the first pay period immediately following authorization by the Board.

29.3.2 In the event the duties and responsibilities of a position are allocated to a lower paid classification, the salary of the incumbent of that position shall remain unchanged (Y-rated) in accordance with the following table:

Years of Service	Term of Y-Rate
0-3	1 year
4-5	2 years
6-10	3 years
11-20	4 years
20 or more	5 years

- 29.3.3 Y-rating based on the above schedule shall be granted for all reclassifications where employees are working in a job classification with a lower maximum rate of resulting from changes to the District's staffing requirements, organizational structure or "bumping" associated with layoffs. Y-rating shall not apply in cases involving disciplinary actions or voluntary changes to a job classification with a lower maximum rate of pay.
- 29.3.4 The Y-rate shall remain in effect until the salary range for the new classification equals or exceeds the employee's Y-rated salary, or until the term of the Y-rate expires in accordance with the table above. If the Y-rate expires before the employee's salary falls within the range of the new classification, the employee shall be placed at the top of the range. Employees become eligible for merit increases and range adjustments when the Y-rate is no longer in effect.

29.4 Z-Rating

- 29.4.1 Employees allocated to classifications with a lower range maximum than their current salary as a result of the District's comprehensive Classification Study results implemented effective July 12, 2002 will have their salary remain unchanged (z-rated) until such time that the range maximum of their salary range exceeds or equals their current salary.
- 29.4.2 If a position is allocated to a higher paid classification, and the incumbent is promoted to that level, his or her salary will be placed at the step of the new range that is nearest a one-step increase, not to exceed the maximum rate of pay.

ARTICLE 30. - DRIVER'S LICENSE

- 30.1 Employees who are required by the District to drive must notify their supervisor and the Human Resources Risk Management Division immediately upon receipt of any suspension or revocation of their California Driver's License privileges. Failure to do so could result in disciplinary action up to and including separation.
- 30.2 If an employee whose license is suspended or revoked and is unable to perform his or her regular duties and responsibilities notifies the District in a timely fashion, an attempt shall be made to place the employee in an equal or lower level position for which he or she is qualified. Placement in the range of the new classification is subject to District management's discretion.
- 30.3 The District will continue to pay the license renewals and physical examination costs of Class A & B licenses that are specifically required by the District.

ARTICLE 31. - LAYOFF PROCEDURE

- 31.1 Nothing herein shall be construed to require the District to fill vacant, budgeted positions nor to prohibit the District from eliminating vacant positions from the budget. The District reserves the right to reassign staff to other positions in instances involving job restructuring, reorganization or due to lack of work.
- 31.2 The layoff procedure outlined below shall be followed if the District finds it necessary to layoff personnel who were hired after January 1, 2000 and for any layoffs which occur after November 1, 2002.
- 31.3 If, in the sole discretion of District management, personnel reductions are necessary, layoff order and recall lists shall be developed based upon job classification, priority of function, job performance, individual qualifications and seniority. The OCEA and employees subject to layoff shall be provided with at least two weeks notification in writing, whenever possible.
- 31.4 Employees in classifications subject to layoff may request a voluntary demotion to any previously held position for which they remain qualified. Such requests must be made in writing to the Human Resources Department within five (5) days of receipt of the Layoff Notice. The salary of an employee who voluntarily demotes shall be unchanged, except that it may not exceed the maximum rate of the range for the lower level classification.

- 31.5 Recall lists shall be developed for all classifications experiencing personnel reductions, and shall be maintained for a period of two years from the date of layoff. Individuals shall be placed on the list in the inverse order of layoff, so that the last person laid off is the first recalled. When a vacancy occurs in a classification for which a Recall list exists, an offer of reemployment shall be made to the individual on the top of the list. That individual must respond to the offer within five days, or the offer shall be made to the next person on the list. An individual who either does not respond or refuses three consecutive offers shall have their name removed from the list.
- 31.6 All notification and responses must be in writing and delivered either in person or by Certified Mail. It is the responsibility of all employees to keep the Human Resources Department informed of their current address, or where they may be contacted.

ARTICLE 32. - LIGHT DUTY

- 32.1 An employee who is released by a physician to perform limited duties because of a temporary disability may be assigned to light duty at the discretion of the District. Light duty may consist of duties other than those normally performed by the employee and that are within the employee's medical restrictions. An employee assigned to light duty will be paid the regular wage rate for the job classification to which he or she was assigned prior to being temporarily disabled.

ARTICLE 33. - MEDICAL EXAMINATION

- 33.1 When there is reasonable evidence to suggest that an employee is impaired in a manner that endangers their own health or safety, or that of others, the District may require that employee to be examined or evaluated by a health care provider. The purpose of such examination must be job related. Any examination under this provision shall be conducted on District time and at District expense. An employee may submit an independent medical opinion regarding the individual's condition and addressing his or her ability to competently perform the duties of the position. This information shall be reviewed and considered by a competent medical authority in arriving at a decision regarding the individual's continued employment in the position.

ARTICLE 34. - MILEAGE ALLOWANCE

- 34.1 Approved use of a personal vehicle for District business shall be reimbursed at the current IRS rate.

ARTICLE 35. - ACTING PAY

- 35.1 Employees who are assigned by District management to perform the duties of a position at a higher level for a period of at least eighty (80) consecutive hours shall be eligible for a one step salary increase, or the first step of the range for the higher level classification, whichever is greater. The higher rate of pay begins with the hour eighty-one (81), and continues until the assignment ends or the six (6) month limitation has been reached at which time a determination will be made as to whether the position should or should not be posted. Requests for acting pay require the approval of the Department Director and the Director of Human Resources, or designee. The eighty (80) hour eligibility period may be waived at the discretion of the General Manager.

ARTICLE 36.

(This Article intentionally left blank.)

ARTICLE 37. - PERSONNEL FILES

- 37.1 Employees have the right to inspect their personnel file in the Human Resources Department during the normal office hours of the Human Resources Department, by appointment. Employees who wish to correct allegedly erroneous information in their file, or request that items related to disciplinary matters be removed after the indicated time period has elapsed, should submit a request in writing to the Director of Human Resources, or designee. It is the responsibility of each employee to keep the personal information in his or her file current, including home address, telephone number and person to contact in an emergency.

ARTICLE 38. – BULLETIN BOARDS

- 38.1 The OCEA may use the bulletin boards located at Plant 1 and Plant 2, which are designated for use by employee groups to post notices to District employees, provided that: (a) no controversial matter which is critical of or derogatory to the District, its employees, officers or Directors may be posted; (b) nothing posted by the District may be removed; (c) the OCEA shall remove its notices after a reasonable length of time; and (d) only a reasonable number of notices shall be posted.

ARTICLE 39. - RELEASE TIME FOR MEET AND CONFER SESSIONS

- 39.1 A maximum of three (3) employees covered by this Agreement and appointed by the OCEA shall be granted reasonable release time for attending meet and confer sessions at the bargaining table. Release time shall not be compensated for any hours that exceed the employee's regularly scheduled hours of work.
- 39.2 The OCEA shall provide the Director of Human Resources, or designee, with the names of employees requiring meet and confer release time in advance of the meet and confer session. The release time shall be granted provided that the needs of the District permits the time away from assigned work.

ARTICLE 40. - USE OF DISTRICT FACILITIES

- 40.1 District facilities may be used by the OCEA with prior notice to the Director of Human Resources, or designee, for the purpose of holding meetings, to the extent that such use does not interfere with normal District operations. The OCEA agrees to pay for the cost of any additional custodial or security services.

ARTICLE 41. - SCOPE OF BARGAINING

- 41.1 The District and the OCEA acknowledge that during the negotiations, which resulted in this Agreement, each party had the unlimited right and opportunity to make demands and proposals with respect to all proper subjects within the scope of representation. Therefore, the District and the OCEA, for the term of this Agreement, except as otherwise provided herein, each voluntarily and unqualifiedly waive the right, and each agrees that the other shall not be obligated to bargain collectively with respect to any subject or matter contained in this Agreement.

ARTICLE 42. - IMPASSE PROCEDURES

- 42.1 If either the District or OCEA declares that an impasse exists in the meet and confer process, the party so declaring may initiate the impasse procedure by providing the other party with a written request for an impasse meeting, together with a statement of its position on all issues. An impasse meeting shall be scheduled and held between the parties within fourteen (14) calendar days or as soon as practicable to:
- 42.2 Review the position of the parties in a final effort to reach agreement on a memorandum of understanding, and if the impasse is not resolved, to discuss the immediate utilization of impasse procedures outlined herein.
- 43.3 Impasse procedures are:
- 43.3.1 Mediation: If the parties mutually agree to submit the dispute to the State Mediator and Conciliation Service, all mediation proceedings shall be private and occur as soon as practicable. The mediator shall make no public recommendation, nor take any public position at any time concerning the issues.
- 43.3.2 Fact-Finding: If the parties fail to resolve the dispute through mediation, the parties may agree to submit the impasse to fact finding as soon as practicable. The cost of a fact finder and other mutually incurred costs shall be mutually shared by the District and OCEA.
- 43.3.3 Board Actions: If the parties fail to resolve the impasse, the dispute shall be sent to the District's Board of Directors for resolution. Each party shall submit its written proposal on all issues to the

Board. The Board may take such action to resolve the impasse as it deems appropriate to the public interest. Any action taken by the Board to resolve the impasse shall be final and binding.

ARTICLE 43. - SEVERABILITY

- 43.1 Notwithstanding any other provisions in this Agreement, in the event that any article, section or subsection of this Agreement shall be declared invalid by any court or by any state or federal law or regulation, or should a decision by any court or any state or federal law or regulation diminish the benefits provided by this Agreement, or impose additional obligations on the District, the District and OCEA shall meet and confer on the affected article, section or subsection. In such event, all other articles, sections or subsections of this Agreement not affected shall continue in full force and effect.

ARTICLE 44. - UNIFORMS

- 44.1 The District shall provide and maintain ten (10) uniform pants and shirts, which may include the name of the employee and District's seal, at no cost to employees whose duties require that they wear uniforms. The District will also provide lab coats as required by the lab manager.
- 44.2 All employees who are issued uniforms must wear them during the performance of their regular duties. Other clothing appropriate to the occasion, as determined by District management, may be worn when attending business meetings. Failure to wear required clothing, shoes and safety equipment may be cause for disciplinary action.

ARTICLE 45. - SUBSTANCE ABUSE POLICY

- 45.1 The District's Substance Abuse Policy will apply to all unit members. The District may adopt or implement rules, regulations and policies to be in compliance with federal and state laws. In such cases, notification will be provided to the bargaining unit prior to implementation.
- 45.2 Department of Transportation (DOT) Regulations
- 45.2.1 Every driver who operates a commercial motor vehicle in interstate or intrastate commerce, and is subject to the commercial driver's license requirements of the Department of Transportation, Federal Highway Administration CFR Part 382 is subject to the District's Anti-Drug and Alcohol Program. The District will ensure that all alcohol or controlled substances testing conducted under the Substance Abuse and Alcohol Misuse Plan complies with the procedures set forth in CFR Part 40.
- 45.3 District's Substance Abuse Policy
- 45.3.1 Any employee may be subject to discipline, up to and including termination, for any alcohol screen test that indicates an alcohol concentration level of 0.02% or greater.

ARTICLE 46. - DUES DEDUCTIONS

- 46.1 The District shall deduct from each regular paycheck and remit to OCEA the dues, initiation fees and assessments for each employee who voluntarily authorizes such deduction in writing. Such authorizations must be filed by the end of the pay period prior to the period for which the deduction is requested.
- 46.2 The District shall provide the OCEA a quarterly list of the names of those employees for whom it has made deductions. In addition, the District shall provide the names and addresses of new employees and the names of employees who have terminated within the previous quarter.

ARTICLE 47.

(This Article intentionally left blank)

ARTICLE 48. - PEACEFUL RESOLUTION OF DISPUTES

- 48.1 During the term of this Memorandum, or any subsequent period when impasse resolution procedures are in progress or recommendations resulting from such procedures are being considered by the parties, the District agrees it shall not lockout employees in this bargaining unit, and OCEA agrees that it shall neither advocate, encourage or participate in any strike, including sympathy strike, or work stoppages, nor encourage employees to refrain in whole or in part from the full, faithful and proper performance of their duties of employment.

ARTICLE 49.

(This Article intentionally left blank)

ARTICLE 50. - WORKPLACE VIOLENCE AND WEAPONS POLICY

- 50.1 The District's Workplace Violence and Weapons Policy will apply to all unit members.

ARTICLE 51. - RESIGNATION

- 51.1 Voluntary written termination of employment with the District is irrevocable after seventy-two (72) hours from the receipt of the resignation, except by approval of the Director of Human Resources, or designee.

ARTICLE 52.

(This Article intentionally left blank)

ARTICLE 53. - LABOR MANAGEMENT COMMITTEE

- 53.1 Orange County Employees Association (OCEA) and the Orange County Sanitation District (OCSD) hereby agree to meet within two (2) months from the OCSD Board approval of this MOU to discuss the structure and process of a Labor Management Committee at OCSD. Absent mutual agreement regarding the structure and process of a Labor Management Committee, the parties will defer discussions to the time when a successor MOU is raised.

SIGNATURE PAGE

**2014 – 2016
MEMORANDUM OF UNDERSTANDING
BETWEEN THE
ORANGE COUNTY SANITATION DISTRICT
AND THE
ORANGE COUNTY EMPLOYEES ASSOCIATION
FOR THE
ADMINISTRATIVE AND CLERICAL UNIT**

Executed: _____

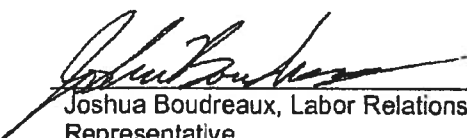
OCEA ADMINISTRATIVE & CLERICAL UNIT

ORANGE COUNTY SANITATION DISTRICT




Bo Gutierrez, Labor Relations Representative

Steve Filarsky, Chief Negotiator



Joshua Boudreaux, Labor Relations Representative

James Herberg, General Manager



Beatrice Mitchell, Administrative Assistant

Robert P. Ghirelli, Assistant General Manager



Janet Roberts, Administrative Assistant

Richard Spencer, Human Resources Manager

Andrew Nau, Principal Human Resources Analyst

Stephanie Good, Human Resources Analyst

Exhibit A

**ADMINISTRATIVE AND CLERICAL
UNIT**

Classification	Pay Grade
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Executive Assistant	69
Administrative Assistant	67
Contracts/Purchasing Assistant	67
Payroll Technician	67
Graphics Coordinator	66
Lead Storekeeper	62
Accounting Assistant II	58
Senior Storekeeper	58
Program Assistant	56
Accounting Assistant I	54
Storekeeper	52
Office Assistant	50

Effective
11-Jul-14

MIN	MAX
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\$34.89	\$42.41
\$33.20	\$40.35
\$33.20	\$40.35
\$33.20	\$40.35
\$32.40	\$39.38
\$29.34	\$35.67
\$26.58	\$32.31
\$26.58	\$32.31
\$25.31	\$30.75
\$24.08	\$29.26
\$22.93	\$27.88
\$21.82	\$26.52

Effective
10-Jul-15

MIN	MAX
-----	-----

\$35.59	\$43.26
\$33.86	\$41.16
\$33.86	\$41.16
\$33.86	\$41.16
\$33.05	\$40.17
\$29.93	\$36.38
\$27.11	\$32.96
\$27.11	\$32.96
\$25.82	\$31.37
\$24.56	\$29.85
\$23.39	\$28.44
\$22.26	\$27.05