PAJARO VALLEY WATER MANAGEMENT AGENCY

36 BRENNAN STREET • WATSONVILLE, CA 95076
TEL: (831) 722-9292 • FAX: (831) 722-3139
info@pvwater.org • https://www.pvwater.org

Board of Directors Meeting
December 20, 2023
Immediately Following PV Water Finance Corporation Meeting

Watsonville City Council Chambers
275 Main St. 4th Floor,
Watsonville, CA

BOARD MEETING AGENDA

Agenda Item

Note: The Board may take action on any item listed on the agenda.

1. **Call to Order**

2. **Roll Call of the PV Water Directors:** Amy Newell (Chair), Stephen Rider, (Vice-Chair), Bob Culbertson (Treasurer), Javier Zamora, Mary Bannister, Tom Broz, Abel Sanchez

3. **Pledge of Allegiance**

4. **Oral Communications**
   This time is set aside for members of the general public to address the Board of Directors on any item not on the agenda, and that is within the subject matter jurisdiction of the Board of Directors. Each speaker is allotted up to 3 minutes. No action or discussion shall be taken on any item presented except that the Board may respond to statements made or questions asked or may ask questions for clarification. All matters of an administrative nature will be referred to staff. All matters pertaining to the Board may be scheduled for discussion at a future meeting or referred to staff for clarification or a report, at the pleasure of the board.

5. **Closed Session – 2 Items:**
   a. **Conference with Real Property Negotiators**
      (Cal. Gov't Code § 54956.8)
      Property: APN 052-181-17, 18, & 20
      Agency Negotiators: Brian Lockwood, Richard Smith
      Negotiating Parties: Agency and Ocean Field Holding, LLC
      Under Negotiation: Price, terms of payment, or both

   b. **Conference with Labor Negotiators**
      (Cal. Gov't Code § 54957.6)
      Agency Negotiator: General Manager
      Employees: All Employees

   Open Session (anticipated to resume at 7:00 p.m.)

   Report on Closed Session

6. **Director Comments**

7. **Counsel Report**

8. **General Manager Report**

9. Consent Agenda

All items appearing on the Consent Agenda are recommended actions which are considered to be routine and will be acted upon as one consensus motion. Any items removed will be considered immediately after the consensus motion. The Board Chair will allow public input prior to the approval of the Consent Agenda.

A. Approve November 15, 2023, Minutes
B. Approve Financial Reports
C. Adopt Resolution 2023-20, Amending the Cash Reserve Policy for Fiscal Year Ending June 30, 2024
D. Approve 2022 Annual Report
E. Approve Agreement with Balance Hydrologics, Inc., for Watsonville Slough Watershed Hydrologic Monitoring Professional Services, Water Years 2024 and 2025, in an Amount Not to Exceed $142,942
F. Approve First Amendment to Independent Registered Municipal Advisor Agreement with NHA Advisors, LLC, for Water Infrastructure Finance and Innovation (WIFIA) Loans, in an amount not to exceed $75,000
G. Approve Agreement with Jones Hall, A Professional Law Corporation, for Special Counsel Services in Connection with Water Infrastructure Finance and Innovation (WIFIA) Loans in an amount not to exceed $90,000 per Loan
    1. Introduction by staff
    2. Questions from Board
    3. Public comment
    4. Board discussion and deliberations
    5. Board action

10. Informational Items

A. Receive Basin Management Plan Implementation Update

11. Discussion and/or Action Items

A. Consider Approval of Amendment to Agreement with SWCA Environmental Consultants for College Lake Integrated Resources Management Project Environmental Monitoring and Permit Compliance During Construction Services in an amount not to exceed $1,120,818
    1. Introduction by staff
    2. Questions from Board
    3. Public comment
    4. Board discussion and deliberation
    5. Board action

B. Consider Approval of Proposed Employee Handbook Updates
    1. Introduction by staff
    2. Questions from Board
    3. Public comment
    4. Board discussion and deliberation
    5. Board action

C. Consider Election of Officers for 2024: Chair, Vice-Chair, Treasurer
    1. Introduction by staff
    2. Questions from Board
    3. Public comment
    4. Board discussion and deliberation
    5. Board action

D. Appoint Representatives to Serve on Standing Committees
   1. Introduction by staff
   2. Questions from Board
   3. Public comment
   4. Board discussion and deliberation
   5. Board action

E. Appoint Representatives to other Organizations
   1. Introduction by staff
   2. Questions from Board
   3. Public comment
   4. Board discussion and deliberation
   5. Board action

12. Monthly Reports/Presentations

A. Facility Operations Report
   1. Receive 2023 Supplemental Water Production Monthly Summary Report
B. Board Committee Reports available at www.pvwater.org
C. Public Outreach Update

13. Correspondence

14. Future Meetings

A. Administrative/Finance Committee, Tuesday, January 9, 2024, 3:00 p.m., PV Water, 36 Brennan St. Watsonville, CA
B. Board of Director's Meeting, Wednesday, January 17, 2024, 7:00 p.m., City of Watsonville Council Chambers, 275 Main Street, 4th Floor, Watsonville, CA
C. Project & Facility Operations Committee, Wednesday, January 31, 2024, 3:00 p.m., PV Water, 36 Brennan St. Watsonville, CA

Adjourn

NOTES

The PV Water's meeting locations are accessible facilities. If you wish to attend a meeting and require assistance in order to attend and /or participate, please call the Board Secretary at (831) 722-9292 in advance of the meeting and every effort made to accommodate your attendance and participation.

This agenda is subject to revision and maybe amended prior to the scheduled meeting. If amended, a Final Agenda to be posted at PV Water, 36 Brennan Street, Watsonville and at the location where the meeting will be held, 72 hours prior to the meeting. Copies of the Final Agenda will be available at the Board Meeting. This Agenda shall be made available upon request in alternative formats to persons with a disability, as required by the Americans with Disabilities Act of 1900 (42 U.S.C. Sec. 12132) and the Ralph M. Brown Act (Cal. Govt. Code Sec. 54954.2). Persons requesting a disability-related modification or accommodation should contact PV Water Board Secretary at (831) 722-9292 during regular business hours at least 24 hours prior to the time of the meeting.

Agenda documents are available for review, on the Monday following posting of the agenda, in person at PV Water, 36 Brennan St. Watsonville, or on the website: https://www.pvwater.org/board-and-committees/director-agendas.php

Translation Services/Servicios De Traduccion

Spanish language translation is available on an as needed basis. Please make advance arrangements with the PV Water Board Secretary, 36 Brennan St. Watsonville, CA or by telephone (831) 722-9292.
Se proven servicios de interpretacion segun se necesiten. Sirvase contactar a la secretaria de Directiva de la Agencia para hacer preparativos.

Public Access to Board of Directors Meeting

You can attend the meeting from your computer, tablet, or smartphone (may require app).
By Computer:
https://www.gotomeet.me/PVWater/board-of-directors
By Phone:
United States (Toll Free): 1 (877) 309-2073 Access Code: 347-473-301#

Board of Directors Meeting
November 15, 2023, 7:00 p.m.

City Council Chambers
75 Main St., 4th Floor
Watsonville, CA 95076

DRAFT BOARD MEETING MINUTES

1. **Call to Order:** The Regular Board Meeting of Pajaro Valley Water Management Agency was called to order at 7:04 p.m. by Chair Newell, City Council Chambers, 275 Main Street, 4th Fl., Watsonville, CA

2. **Roll call of the PV WATER Directors:**

Board Members Present:	Newell, Culbertson, Zamora, Bannister, Broz, Sanchez
Board Members Absent:	Rider
Staff Members Present:	Brian Lockwood, General Manager (GM) Laura R. Taay, Board Secretary Marcus Mendiola, Water Conservation and Outreach Specialist (WCOS) Nancy Trevino, (AFM), Admin/Finance Manager
Others Present:	Tony Condotti, Agency Counsel (AC) via zoom Tom Rider, Public

3. **Pledge of Allegiance**

4. **Oral Communications:** None

5. **Director Comments:** Chair Newell reported on being interviewed by staff of the Nature Conservatory regarding PV Water's Recharge Net Metering Program and will be attending a meeting on November 16, 2023, City of Watsonville Library with the interviewers, one coming in from Brazil and one coming in from New Zealand.

6. **Counsel Report:** None

7. **General Manager Report:** GM Lockwood reported being interviewed same as Chair Newell. Local farmers were also included in the interviews. Director Bannister was re-appointed to another term on ACWA Region 5 Board of Directors. GM and staff are working on updating Employee Handbook and will bring to Board of Directors when completed.

8. **Consent Agenda**
   A. Approve October 18, 2023, Minutes
   B. Approve Financial Reports

C. Approve End of Year office schedule
D. Approve 2024 Board and Committee Meeting Schedule

Action: Director Culbertson moved to approve the Consent Agenda; seconded by Director Sanchez.

Motion carried by the following voice vote:

AYES:	Newell, Culbertson, Zamora, Bannister, Broz, Sanchez
NOES:	None
ABSENT:	Rider
ABSTAIN:	None

9. Informational Items

A. Received Strategic Plan 2024+ Update.

B. Received Basin Management Plan Implementation Update from GM Lockwood.

10. Discussion and/or Action Items - None

11. Monthly Reports/Presentations

A. Facility Operations Report
   1. Received 2023 Supplemental Water Production Monthly Summary Report
B. Board Committee Reports available at www.pvwater.org
C. Public Outreach Update

12. Correspondence

13. Future Meetings

A. Administrative/Finance Committee, Tuesday, December 12 , 2023, 3:00 p.m., PV Water, 36 Brennan Street, Watsonville
B. Project & Facility Operations Committee, Wednesday, December 13, 2023, 3:00 p.m., PV Water, 36 Brennan Street, Watsonville
C. Board of Directors, Wednesday, December 20, 2023,7:00 p.m., City Council Chambers, 275 Main St., 4th Floor, Watsonville
D. Pajaro Valley Water Finance Corporation, December 20, 2023, immediately following Board Meeting, 285 Main St., 4th Floor, Watsonville

Adjourned at 7:57 p.m.

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Laura R. Taay, Board Secretary **Date Approved**

PAJARO VALLEY WATER MANAGEMENT AGENCY

Account Activity Report per Bank Statement

	Date	Deposits	Withdrawals	Balance
CLEARING ACCOUNT - Mechanics				
Beginning Balance	10/1/2023			$259,873
Cash Receipts				
Disbursements			10,155,920	
Transfers		10,151,876		
Bank Fees				
Ending Balance	10/31/2023			$255,829
GENERAL FUND10-MMA Mechanics				
Beginning Balance	10/1/2023			$1,471,094
Cash Receipts		1,400		
Transfers			17,509	
Interest Earned		4,921		
Bank Fees				
Ending Balance	10/31/2023			$1,459,907
GENERAL FUND 10 - LAIF				
Beginning Balance	10/1/2023			$2,246,814
Transfers				
Interest Earned		20,261		
Ending Balance	10/31/2023			$2,267,075
GENERAL FUND 20 - LAIF				
Beginning Balance	10/1/2023			$8,250,359
Transfers				
Interest Earned		74,398		
Ending Balance	10/31/2023			$8,324,757
SPECIAL REVENUE FUND 20-ACH Clearing Acct Mechanics				
Beginning Balance	10/1/2023			$0
Cash Receipts				
Sweep/Transfers				
Disbursments/ACH-Wire				
Bank Fees				
Ending Balance	10/31/2023			$0
SPECIAL REVENUE FUND 20-Operating Mechanics				
Beginning Balance	10/1/2023			$15,783
Cash Receipts		3,848,026		
Transfers			3,796,770	
Disbursments/ACH-Wire				
Bank Fees			1,333	
Interest Earned				
Ending Balance	10/31/2023			$65,705
SPECIAL REVENUE Fund 20 Cash Mgmt-FUND20MMN Mechanics				
Beginning Balance	10/1/2023			$6,881,790
Transfers		3,650,000	130,000	
Disbursments/ACH-Wire				
Bank Fees				
Interest Earned		24,535		
Ending Balance	10/31/2023			$10,426,326
BNY Mellon Construction Fd - 2023 Certificates of Participation				
Beginning Balance	10/1/2023			$28,216,988
Transfers			9,857,597	
Interest Earned		332,612.55		
Ending Balance	10/31/2023			$18,692,003
Certificate of Deposit - DWR Loan Reserve Mechanics Fund 40				
Beginning Balance	10/1/2023			$260,879
Interest Earned		643.26		
Ending Balance	10/31/2023			$261,523
Certificate of Deposit - SRF-D1501023				
Beginning Balance	10/1/2023			$76,275
Transfers				
Interest Earned				
Ending Balance	10/31/2023			$76,275

Prior Month Ending Cash Balance:	Total Deposits:	Total Withdrawals:	Month End Cash Balance:
47,679,857	18,108,674	23,959,130	41,829,400
Cash Transfers	13,801,876	13,801,876	-
Actual Cash Receipts/Disbursements	4,306,798	10,157,254	

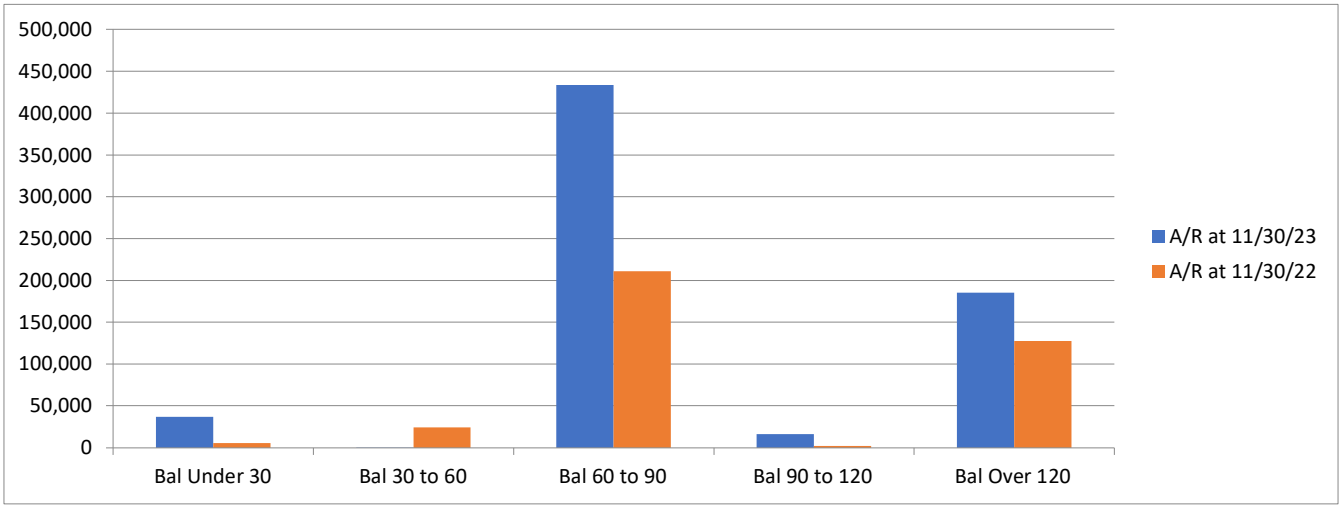
PAJARO VALLEY WATER MANAGEMENT AGENCY
INVESTMENT REPORT
ALL FUNDS
October 31, 2023

Description	Current Yield	Investment	% of Total Portfolio	Weighted Yield
Mechanics Clearing Account	0.00%	**$255,829**	0.61%	0.00%
General Fund 10				
Mechanics General Fund 10 Money Market Account	3.92%	1,459,907	3.49%	0.14%
Local Agency Investment Fund	3.59%	2,267,075	5.42%	0.19%
		$3,726,982		
Special Revenue Fund 20				
Mechanics Special Revenue Fund 20-ACH Clearing Account	0.00%	0	0.00%	0.00%
Mechanics Special Revenue Fund 20 Operating Account	0.00%	65,705	0.16%	0.00%
Mechanics Special Revenue Fund 20 Money Market Account	3.92%	10,426,326	24.93%	0.98%
Local Agency Investment Fund	3.59%	8,324,757	19.90%	0.71%
		$18,816,788		
Capital Projects Fund 30				
BNY Mellon Construction Fund - 2023 COPs	5.05%	**$18,692,003**	44.69%	2.26%
Long Term Debt Fund 40				
Mechanics Certificate of Deposit DWR Loan Reserve	3.00%	$261,523	0.63%	0.02%
Mechanics Certificate of Deposit SRF-D1501023	3.00%	$76,275	0.18%	0.01%
		337,798		
	Total:	**$41,829,400**	**100.0%**	

Total Funds Reserved	337,798
Total Funds Invested	41,170,067
Total Funds Non-Interest Bearing	321,534
Total Funds	**$41,829,400**
Total Available Funds	41,491,601
Cash Reserve Policy Requirements (PV Water)	6,810,000
Surplus (Deficit) of Funds	**$34,681,601**

PV Water
Accounts Receivable Aging 3 Month Trend
As of 11/30/2023

	Balance Forward	Bal Under 30	Bal 30 to 60	Bal 60 to 90	Bal 90 to 120	Bal Over 120
Accounts Receivable before credits	672,521	36,971	178	433,709	16,277	185,387
Credits	(55,647)					
Total Accounts Receivable at 11/30/23	616,875					
Accounts Receivable before credits	370,245	5,451	24,449	210,829	2,034	127,482
Credits	(53,358)					
Total Accounts Receivable at 11/30/22	316,887					
Accounts Receivable before credits	1,920,973	-13,423	1,731,424	16,302	123	186,547
Credits	(13,722)					
Total Accounts Receivable at 10/31/23	1,907,250					
Accounts Receivable before credits	6,210,868	5,961,425	17,229	123	76,869	155,222
Credits	(704)					
Total Accounts Receivable at 9/30/23	6,210,163					



Accounts Payable

Checks by Date - Detail by Check Date

User: priscilla
Printed: 11/30/2023 9:23 AM

Check No	Vendor No / Invoice No	Vendor Name / Description	Check Date / Reference	Check
44853	A190	ACE HARDWARE OF WATSONVILLE INC	11/02/2023	
	225749/226136	Field supplies for 10/23		79.52
			Total for Check Number 44853:	79.52
44854	A351	ACWA/JPIA	11/02/2023	
	118	Auto & Gen Premium Policy Yr. for 10/1/23 to 2024		57,996.00
			Total for Check Number 44854:	57,996.00
44855	A400	ACWA/JPIA WORKERS COMP	11/02/2023	
	7/1/23 thru 9/30/23	Worker's Compensation Ins. for 7/1 to 9/30/23		4,888.23
			Total for Check Number 44855:	4,888.23
44856	A910	ATCHINSON,BARISONE,CONDOTTI	11/02/2023	
	34347	CL, WSR & BOD Legal Services for 9/1 to 9/30/23		9,219.63
	34348	College Lake Legal Services for 9/1 to 9/30/23		1,238.80
	34349	Legal P/S General Matters for 9/1-9/30/23		2,237.46
			Total for Check Number 44856:	12,695.89
44857	C1099	CAROLLO ENGINEERS INC	11/02/2023	
	FB42516	PV Water WSR System Project Design for 9/1-9/30/23		20,733.50
	FB42941	BMP WSR Prgm Mgmt/CL Planning Svc Mo. Prog Rpt for 9/23		5,862.38
			Total for Check Number 44857:	26,595.88
44858	C1580	SPECTRUM BUSINESS COMMUNICATIONS	11/02/2023	
	0310817102023	76 Holohan/Internet/communication for 10/20 to 11/19/23		127.97
	0495564102323	Landline & Internet services for 10/23 to 11/22/23		653.36
			Total for Check Number 44858:	781.33
44859	F199	C.J. BROWN & COMPANY CPAS	11/02/2023	
	230921	Services rendered during Audit 22-23 for 9/23		10,402.00
			Total for Check Number 44859:	10,402.00
44860	F200	FEDERAL EXPRESS, INC.	11/02/2023	
	8-299-51366	To: McCrometer for 10/23		174.26
			Total for Check Number 44860:	174.26
44861	J311	JAMES P ALLEN & ASSOCIATES	11/02/2023	
	20231020	Consulting Arborist Services from 7/21 thru 10/14/23		19,085.00
			Total for Check Number 44861:	19,085.00

Check No	Vendor No / Invoice No	Vendor Name / Description	Check Date / Reference	Check
44862	K89	KARAS TECHNICAL SERVICES	11/02/2023	
	15191	Cover Designs for 2022 Annual Report for 10/23		285.00
			Total for Check Number 44862:	285.00
44863	M1010	MAGNOLIA GARDENING INC	11/02/2023	
	29171	36 Brennan Building Mo. Landscape Maint. For 10/23		100.00
	29377	76 Holohan Building Mo. Landscape Maint. For 10/23		90.00
			Total for Check Number 44863:	190.00
44864	M1872	MICROSOFT	11/02/2023	
	E0400PAZHJ	IT-Online Hydrology 365 Support for 9/17-10/16/23		12.50
			Total for Check Number 44864:	12.50
44865	O217	OFFICE AND HOME CLEANING SERVICES	11/02/2023	
	2346	36 Brennan Mo. Office housekeeping for 10/23		600.00
	2347	76 Holohan Mo. housekeeping for 10/23		600.00
			Total for Check Number 44865:	1,200.00
44866	O250	ONSET COMPUTER CORP.	11/02/2023	
	266588	HOBO Conductivity Logger for 10/23		2,406.06
			Total for Check Number 44866:	2,406.06
44867	P180	PENINSULA MESSENGER LLC	11/02/2023	
	1371245	Monthly RaboBank Courier for 10/23		119.00
			Total for Check Number 44867:	119.00
44868	P510	PAJARO VALLEY PRINTING	11/02/2023	
	46642	5000 Self Seal Window/Regular/Ret. Envelopes for 10/23		1,371.88
			Total for Check Number 44868:	1,371.88
44869	P800	PG & E	11/02/2023	
	0688235687-3	Service at 76 Holohan Rd for 9/21 to 10/20/23		416.82
	2926809320-9	Service at 36 B Brennan St for 9/21 to 10/22/23		179.38
	3015753830-4	Electric Pump/2 homes/76 & 116 Holohan for 9/21 to 10/22/23		439.91
	4291054495-8	Service at 475 San Andreas Rd for 9/20 to 10/19/23		15.77
	5916054391-0	Service at 187C San Andreas Rd for 9/20 to 10/19/23		2,529.28
			Total for Check Number 44869:	3,581.16
44870	P950	PITNEY BOWES PURCHASE POWER, INC.	11/02/2023	
	8000-9000-0396-	Postage supplies online for 10/23		3,025.00
			Total for Check Number 44870:	3,025.00
44871	S610	SANTA CRUZ CO. DEPT.COMM. & INFRASTRUCTURE	11/02/2023	
	DPWAC-P63256	College Lake Labor for 9/23		13,430.71
			Total for Check Number 44871:	13,430.71
44872	S876	SANTA CRUZ SENTINEL	11/02/2023	
	1578005	13wks Office Newspaper from 11/27/23 thru 2/26/24		111.37
			Total for Check Number 44872:	111.37

Check No	Vendor No / Invoice No	Vendor Name / Description	Check Date / Reference	Check
44873	T345	THE HOME DEPOT CREDIT SERVICES	11/02/2023	
	611259/9510314	Field Supplies/Operations & Equipment for 8/23		185.33
			Total for Check Number 44873:	185.33
44874	U185	U.S. BANK EQUIPMENT FINANCE	11/02/2023	
	513526079	RICOH Office Copier (downstairs) for 10/23		208.57
	513697920	RICOH Office Copier (upstairs) for 10/23		79.55
			Total for Check Number 44874:	288.12
44875	W400	CITY OF WATSONVILLE UTILITIES	11/02/2023	
	CUST#602389	Office Monthly Utilities for 9/9 to 10/13/23		177.69
			Total for Check Number 44875:	177.69
44876	W80	WAGEWORKS INC.	11/02/2023	
	INV5782713	Mo. Admin & Compliance fee for 10/23		110.00
			Total for Check Number 44876:	110.00
44877	Z100	ZAG TECHNICAL SERVICES, INC.	11/02/2023	
	139610	IT-Mo. Subs./base retention Agreement-Datto Cloud for 10/23		970.80
	139671	IT-Regular Support Agreement for 10/23		97.50
			Total for Check Number 44877:	1,068.30
			Total for 11/2/2023:	160,260.23
ACH	A1250	AFLAC- FLEX ONE	11/03/2023	
	EE Deferrals	EE PR Deferrals		551.49
			Total for this ACH Check for Vendor A1250:	551.49
ACH	A300	ACWA/JPIA	11/03/2023	
	Inv 0701144	EE PR Deferrals		31,922.53
			Total for this ACH Check for Vendor A300:	31,922.53
ACH	N125	NATIONWIDE RETIREMENT SOLUTION	11/03/2023	
	EE Deferrals	EE PR Deferrals		4,700.00
			Total for this ACH Check for Vendor N125:	4,700.00
ACH	P1300	PERS-Fiscal Services Division Cashier Unit	11/03/2023	
	EE Deferrals	ER/EE Retirement Contributions		10,801.00
	EE Retirement Contrib	EE PR Deferrals		690.21
			Total for this ACH Check for Vendor P1300:	11,491.21
ACH	P555	PVWMA-Cafeteria Account	11/03/2023	
	EE Deferrals	EE PR Deferrals		861.90
			Total for this ACH Check for Vendor P555:	861.90
			Total for 11/3/2023:	49,527.13

Check No	Vendor No / Invoice No	Vendor Name / Description	Check Date / Reference	Check
ACH	C572	CALIFORNIA BANK OF COMMERCE	11/15/2023	
	91601-05R	Escrow#1159037 Ret.CL Proj #30-39-502-for 9/1-9/30/23		98,074.00
		Total for this ACH Check for Vendor C572:		98,074.00
ACH	M2213	MOUNTAIN CASCADE, INC.	11/15/2023	
	91601-05	CL Project#30-39-502 for 9/1-9/30/23		1,863,403.00
		Total for this ACH Check for Vendor M2213:		1,863,403.00
ACH	S2865	SWCA ENVIRONMENTAL CONSULT. INC.	11/15/2023	
	175626	CL Integrated Resources Mngmnt Project. For 8/1 - 8/31/23		123,933.64
		Total for this ACH Check for Vendor S2865:		123,933.64
ACH	T111	TANNER PACIFIC	11/15/2023	
	223-321	CL WTP & Intake Facilities for 10/1-10/31/23		524,488.34
		Total for this ACH Check for Vendor T111:		524,488.34
44878	A850	AVAYA FINANCIAL SERVICES.	11/15/2023	
	43534324	Phone/VM Lease Agreement for 11/1-11/30/23		435.12
		Total for Check Number 44878:		435.12
44879	C103	CBEC ECO ENGINEERING INC	11/15/2023	
	23-1017-6	CL Operations Plan Development. for 10/1-10/31/23		7,489.50
		Total for Check Number 44879:		7,489.50
44880	E500	ENVIRONMENTAL SCIENCE ASSOCIATES	11/15/2023	
	E190248	CL/WSR/HS Pipeline Project for 10/1-10/31/23		27,929.31
		Total for Check Number 44880:		27,929.31
44881	G195	GREENWASTE RECOVERY LLC	11/15/2023	
	ID#219557	76 Holohan Green Waste for 10/23	219557	130.67
		Total for Check Number 44881:		130.67
44882	G330	GUTIERREZ CONSULTANTS, INC.	11/15/2023	
	1817	WIFIA & SGMA Loan Support .Serv for 9/23		7,733.95
		Total for Check Number 44882:		7,733.95
44883	L563	BRIAN LOCKWOOD	11/15/2023	
	REIMB-OCT2023	Mileage & Travel Meals to Conference UCD for 10/23		237.56
		Total for Check Number 44883:		237.56
44884	M1010	MAGNOLIA GARDENING INC	11/15/2023	
	29543	36 Brennan Building Mo. Landscape Maint. For 11/23		100.00
	29753	76 Holohan Building Mo. Landscape Maint. For 11/23		90.00
		Total for Check Number 44884:		190.00
44885	M1050	MAGGIORA BROS. DRILLING INC.	11/15/2023	
	M23-159	HS Facility 2022 recovery well and pump project for 10/23		216,053.75
		Total for Check Number 44885:		216,053.75

Check No	Vendor No / Invoice No	Vendor Name / Description	Check Date / Reference	Check
44886	M1175	MONTEREY BAY ANALYTICAL SERVICE INC	11/15/2023	
	231018-02	Water Samples Groundwater for 10/18/23		408.00
	231020-27	Water Samples Groundwater for 10/20/23		294.00
	231024-56	Water Samples CDS for 10/24/23		668.00
	231024-64	Water Samples Groundwater for 10/24/23		102.00
	231025-20	Water Samples Groundwater for 10/25/23		421.00
			Total for Check Number 44886:	1,893.00
44887	M1875	MICROSOFT AZURE	11/15/2023	
	E0600PRLR3	IT-Support/Pay as you go for 9/12-10/11/23		14.46
			Total for Check Number 44887:	14.46
44888	N255	NHA ADVISORS, LLC	11/15/2023	
	00945	PVWMA 2023-24 Consulting (WIFIA Loan) for 4/1 - 4/30/23		4,268.75
	01018	PVWMA 2023-24 Consulting (WIFIA Loan) for 5/1 - 6/30/23		10,931.25
	01115	PVWMA 2023-24 Consulting (WIFIA Loan) for 9/1 - 9/30/23		9,093.75
			Total for Check Number 44888:	24,293.75
44889	P800	PG & E	11/15/2023	
	1787734656-3	Service at 1859 Beach Rd/BW-2 for 10/10 to 11/7/23		7,597.21
	9214983032-2	Service at 1931 Beach Rd/BW-1 for 10/10 to 11/7/23		17.46
	9218085363-9	Service at 162 San Andreas Rd/HSP Pump for 10/10 to 11/7/23		307.24
	9968544374-1	Service at 36 Brennan St for 10/10 to 11/7/23		554.50
			Total for Check Number 44889:	8,476.41
44890	R40	CARDMEMBER SERVICE	11/15/2023	
	OCT2023	Staff Credit Card Purchases		467.15
			Total for Check Number 44890:	467.15
44891	S1405	SC FUELS INC	11/15/2023	
	0789723	Agency Vehicles Fuel for 10/16 to 10/31/23		739.24
			Total for Check Number 44891:	739.24
44892	S1681	SHAMROCK OFFICE SOLUTIONS	11/15/2023	
	3918075	Upstairs /Contract printer usage/BW & Clr for 10/2-11/1/23		71.10
	3918076	36 Brennan/Cont. printer usage/BW & Clr for 10/2-11/1/23		76.40
			Total for Check Number 44892:	147.50
44893	S1900	SOIL CONTROL LAB, INC.	11/15/2023	
	3110133	Soil Monitoring Lab for 10/23		1,350.00
			Total for Check Number 44893:	1,350.00
44894	S830	RESOURCE CONSERVATION SANTA CRUZ COUNTY F	11/15/2023	
	21 IE 11	2021 Irrigation Efficiency for 7/1-9/30/23		113,549.45
			Total for Check Number 44894:	113,549.45
44895	U185	U.S. BANK EQUIPMENT FINANCE	11/15/2023	
	514807635	RICOH Office Copier (Holohan) for 11/23		159.49
			Total for Check Number 44895:	159.49

Check No	Vendor No / Invoice No	Vendor Name / Description	Check Date / Reference	Check
44896	V369	VERIZON WIRELESS	11/15/2023	
	9948144359	Agency Personnel Cell Phones & equipt. for 10/2 - 11/1/23		475.50
			Total for Check Number 44896:	475.50
44897	Z100	ZAG TECHNICAL SERVICES, INC.	11/15/2023	
	139965	IT-Agremment RMM Patching and AV for 11/23		1,965.00
	139983	IT-Monthly Agreement-KnowBe4 Security Awarness for 11/23		164.88
	140213	IT-Mo. Subs./base retention Agreement-Datto Cloud for 11/23		970.80
			Total for Check Number 44897:	3,100.68
44898	C1099	CAROLLO ENGINEERS INC	11/15/2023	
	FB43859	PV Water's CL Integrated Resources Mgmt for 10/1 To 10/31/23		112,651.09
			Total for Check Number 44898:	112,651.09
44899	M1086	MILLER MAXFIELD, INC.	11/15/2023	
	1023PV	CL Ads, YouTube ads, graphic, design Social M. for 10/23		2,958.82
			Total for Check Number 44899:	2,958.82
44900	P1160	MIKE PODLECH	11/15/2023	
	2497	CL Fisheries Support Prof. Services for 10/1 to 10/31/23		2,950.00
			Total for Check Number 44900:	2,950.00
44901	P905	M PRESS DIGITAL INC.	11/15/2023	
	20163	3 CL Large Format Coroplast prints & 100 Flyers for 6/23		384.56
	20423	4 CL Large Format Coroplast prints for 9/23		288.42
	20565	275 CL Construction Handout for 9/23		226.15
			Total for Check Number 44901:	899.13
44902	W375	WATSONVILLE BLUEPRINT	11/15/2023	
	113640	CL/Water Treatment Pipeline Design for 10/23		2,233.61
			Total for Check Number 44902:	2,233.61
			Total for 11/15/2023:	3,146,458.12
ACH	A1250	AFLAC- FLEX ONE	11/17/2023	
	EE Deferrals	EE PR Deferrals		551.49
			Total for this ACH Check for Vendor A1250:	551.49
ACH	N125	NATIONWIDE RETIREMENT SOLUTION	11/17/2023	
	EE Deferrals	EE PR Deferrals		4,700.00
			Total for this ACH Check for Vendor N125:	4,700.00
ACH	P1300	PERS-Fiscal Services Division Cashier Unit	11/17/2023	
	EE Deferrals	ER/EE Retirement Contributions		10,687.40
	EE Retirement Contrib	EE PR Deferrals		690.00
			Total for this ACH Check for Vendor P1300:	11,377.40

Check No	Vendor No / Invoice No	Vendor Name / Description	Check Date / Reference	Check
ACH	P555	PVWMA-Cafeteria Account	11/17/2023	
	EE Deferrals	EE PR Deferrals		861.90
			Total for this ACH Check for Vendor P555:	861.90
			Total for 11/17/2023:	17,490.79
ACH	T359	THE STANDARD INSURANCE COMPANY	11/20/2023	
	00-649299-0087	Long Term Disability Benefits		582.19
			Total for this ACH Check for Vendor T359:	582.19
ACH	T359	THE STANDARD INSURANCE COMPANY	11/20/2023	
	00-649299-0087	Long Term Disability Benefits	Nov 2023	584.00
			Total for this ACH Check for Vendor T359:	584.00
			Total for 11/20/2023:	1,166.19
44903	A910	ATCHINSON,BARISONE,CONDOTTI	11/29/2023	
	34371	CLP, WSR & BOD Legal Services for 10/1 to 10/31/23		7,869.96
	34373	Legal P/S General Matters for 10/1-10/31/23		847.55
			Total for Check Number 44903:	8,717.51
44904	B195	BALANCE HYDROLOGICS, INC	11/29/2023	
	223177-1123	Watsonville Slough Gaging WSR-WY23-Billing thru 11/18/23		4,481.10
			Total for Check Number 44904:	4,481.10
44905	C1099	CAROLLO ENGINEERS INC	11/29/2023	
	FB43846	PV Water's CL & WSR Mgmt plan (BMP) for 10/1 To 10/31/23		6,616.26
	FB43856	PV Water WSR System Project Design for 10/1-10/31/23		54,182.41
			Total for Check Number 44905:	60,798.67
44906	C1580	SPECTRUM BUSINESS COMMUNICATIONS	11/29/2023	
	0154296112323	Landline & Internet services for 11/23 to 12/22/23		653.36
			Total for Check Number 44906:	653.36
44907	E355	EKI ENVIRONMENT & WATER INC	11/29/2023	
	B90103.02	HS Professional Services Design for 10/1 to 10/31/23		5,884.92
			Total for Check Number 44907:	5,884.92
44908	M1175	MONTEREY BAY ANALYTICAL SERVICE INC	11/29/2023	
	231031-52	Water Samples Groundwater for 10/31/23		249.00
	231103-27	Water Samples Groundwater for 11/3/23		294.00
	231103-28	Water Samples Surface for 11/3/23		561.00
	231109-02	Water Samples Groundwater for 11/9/23		102.00
			Total for Check Number 44908:	1,206.00
44909	N255	NHA ADVISORS, LLC	11/29/2023	
	01139	PVWMA 2023-24 Consulting (WIFIA Loan) for 10/1-10/31/23		4,681.25
			Total for Check Number 44909:	4,681.25

Check No	Vendor No / Invoice No	Vendor Name / Description	Check Date / Reference	Check
44910	P400	PVI PAJARO VALLEY IRRIGATION, INC.	11/29/2023	
	INV200069910	Field Supplies for 11/23		52.68
			Total for Check Number 44910:	52.68
44911	P510	PAJARO VALLEY PRINTING	11/29/2023	
	46740	50 Strategic Plan 2024 Booklet for 11/23		653.01
			Total for Check Number 44911:	653.01
44912	P800	PG & E	11/29/2023	
	0688235687-3	Service at 76 Holohan Rd for 10/21 to 11/20/23		687.58
	2926809320-9	Service at 36 B Brennan St for 10/23 to 11/20/23		193.21
	3015753830-4	Electric Pump/2 homes/76 & 116 Holohan for 10/21 to 11/20/23		252.01
	3771390038-1	Service at Jensen Rd #3 for 10/19 to 11/16/23		19.51
	4291054495-8	Service at 475 San Andreas Rd for 10/20 to 11/19/23		55.77
	5290624576-7	Service at 2240 Beach Rd for 10/19 to 11/16/23		2.17
	5916054391-0	Service at 187C San Andreas Rd for 10/20 to 11/19/23		1,988.14
			Total for Check Number 44912:	3,198.39
44913	R320	RDO EQUIPMENT COMPANY INC	11/29/2023	
	P07521A5	Meter/Field supplies for 11/23		4,372.15
			Total for Check Number 44913:	4,372.15
44914	S1405	SC FUELS INC	11/29/2023	
	0796955	Agency Vehicles Fuel for 11/3 to 11/14/23		479.73
			Total for Check Number 44914:	479.73
44915	S2910	STREET SCENE ON & OFF ROAD	11/29/2023	
	44811	Back-up alarm Ford Ranger#12 Leonard for 11/23		228.94
			Total for Check Number 44915:	228.94
44916	S610	SANTA CRUZ CO. DEPT.COMM. & INFRASTRUCTURE	11/29/2023	
	DPWAC-P63256	College Lake Labor for 10/23		6,971.58
			Total for Check Number 44916:	6,971.58
44917	T328	TREE TOP WEB DESIGN INC	11/29/2023	
	3553	IT-Website Support Services for 11/23		2,186.25
			Total for Check Number 44917:	2,186.25
44918	T345	THE HOME DEPOT CREDIT SERVICES	11/29/2023	
	8902948	Field Supplies/Operations & Equipment for 10/23		91.61
			Total for Check Number 44918:	91.61
44919	U185	U.S. BANK EQUIPMENT FINANCE	11/29/2023	
	515813590	RICOH Office Copier (downstairs) for 11/23		208.57
	515913804	RICOH Office Copier (upstairs) for 11/23		79.55
			Total for Check Number 44919:	288.12
44920	W400	CITY OF WATSONVILLE UTILITIES	11/29/2023	
	CUST#602389	Office Monthly Utilities for 10/12 to 11/14/23		177.69
			Total for Check Number 44920:	177.69

Check No	Vendor No / Invoice No	Vendor Name / Description	Check Date / Reference	Check
44921	Z100	ZAG TECHNICAL SERVICES, INC.	11/29/2023	
	140544	IT-Billable/Regular Support Agreement for 11/23		341.25
			Total for Check Number 44921:	341.25
			Total for 11/29/2023:	105,464.21
			Report Total (84 checks):	3,480,366.67

MEMORANDUM

DATE:	December 14, 2023
MEETING OF:	December 20, 2023
TO:	Board of Directors
FROM:	General Manager
RE:	**CONSENT AGNEDA ITEM 9C:** Adopt Resolution 2023-20, Amending the Cash Reserve Policy for Fiscal Year Ending June 30, 2024

BACKGROUND

In July 2013, the Board adopted *Resolution 2013-05, Adopting a Cash Reserve Policy.* It was recommended at the time that reserves be built gradually as funds become available, while maintaining an appropriate level of services for PV Water functions such as operations, basin management and monitoring, and administration. The most recent update to the Cash Reserve Policy occurred in June 2023 when the Board adopted *Resolution 2023-14, Updating the Cash Reserve Policy for the Fiscal Year Ending June 30, 2024.*

Establishment of formal policies to ensure appropriate financial margins for operations, maintenance, and debt service needs is identified by analysts as a management practice that constitutes a positive credit factor. The Cash Reserve Policy is made of four reserve components which include operation & maintenance, repair & replacement, debt service, and rate stabilization. Staff has identified a potential benefit to increasing the rate stabilization reserve.

DISCUSSION

As staff and consultants work to obtain financing to fund the construction of the College Lake Integrated Resources Management Project and the Watsonville Slough System Managed Aquifer Recharge and Recovery Project, the concept of raising PV Water's Rate Stabilization Reserve has been analyzed and discussed.

PV Water's Financial Advisors note:
Existing bond covenants allow the Agency to establish and maintain a Rate Stabilization Reserve at the Agency's discretion. Unlike other bond-related funds (e.g., debt service reserve funds for the SRF and DWR Loans), the Agency is not required to maintain a minimum balance in this reserve but has full discretion in that regard.

The unique benefit of a Rate Stabilization Reserve is that unlike other Agency reserves, including bond-related reserves, the Rate Stabilization Reserve's purpose is to provide a buffer in the event of insufficient gross revenues to meet the debt service coverage requirements mandated by the Agency's outstanding debt. Unlike other Agency reserves, which cannot be treated as revenues for the purposes of calculating coverage, amounts transferred from the Rate Stabilization Reserve to the Agency's Special Revenue Fund can be treated as revenues for the purposes of calculating coverage.

As an example, the Agency's debt service covenant requires the Agency to maintain net revenues (defined as gross revenues less operating and maintenance expenses) equal to 110% of the debt service due in that year (meaning that for every $1,000,000 in debt service payable that year, the

Agency must have $1,100,000 in net revenues). In a situation where revenues are lower or expenses are higher than anticipated, the Agency could be faced with debt service coverage that is below the 110% minimum (also known as a covenant default). In that situation, the Agency could transfer all or a portion of the balance in the Rate Stabilization Reserve to make up the revenues needed to bring the net revenues up to 110% of the debt service payable that year.

The bond covenants are written in such a way that the Agency has full discretion regarding the balance of this Rate Stabilization Reserve and also has the flexibility to put money into this reserve or withdraw it from this reserve at any time.

Staff and consultants recommend raising the Rate Stabilization Reserve from $500K to a target range of $1 million to $1.5 million. To achieve this, the operating & maintenance component of the reserve would decrease from $4.7 million to $4.25 million, by using annual forecasted expenditures in lieu of the annual projected operating budget for FY23-24. This amount would then be re-allocated to increase the Rate Stabilization component of the reserve from $500,000 to $1 million. The result is a net $10,000 increase in the total cash reserve.

Operation & Maintenance Reserve	**Original FY 23/24**	**Forecasted FY23/24**
Projected Operating Expenditures ($MM)	9.45	8.50
Projected Reserve Amount ($KK)	4,722.83	4,250.00
Repair & Replacement Reserve	**Original FY 23/24**	**Forecasted FY23/24**
Projected Annual Depreciation ($MM)	3.42	3.38
Projected Reserve Amount ($KK)	855.58	845.28
Debt Service Reserve	**Original FY 23/24**	**Forecasted FY23/24**
Projected Debt Service Payments ($MM)	3.98	3.98
Restricted Funds for Debt Covenants ($KK)	333.90	333.90
Projected Reserve Amount ($KK)	729.21	729.21
Rate Stabilization	**Original FY 23/24**	**Forecasted FY23/24**
Projected Reserve Amount ($KK)	500.00	1,000.00
Total Cash Reserve ($MM)	**6.81**	**6.82**

FISCAL IMPACT

This action will categorize funds as reserved for the purposes identified.

STAFF RECOMMENDATION

The Board adopt Resolution 2023-20, Amending the Cash Reserve Policy for Fiscal Year Ending June 30, 2024.

The Administration and Finance Committee reviewed the Cash Reserve Policy during its December 12, 2023 meeting and voted in favor of recommending the Board adopt the amended Policy.

ATTACHMENTS

- Cash Reserve Policy (Clean & Redline Versions)

Resolution 2023-20

A Resolution of the Board of Directors of the Pajaro Valley Water Management Agency

Amending the Cash Reserve Policy for the Fiscal Year Ending June 30, 2024

The Board of Directors of the Pajaro Valley Water Management Agency ("PV Water") does resolve as follows:

WHEREAS, the Board of Directors has determined that it is prudent to formally articulate a Cash Reserve Policy establishing general guidelines on cash reserves that will help to ensure the Agency's long-term financial and operational stability; and

WHEREAS, the Cash Reserve Policy was adopted in 2013, establishing minimal reserves with the intention of building over time; and

WHEREAS, the Cash Reserve Policy was reviewed and updated annually through Fiscal Year 2023-2024; and

WHEREAS, the Board desires to adjust the Operations & Maintenance Reserve and the Rate Stabilization Reserve; and

WHEREAS, the Cash Reserve Policy serves as an important management decision-making tool in planning for and evaluating activities or transactions that could have a significant impact on PV Water's finances.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Pajaro Valley Water Management Agency does hereby Amend the Cash Reserve Policy, attached to this Resolution as Exhibit A and incorporated herein.

PASSED AND ADOPTED by the Pajaro Valley Water Management Agency, County of Santa Cruz, State of California, the **20th** day of **December, 2023** by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

_____
Amy Newell, Chair

Attest:

_____
Laura R. Taay, Board Secretary

DRAFT

Pajaro Valley Water Management Agency
Cash Reserve Policy

Introduction

The Pajaro Valley Water Management Agency (PV Water or the Agency) Cash Reserve Policy establishes general guidelines on cash reserves that will help to ensure the Agency's long-term financial and operational stability. In this capacity, the Cash Reserve Policy articulates a comprehensive set of reserves that seek to mitigate operational, capital, and debt service risks PV Water may encounter.

The Cash Reserve Policy is established in the context of PV Water's current and expected capital improvement program and borrowings associated with the Basin Management Plan: Groundwater Sustainability Update 2022 (GSU22). Since reserve targets are based on certain assumptions and estimated costs and risks for PV Water, the Cash Reserve Policy and established reserve levels will be reviewed annually or more often if there is a material change in the risk exposures to PV Water. It is noted that the Cash Reserve Policy is established to provide general guidelines for fiscally responsible cash management. The Cash Reserve Policy is not intended to set strict limits that must be adhered to in a vacuum, nor is it intended to be all-inclusive in the sense that there remain a variety of factors outside the purview of the policy that could materially impact PV Water's financial condition. Certain risks and risk probabilities have been considered to be sufficiently remote or to require a scale of reserves that would be prohibitive as compared to the probability of such an outcome, and this policy does not purport to address such risks. Instead, these guidelines are intended to serve as a management decision-making tool in planning for and evaluating activities or transactions that could have a significant impact on the level of cash on hand.

Categories of Cash Reserves

The Cash Reserve Policy recommends the creation of four separate reserve funds:

- Operation & Maintenance Reserve
- Repair & Replacement Reserve
- Debt Service Reserve
- Rate Stabilization Reserve

Summary of Recommended Reserve Levels

Reserve Category	Recommended Reserve
Operation & Maintenance Reserve	**Start at 30 days of expenditures and build to 180 days**
Repair & Replacement Reserve	**Start at 10% Annual Depreciation and build to 25%**
Debt Service Reserve	**20% for Debt Service obligation that do not have their own reserve**
Rate Stabilization Reserve	**As determined by the Board and management**

Each reserve is summarized below with an explanation as to the methodology that was used to size each reserve.

Operation & Maintenance Reserve

Purpose

The purpose of the Operation & Maintenance Reserve is to provide greater stability in PV Water's annual operations even under unforeseen and changing circumstances as relates to both revenues and expenses. Utilities such as PV Water are subject to a broad array of risks, including but not limited to natural events such as earthquakes and climate change, and malicious events such as cybersecurity attacks, which may vary from small, temporary disruptions of business to substantial disruptions. The intent of the Cash Reserve Policy is to set an overall reserve level that is reasonable, defensible, and consistent with the aggregate risk profile that PV Water faces in effectively managing water supplies in the Pajaro Valley. Considering climate change resiliency is an important aspect of this effort.

Methodology

Many water utilities, which generally operate on a monthly billing cycle, maintain operating reserves at a level of 60 to 180 days of operating expenses. Typically, it is utilities in the most stable operating environments that are able to manage with reserves on the smaller end of this range, while many agencies with significant annual volatility in revenues or expenditures or those undergoing significant expansion have substantially larger operating reserves.

Operation & Maintenance Reserve Policy

PV Water will maintain an Operation & Maintenance Reserve equal to 50% of annual operating and maintenance expenses (see Exhibit A).

Repair & Replacement Reserve

Purpose

PV Water's GSU22 is made up of projects that will increase water supply to the Pajaro Valley and significantly expand PV Water's existing infrastructure. The purpose of the Repair & Replacement Reserve is to fund the unplanned repair or replacement of capital assets, and to allow PV Water to absorb fluctuations in the capital plan without an immediate rate impact to customers.

Methodology

Given the significant capital improvements in which the Agency has invested over the past couple of decades and the sizeable capital plans associated with implementation of the GSU22, the Repair & Replacement Reserve ensures the availability of funds to respond to unexpected needs.

Repair and Replacement Reserve Policy

PV Water will maintain a 25% annual depreciation reserve (see Exhibit A).

Debt Service Reserve

Purpose

The purpose of the Debt Service Reserve is to provide PV Water with funds dedicated to paying the Agency's debt service obligations in the event of a significant, unexpected decrease in operating revenue during which operating funds may be insufficient to meet such obligations.

Methodology

Typical municipal bond covenants require the establishment of a debt service reserve fund in an amount equal to maximum or average annual debt service on the bonds. Such a requirement exists in connection with the Agency's Department of Water Resources promissory note and State Water Resources Control Board Clean Water State Revolving Fund (SRF) Financial Agreement. It would be prudent for PV Water to also set aside reserves in connection with its other debt as these loans are significant.

Debt Service Reserve Policy

PV Water maintains a Debt Service Reserve funded at a level equal to 20% for debt service obligations that do not have their own reserve (see Exhibit A).

Rate Stabilization Reserve Policy

Purpose

The Rate Stabilization Reserve is established to provide short-term rate stability in case of an unexpected drop in revenue or increase in expenses. Among other things, the rate stabilization reserve affords PV Water with added flexibility in meeting its financial covenants to bondholders in the event of a financial shock to the Agency resulting from disaster or unforeseen financial circumstances.

Methodology

Unlike other reserves, the Rate Stabilization Reserve is typically not a percentage or ratio, but rather a fixed amount. The funding of such a reserve is highly dependent upon the expected variability in PV Water's revenue stream, budgeted expenditures, political matters, legal matters and the level of total annual debt service, among other factors.

Rate Stabilization Reserve Policy

PV Water maintains a Rate Stabilization Reserve as determined by management and the Board (see Exhibit A). In December 2023, the Board voted to increase the Rate Stabilization Reserve from $500 thousand to $1 million and directed staff to increase it to $1.5 million by Fiscal Year 2028-29.

Annual Review Process

PV Water reviews and evaluates reserve funding levels annually. Since reserve targets are based on certain estimates, assumptions, and risk probabilities, the Cash Reserve Policy will be revisited more frequently if there is a change in PV Water's operations, capital program, or debt service obligations that warrant review of these policies.

Pajaro Valley Water Management Agency
Cash Reserve Policy
Exhibit "A"
Adopted June 2023, Proposed Updates December 2023

Operation & Maintenance Reserve	FY 22/23	Adopted 6/21/23 FY 23/24	Proposed 12/12/23 FY 23/24
Projected Operating Expenditures ($MM)	8.92	9.45	8.50
Projected Reserve Amount ($KK)	4,461.61	4,722.83	4,250.00

Repair & Replacement Reserve	FY 22/23	Adopted 6/21/23 FY 23/24	Proposed 12/12/23 FY 23/24
Projected Annual Depreciation ($MM)	2.98	3.42	3.38
Projected Reserve Amount ($KK)	744.46	855.58	845.28

Debt Service Reserve	FY 22/23	Adopted 6/21/23 FY 23/24	Proposed 12/12/23 FY 23/24
Projected Debt Service Payments ($MM)	3.42	3.98	3.98
Restricted Funds for Debt Covenants ($KK)	329.30	333.90	333.90
Projected Reserve Amount ($KK)	619.03	729.21	729.21

Rate Stabilization	FY 22/23	Adopted 6/21/23 FY 23/24	Proposed 12/12/23 FY 23/24
Projected Reserve Amount ($KK)	500.00	500.00	1,000.00

Total Cash Reserve ($MM)	**6.33**	**6.81**	**6.82**

Pajaro Valley Water Management Agency
Cash Reserve Policy

Introduction

The Pajaro Valley Water Management Agency (PV Water or the Agency) Cash Reserve Policy establishes general guidelines on cash reserves that will help to ensure the Agency's long-term financial and operational stability. In this capacity, the Cash Reserve Policy articulates a comprehensive set of reserves that seek to mitigate operational, capital, and debt service risks PV Water may encounter.

The Cash Reserve Policy is established in the context of PV Water's current and expected capital improvement program and borrowings associated with the Basin Management Plan: Groundwater Sustainability Update 2022 (GSU22). Since reserve targets are based on certain assumptions and estimated costs and risks for PV Water, the Cash Reserve Policy and established reserve levels will be reviewed annually or more often if there is a material change in the risk exposures to PV Water. It is noted that the Cash Reserve Policy is established to provide general guidelines for fiscally responsible cash management. The Cash Reserve Policy is not intended to set strict limits that must be adhered to in a vacuum, nor is it intended to be all-inclusive in the sense that there remain a variety of factors outside the purview of the policy that could materially impact PV Water's financial condition. Certain risks and risk probabilities have been considered to be sufficiently remote or to require a scale of reserves that would be prohibitive as compared to the probability of such an outcome, and this policy does not purport to address such risks. Instead, these guidelines are intended to serve as a management decision-making tool in planning for and evaluating activities or transactions that could have a significant impact on the level of cash on hand.

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Each reserve is summarized below with an explanation as to the methodology that was used to size each reserve.

Operation & Maintenance Reserve

Purpose

The purpose of the Operation & Maintenance Reserve is to provide greater stability in PV Water's annual operations even under unforeseen and changing circumstances as relates to both revenues and expenses. Utilities such as PV Water are subject to a broad array of risks, including but not limited to natural events such as earthquakes and climate change, and malicious events such as cybersecurity attacks, which may vary from small, temporary disruptions of business to substantial disruptions. The intent of the Cash Reserve Policy is to set an overall reserve level that is reasonable, defensible, and consistent with the aggregate risk profile that PV Water faces in effectively managing water supplies in the Pajaro Valley. Considering climate change resiliency is an important aspect of this effort.

Methodology

Many water utilities, which generally operate on a monthly billing cycle, maintain operating reserves at a level of 60 to 180 days of operating expenses. Typically, it is utilities in the most stable operating environments that are able to manage with reserves on the smaller end of this range, while many agencies with significant annual volatility in revenues or expenditures or those undergoing significant expansion have substantially larger operating reserves.

Operation & Maintenance Reserve Policy

PV Water will maintain an Operation & Maintenance Reserve equal to 50% of annual operating and maintenance expenses (see Exhibit A).

Repair & Replacement Reserve

Purpose

PV Water's GSU22 is made up of projects that will increase water supply to the Pajaro Valley and significantly expand PV Water's existing infrastructure. The purpose of the Repair & Replacement Reserve is to fund the unplanned repair or replacement of capital assets, and to allow PV Water to absorb fluctuations in the capital plan without an immediate rate impact to customers.

Methodology

Given the significant capital improvements in which the Agency has invested over the past couple of decades and the sizeable capital plans associated with implementation of the GSU22, the Repair & Replacement Reserve ensures the availability of funds to respond to unexpected needs.

Repair and Replacement Reserve Policy

PV Water will maintain a 25% annual depreciation reserve (see Exhibit A).

Debt Service Reserve

Purpose

The purpose of the Debt Service Reserve is to provide PV Water with funds dedicated to paying the Agency's debt service obligations in the event of a significant, unexpected decrease in operating revenue during which operating funds may be insufficient to meet such obligations.

Methodology

Typical municipal bond covenants require the establishment of a debt service reserve fund in an amount equal to maximum or average annual debt service on the bonds. Such a requirement exists in connection with the Agency's Department of Water Resources promissory note and State Water Resources Control Board Clean Water State Revolving Fund (SRF) Financial Agreement. It would be prudent for PV Water to also set aside reserves in connection with its other debt as these loans are significant.

Debt Service Reserve Policy

PV Water maintains a Debt Service Reserve funded at a level equal to 20% for debt service obligations that do not have their own reserve (see Exhibit A).

Rate Stabilization ~~Fund~~Reserve Policy

Purpose

The Rate Stabilization ~~Fund~~ Reserve is established to provide short-term rate stability in case of an unexpected drop in revenue or increase in expenses. Among other things, the rate stabilization reserve affords PV Water with added flexibility in meeting its financial covenants to bondholders in the event of a financial shock to the Agency resulting from disaster or unforeseen financial circumstances.

Methodology

Unlike other reserves, the ~~r~~Rate ~~s~~Stabilization ~~r~~Reserve is typically not a percentage or ratio, but rather a fixed amount. The funding of such a reserve is highly dependent upon the expected variability in PV Water's revenue stream, budgeted expenditures, political matters, legal matters and the level of total annual debt service, among other factors.

Rate Stabilization Reserve Policy

PV Water maintains a Rate Stabilization ~~fund~~ Rreserve as determined by management and the Board (see Exhibit A). In December 2023, the Board voted to increase the Rate Stabilization Reserve from $500 thousand to $1 million~~,~~ and directed staff to increase it to $1.5 million by Fiscal Year 2028-29.

Annual Review Process

PV Water reviews and evaluates reserve funding levels annually. Since reserve targets are based on certain estimates, assumptions, and risk probabilities, the Cash Reserve Policy will be revisited more frequently if there is a change in PV Water's operations, capital program, or debt service obligations that warrant review of these policies.

Pajaro Valley Water Management Agency
Cash Reserve Policy
Exhibit "A"
Adopted June 2023, Proposed Updates December 2023

Operation & Maintenance Reserve	FY 22/23	Adopted 6/21/23 FY 23/24	Proposed 12/12/23 FY 23/24
Projected Operating Expenditures ($MM)	8.92	9.45	8.50
Projected Reserve Amount ($KK)	4,461.61	4,722.83	4,250.00

Repair & Replacement Reserve	FY 22/23	Adopted 6/21/23 FY 23/24	Proposed 12/12/23 FY 23/24
Projected Annual Depreciation ($MM)	2.98	3.42	3.38
Projected Reserve Amount ($KK)	744.46	855.58	845.28

Debt Service Reserve	FY 22/23	Adopted 6/21/23 FY 23/24	Proposed 12/12/23 FY 23/24
Projected Debt Service Payments ($MM)	3.42	3.98	3.98
Restricted Funds for Debt Covenants ($KK)	329.30	333.90	333.90
Projected Reserve Amount ($KK)	619.03	729.21	729.21

Rate Stabilization	FY 22/23	Adopted 6/21/23 FY 23/24	Proposed 12/12/23 FY 23/24
Projected Reserve Amount ($KK)	500.00	500.00	1,000.00

Total Cash Reserve ($MM)	**6.33**	**6.81**	**6.82**

MEMORANDUM

DATE: December 14, 2023
MEETING OF: December 20, 2023
TO: Board of Directors
FROM: General Manager
RE: **CONSENT AGENDA ITEM 9D:** Approve 2022 Annual Report

BACKGROUND

The Pajaro Valley Water Management Agency Act (Agency Act) states in §506. Annual report, that:
"The agency shall prepare annually a report on groundwater supplies and conditions in the district, including groundwater management objectives and a plan of implementation of those objectives. If restrictions on operators of extraction facilities have been imposed during the previous year, the annual report shall also include specific findings which state the following:

(a) Any changes in static groundwater levels during the prior 12 months.
(b) The factual reasons why those restrictions should continue into the following year."

FISCAL IMPACT

The costs to prepare the Annual Report include staff time and graphic design services that have historically been approximately $1,500 per report.

STAFF RECOMMENDATION

The Board approves the 2022 Annual Report.

The Administration and Finance Committee reviewed the 2022 Annual Report during its December 12, 2023, meeting, provided direction regarding revisions and corrections, and recommended that the Board approve the Annual Report pending incorporation of said revisions.

ATTACHMENTS

- 2022 Annual Report

2022 ANNUAL REPORT

Pajaro Valley Water Management Agency

Annual Report 2022
Table of Contents

A Word from Our General Manager 3

Basin Management Plan Implementation

Board Delays Rate Increases 4
Grant Awarded 4
Water Conservation Program 5
College Lake Integrated Resources Management Project 5
Telemetry Upgrades 5
Watsonville Slough System Managed Aquifer Recharge & Recovery Projects 6
AEM Comes to Valley 6

Hydrology

Summary of Basin Conditions 7
Water Use and Supplemental Water Deliveries 7
Groundwater Levels 8
Rainfall and Streamflow 9

Finance

Audited Financial Information: Fiscal Year 2021-22 10
Projected Budget: Fiscal Year 2022-23 11
About PV Water 12

Writing/Editing/Photography:
PV Water Staff

Graphic Design:
Deborah Karas Design

Cover photo: Telemetry Meter on a Turnout in the Coastal Distribution System

An acre-foot is 325,851 gallons.

Water Year 2022 (10-1-2021 to 9-30-2022)

A Word from Our General Manager

For PV Water, the year 2022 began with the submittal of the Basin Management Plan: Groundwater Sustainability Update 2022 (GSU22). The preparation of the GSU22 took over a year and involved 15 committee members plus alternates who met for 2 to 3 hours each month to discuss every aspect of the document; it also included nearly a dozen additional meetings to involve stakeholders and was completed entirely online due to the COVID-19 pandemic. The submittal of the GSU22 set the tone for the year – continue to make real progress on achieving groundwater sustainability goals.

To achieve sustainable groundwater resources while preserving agriculture, PV Water needs to develop additional water supplies, the use of which will further reduce groundwater pumping and slow the rate of seawater intrusion. The concept of the College Lake Integrated Resources Management Project was developed by an ad hoc committee of engaged community members to accomplish all of the above, while also improving habitat for endangered Central Coast Steelhead (Oncorhynchus mykiss). In May, the California Department of Water Resources provided PV Water with a portion of the key ingredient necessary to advance the project from concept to construction, $7.6 million in grant funds.

The PV Water Board of Directors, in May after receiving DWR's $7.6 million grant award and after hearing from growers about complications due to the July 1st date of scheduled rate increases, voted to adopt an ordinance adjusting the effective date of the rate increase from July 1st to December 1st of each year. The action showed the Board's willingness to make adjustments as conditions change and the impact comments can have on board actions. It is another example of the adaptive nature PV Water is taking on many fronts including rate setting, sustainable groundwater planning, and future management of the College Lake Basin.

The Board adopted the College Lake Adaptive Management Plan (AMP) in January 2022. The preparation of the AMP, like the GSU22, was guided by an ad hoc committee of stakeholders committed to successful stewardship of the College Lake basin in the years that will follow operation of the College Lake Project. Following direction from the Board, staff began advertising for bids to construct the College Lake Project in November; construction is anticipated to start in spring 2023.

PV Water is also working to design the Watsonville Slough System Managed Aquifer Recharge and Recovery Project. Following the certification of the environmental impact report in 2021, the Board awarded a contract to design the facilities. Construction of this project could begin as soon as 2025.

New water supply projects, continued implementation of the water conservation program, the addition of geophysical data funded and collected by DWR (and described within this report), and the preparation of a Strategic Plan will assist PV Water in defining updated goals to achieve sustainable groundwater resources by 2040 and beyond.

Sincerely,

Brian Lockwood, General Manager

Basin Management Plan Implementation

PV Water's Board of Directors (Board) and staff remained focused on achieving sustainable groundwater resources for the Pajaro Valley as efficiently and economically as possible by 2040, the deadline imposed by the Sustainable Groundwater Management Act (SGMA). The implementation of the Basin Management Plan's (BMP) projects and programs continue to reduce groundwater overdraft and seawater intrusion, as well as improve groundwater quality over the long term. Sustainability will be achieved by optimizing existing water supply facilities, developing new water supplies, and reducing water demand through actions like PV Water's conservation program. The continued progression toward sustainable groundwater resources will help to keep local control of water resources, and to ensure water supply availability for domestic, industrial, and commercial uses including the agricultural sector. A summary of significant BMP Implementation activities that occurred in 2022 follows:

Board Delays Rate Increases

In 2021, the PV Water Board adopted Ordinances 2021-01 and 2021-02 adjusting delivered water charges and augmentation charges to fund projects and programs developed to help achieve sustainable groundwater resources. In May of 2022, the Board voted unanimously to delay the effective start date of the rates from July 1 to December 1 through December 1, 2025. The Board took this action after considering input from customers and considering the announcement of a $7.6 million grant award.

The rates provide the revenue necessary to support design, permitting, and construction of the College Lake Project and WSS-MARR Projects described herein, along with the water conservation program, and the construction of new monitoring wells.

Grant Awarded

PV Water received a $7.6 million grant from the California Department of Water Resources' (DWR) Sustainable Groundwater Management Grant Program in May. The funding, which shows DWR's support of the College Lake Project, will reimburse PV Water for a portion of expenses including planning, design, environmental compliance, property procurement costs and mobilization. PV Water has a strong record of winning state and federal funding and remains committed to competing for grants to secure funding for critical water supply projects in an ongoing effort to keep costs low for our customers.

PV Water Director, Mary Bannister, and General Manager, Brian Lockwood, receive $7.6 million.

Water Conservation Program

PV Water's conservation program received a big boost two years ago following Board action to fund the program at $1.2 million over three years. PV Water is partnered with the Resource Conservation District of Santa Cruz County (RCD) and the University of California Cooperative Extension (UCCE) to provide technical expertise and training to help Pajaro Valley farmers use water more efficiently. This year the PV Water Board increased the rebates on the residential end to support household conservation, increasing the Rainwater Catchment and Laundry to Landscape Rebates.

Over the most recent five years for which data are available 2018- 2022, agricultural water use in the valley, outside the delivered water service area, was down by nearly 3,563 acre-feet (AF), or about 10%, when compared to the baseline period of 2006-2010. Valley wide water use for '18-'22 was also lower by 5,431 acre-feet compared to the baseline period. Conservation is a key part of the solution for the Pajaro Valley to achieve groundwater sustainability. Conservation is the most affordable project per acre-foot within the BMP Update and provides benefits to the entire Pajaro Valley Groundwater Basin.

The program evaluates existing farm practices, provides recommendations and rebates to improve practices that are based on trials and research. PV Water has increased incentives for farmers to modify their irrigation practices to become more resource-efficient at a faster rate. Demonstrations to display innovative technology and practices that can save substantial amounts of water while not reducing crop yield are an important component of the program.

College Lake Integrated Resources Management Project

The College Lake Integrated Resources Management Project (College Lake Project) will help achieve sustainable groundwater resources by producing an average of 1,800 to 2,300 acre-feet of water per year that will be used to reduce groundwater pumping. It will also improve passage for steelhead (Oncorhynchus mykiss), a federally listed threatened species known to utilize College Lake, and preserve important waterfowl habitat. PV Water went out to bid for this project in December of 2022. Construction of this important water supply project will begin in 2023.

In 2022, staff and consultants finished the project design, acquired property rights, submitted permit applications and environmental plans and went out to bid for construction. Fulfilling several Environmental Impact Report Mitigation Measures upon its adoption in January 2022, the College Lake Adaptive Management Plan (AMP) was developed by a 15-member ad hoc committee, which included three PV Water Directors. The AMP Committee was composed of staff from agencies such as National Marine Fisheries Services and the California Department of Fish and Wildlife, along with non-profits such as the Sierra Club, community members with ecologic experience, and other interested parties. The Committee evaluated technical information presented by staff and consultants related to the existing and projected conditions in College Lake, considered and recommended management criteria to preserve listed species habitat that would avoid significant negative impacts, and made recommendations to the PV Water Board. In addition to the AMP, PV Water's team prepared a Water Quality Plan, an Invasive Species Plan, and a Steelhead Monitoring Plan.

Telemetry Upgrades

To improve our operations, conserve water, increase our knowledge of and protections of our infrastructure and ultimately increase the value to our water customers, PV Water has leveraged USBR funds the previous two years to replace our mechanical meters with digital telemetered versions. At the end of 2022, all turnout meters connected to the Coastal Distribution System, have been replaced with newer internet connected versions. In 2023, PV Water will begin replacing the highest production wells in the Pajaro Valley with additional USBR funding.

Watsonville Slough System Managed Aquifer Recharge and Recovery Projects

The Watsonville Slough System Managed Aquifer Recharge & Recovery Projects (WSS-MARR) will enhance PV Water's ability to further reduce groundwater pumping using locally available surface water. WSS-MARR includes a new diversion in Struve Slough with an adjacent pump station, a pipeline to convey water to an existing water treatment plant, wells to monitor and recover groundwater, and other facility improvements. Water diverted from the slough is treated and then pumped to a recharge basin located on the San Andreas Terrace, where the water percolates into a shallow aquifer system for short-term storage. During the growing season, PV Water recovers the water and sells it to growers as an agricultural irrigation supply alternative to groundwater.

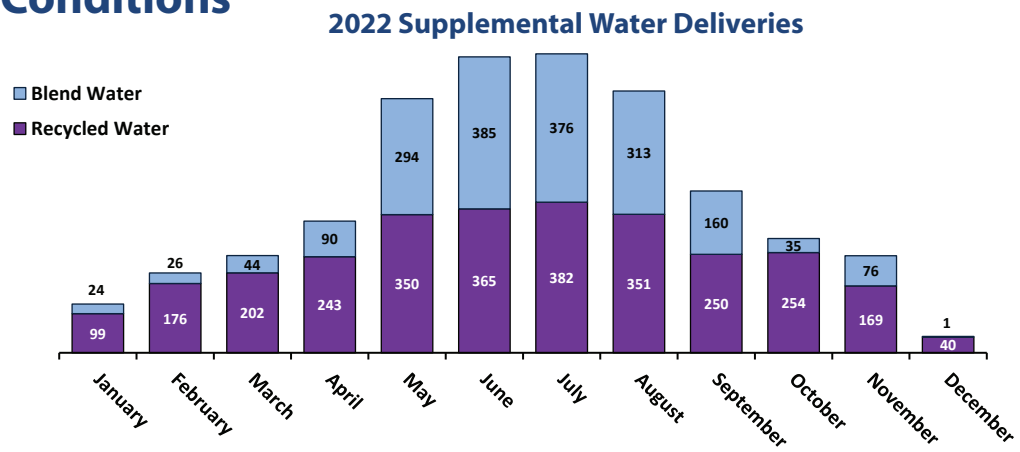
In 2021, the Board voted unanimously to adopt Resolution 2021-03, Certifying the Final Environmental Impact Report, Adopting Findings Pursuant to the California Environmental Quality Act, Adopting a Statement of Overriding Considerations, and Adopting a Mitigation Monitoring and Reporting Program for the Watsonville Slough System Managed Aquifer Recharge and Recovery Projects, and Resolution 2021-04, Selecting, Approving, and Adopting the Watsonville Slough System Managed Aquifer Recharge & Recovery Projects. Staff continue working to supply information to the SWRCB in response to the water right permit application to divert up to 4,000 acre-feet per year from Struve Slough that PV Water submitted in September 2020. WSS-MARR design is ongoing, with anticipated completion in 2023.

Almost full Harkins Slough Recharge Basin

Airborne Electromagnetic Survey (AEM)

The California Department of Water Resources (DWR) conducted statewide airborne electromagnetic (AEM) surveys in high and medium priority groundwater basins, and in the Pajaro Valley this November. DWR's AEM project is funded by voter-approved Proposition 68 and "provides state and federal agencies, groundwater sustainability agencies (GSAs), stakeholders, and the public with basin-specific and cross-basin geophysical data, tools, and analyses." In the Pajaro Valley, data obtained will provide insights into aquifer properties and items of local interest such as the extent of seawater intrusion and ideal locations for groundwater recharge projects. DWR reports "during an AEM survey, a helicopter tows electronic equipment that sends signals into the ground which bounce back. The process has been compared to taking an MRI of the earth's surface. The data collected is used to create continuous images that are interpreted for underground geology." The data will be publicly available in late 2023.

Summary of Basin Conditions



Groundwater in storage increased during Water Year (WY) 2022 (WY2022) with just below average annual precipitation in the Pajaro Valley Basin (Basin). Accumulated rainfall was approximately 90% of the long-term annual average and groundwater levels measured in fall 2022 were approximately 0.3 feet higher than the prior fall measurements. The moderate increase of groundwater levels in WY2022 corresponds to an estimated increase of approximately 1,182 acre-feet (AF) of groundwater in storage from fall 2021. In fall 2022, approximately 38,900 acres of the Basin had groundwater levels at or below sea level, equating to a slightly reduced area roughly 2,000 acres less than the estimated extent in fall 2021.

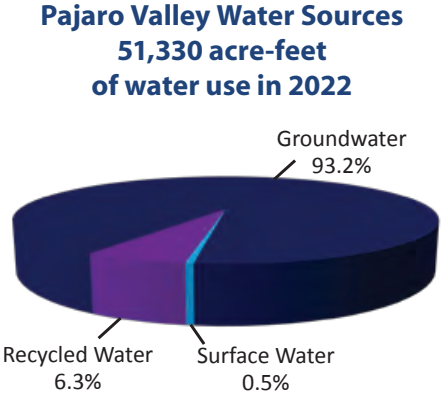
WY2022 is the fourth year in the last five years with annual precipitation below the long-term average of 21.82 inches. Wet conditions in April and September likely tempered groundwater extractions during the shoulder months of the growing season and led to an observed increase of groundwater levels year-over-year in the fall. The modest increase however is negligible given that declines during drought periods and increases during wet periods can be significantly greater. In WY2021, a dry year, groundwater level declines of 2.5 feet correlated to an estimated decrease of groundwater in storage of -9,424 AF underlining the importance to evaluate and address overdraft and seawater intrusion within a larger timescale. To mitigate these problems and provide resiliency during droughts, PV Water operates supplemental water supply facilities and funds water conservation programs with partner agencies including the Resource Conservation District of Santa Cruz County and the University of California Cooperative Extension. PV Water is also continuing implementation efforts to permit, design, and construct new water supply projects that will produce additional supplemental supplies to further help alleviate groundwater demand and move the Basin closer to achieving sustainable groundwater resources. These efforts include the College Lake Integrated Resources Management Project which will begin construction in spring 2023, the Watsonville Slough System Managed Aquifer Recharge Projects, and Recharge Net Metering.

Water Use & Supplemental Water Deliveries

During the 2022 calendar year, total water use within PV Water's jurisdiction was 51,535 AF. Groundwater production constituted the vast majority of water, providing 48,054 AF or 93.2% of the total water use. The remaining portion consisted of recycled water (6.3%) and surface water diversions (0.5%). The total water use in 2022 was 205 AF more than 2021.

In 2022, PV Water delivered 5,065 AF of supplemental water for irrigation supply to agricultural customers of the Coastal Distribution System (see graph), and of that, nearly two-thirds was tertiary treated recycled water. Since the start of recycled water production in 2009, approximately 36,500 AF of reclaimed water has been treated and delivered for use in lieu of groundwater.

The recovery wells associated with the Harkins Slough Facility produced approximately 246 AF in 2022 and since the facility began operation in 2002, more than 10,500 AF of water has been diverted for recharge from Harkins Slough which otherwise would have flowed into Monterey Bay.

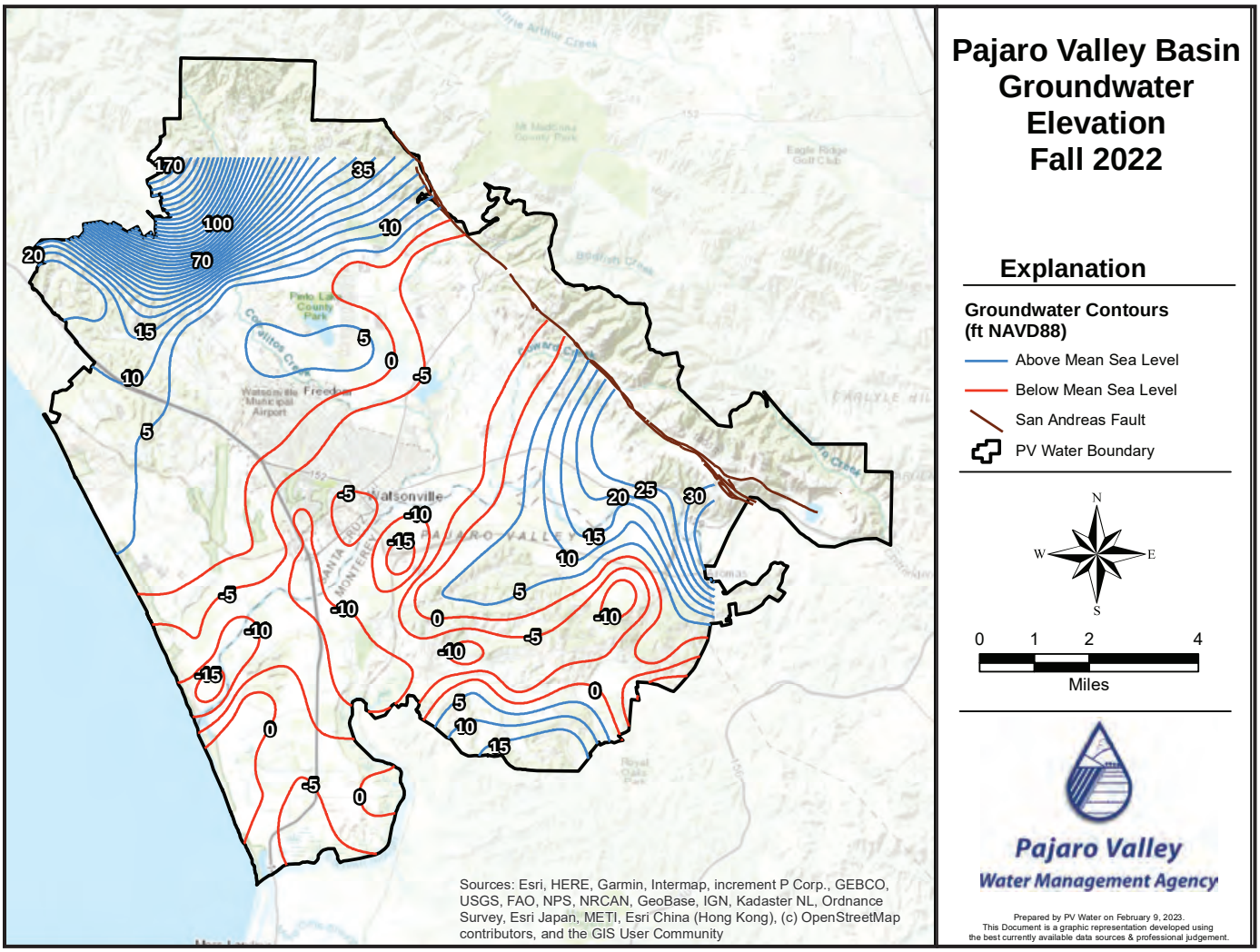


Groundwater Levels

PV Water routinely monitors groundwater levels through a network of more than 175 publicly and privately owned wells across the Basin. During a typical year, groundwater levels are the highest in the spring due to a combination of recharge from rainfall, streamflow infiltration, and reduced pumping for agricultural irrigation and residential uses. Increases in groundwater pumping throughout the summer and into the fall, as well as diminished recharge, cause water levels to be the lowest in late summer and early fall.

Groundwater levels near or below sea level created by long-term overdraft conditions within the Basin create a landward gradient causing seawater to intrude into freshwater aquifers. Even when inland water levels are equal to sea level, it is insufficient to prevent intrusion because seawater is denser than fresh groundwater.

In fall 2022, measured groundwater levels increased approximately 0.3 feet across the Basin relative to fall 2021. Of the 132 wells monitored in both years, there was a broad distribution of increases and decreases in water level; however, when spatially evaluated, the data reflected a moderate increase across the Basin. The increase in groundwater levels corresponds to an estimated annual increase of 1,182 AF of groundwater in storage.



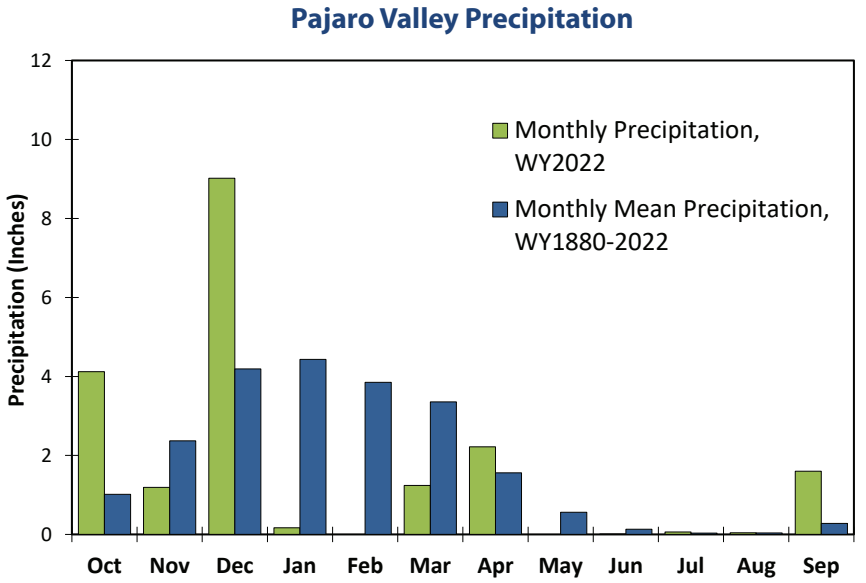
The map above shows groundwater levels in fall 2022. Groundwater levels measured in monitoring wells are interpolated to generate groundwater contour elevations in feet of the North American Vertical Datum (NAVD88). The red lines represent contours of groundwater levels that are below sea level. The blue contours represent groundwater elevations above sea level. In fall 2022, approximately 38,900 acres west of the San Andreas Fault Zone had groundwater levels at or below sea level (2.96 feet NAVD88).

Rainfall and Streamflow

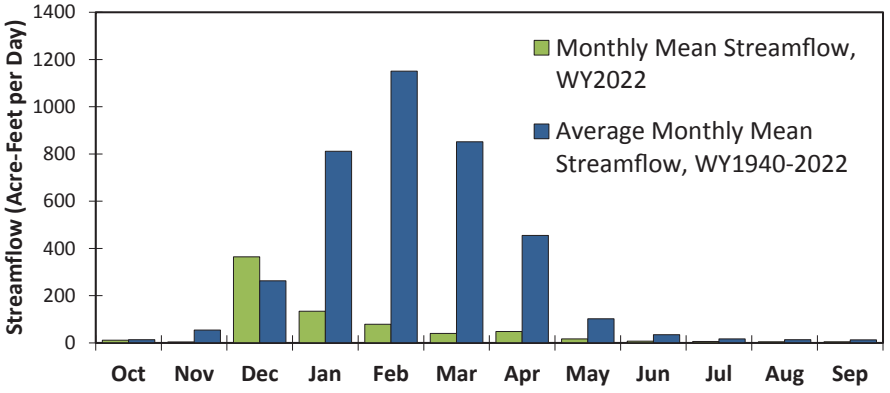
Rainfall recorded at the Watsonville Water Works gauge for WY2022 measured 19.67 inches or about 90% of the long-term average (1880 – 2022: 21.82 inches). With four of the historically six wettest months (November-April) receiving less than average rainfall, the observed streamflow discharge was significantly diminished despite receiving 90% of the average total annual rainfall. Annual Pajaro River streamflow for WY2022, measured at the U.S. Geological Survey's Chittenden Gap gauging station, was 22,096 AF , or approximately 19% of the long-term average (1940 - 2022: 113,415 AF). Gauges located on Corralitos Creek at Green Valley Road and the Pajaro River at Main Street measured 5,216 AF and 30,427 AF respectively equating to 45% and 60% of the historical averages (1957 – 2022: 11,504 AF, 1912-2022: 50,286 AF)

Rainfall across the 1,300 square miles of Pajaro River Watershed affects the Basin as significant recharge occurs in the area of the river located between Chittenden Gap and Murphy Crossing. The upper portion of the watershed, in Santa Clara and San Benito counties, contributes substantially to flow in the lower watershed. A unique result, likely due to the timing of rainfall in WY2022, was the contrast of reduced streamflow and a moderate rise in groundwater levels. September 2022 received five times the average historical monthly rainfall total and appears to have contributed to rising groundwater levels in the fall of 2022 despite reduced annual streamflow totals.

Precipitation affects surface water supply sources operated within the Pajaro Valley. The City of Watsonville, has pre-1914 water-rights, to operate diversion facilities on Corralitos and Browns Valley Creeks, and is permitted to divert up to 2,400 AF per year (AFY). In WY2022, the City did not divert any water. PV Water holds a water-right permit to divert water from Watsonville and Harkins Sloughs through the operation of the Harkins Slough Managed Aquifer Recharge and Recovery Facility. The recharged slough water is stored underground until it is later recovered and distributed to customers for agricultural irrigation, in WY2022, 533 AF were diverted. As part of the Recharge Net Metering Program that currently consists of three privately owned and operated managed aquifer recharge systems, approximately 268 AF of stormwater was infiltrated.



Measured monthly precipitation during WY2022 at the Watsonville Water Works station is compared to the historical monthly mean (WY1880-WY2022).

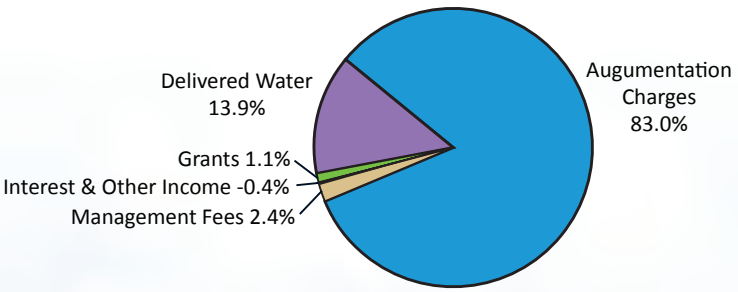


Total annual streamflow in the Pajaro River during WY2022 equated to 22,096 AF. Measured by the USGS at Chittenden Gap, the streamflow volume was approximately 19% of the 113,415 AF recorded long-term average.

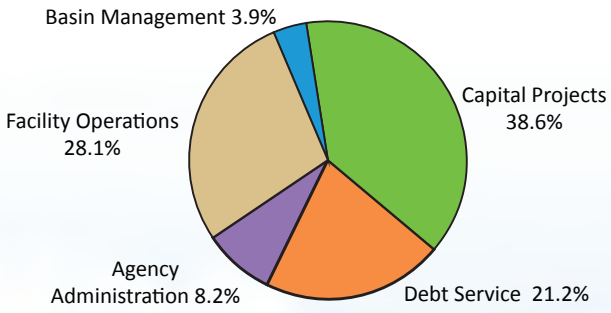
Audited Financial Information: Fiscal Year 2021-22

During fiscal year 2021-2022, groundwater augmentation charges accounted for $ 12,273,703 of PV Water's revenue. Delivered water sales generated $ 2,051,964, and revenue from grants amounted to $ 165,588. PV Water's net position increased 6.43% to $ 80,482,079. Total revenues from all sources decreased 22.90% to $ 14,786,379, while total expenditures increased 11.59% to $ 16,218,758.

Audited Revenues



Audited Expenditures



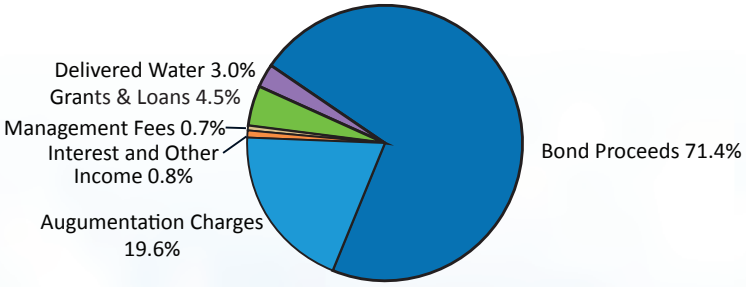
Revenue Sources	Dollars	%
Augumentation Charges	$12,273,703	83.0%
Management Fees	$353,849	2.4%
Interest & Other Income	-$58,725	-0.4%
Grants	$165,588	1.1%
Delivered Water	$2,051,964	13.9%
Totals	**$14,786,379**	**100.0%**

Expenditures	Dollars	%
Agency Administration	$1,327,185	8.2%
Facility Operations	$4,562,299	28.1%
Basin Management	$640,013	3.9%
Capital Projects	$6,257,677	38.6%
Debt Service	$3,431,584	21.2%
Totals	**$16,218,758**	**100.0%**

Projected Budget: Fiscal Year 2022-23

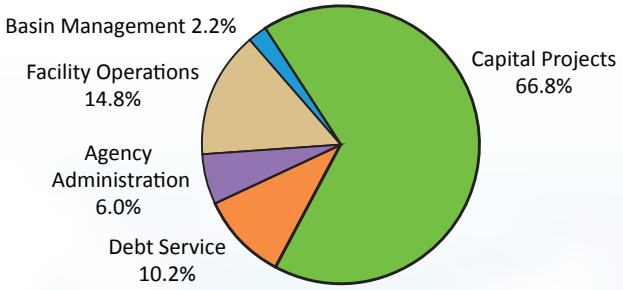
The fiscal year 2022-2023 budget projects 53,800 acre-feet of water consumption resulting from approximately 49,000 acre-feet of groundwater extraction and 4,800 acre-feet of supplemental water deliveries. The projected budget is a balanced budget with projected revenues proportionate to anticipated expenditures.

Projected Revenues



Revenue Sources	Dollars	%
Augumentation Charges	$11,000,000	19.6%
Management Fees	$370,000	0.7%
Interest & Other Income	$445,000	0.8%
Grants & Loans	$2,525,000	4.5%
Delivered Water	$1,700,000	3.0%
Bond Proceeds	$40,000,000	71.4
Totals	**$56,040,000**	**100.0%**

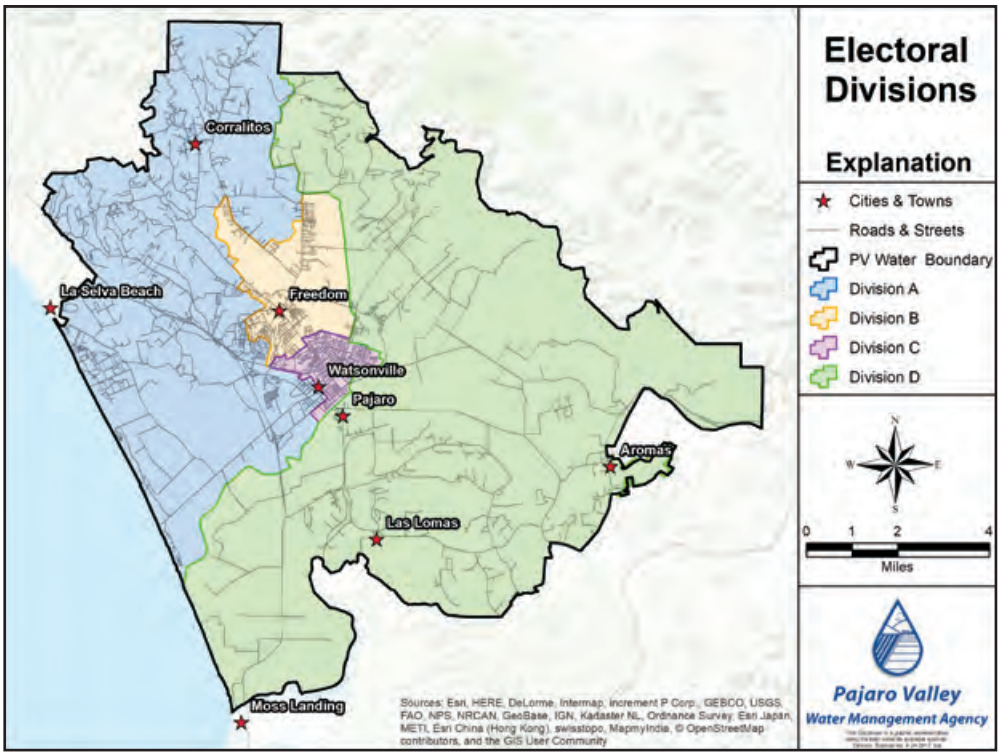
Projected Expenditures



Expenditures	Dollars	%
Agency Administration	$2,014,813	6.0%
Facility Operations	$5,011,075	14.8%
Basin Management	$742,176	2.2%
Capital Projects	$22,472,655	66.8%
Debt Service	$3,424,433	10.2%
Totals	**$33,665,162**	**100.0%**

About PV Water

PV Water was established by state charter through a special local election in 1984. The statutory boundaries are defined by the Agency Act (760, Article 2, §201). The total area is approximately 120 square miles, or about 70,000 acres. Following the adoption of the Sustainable Groundwater Management Act, PV Water became the Groundwater Sustainability Agency for the Pajaro Valley groundwater basin in 2015. In the time since its formation, PV Water has not imposed pumping restrictions.



Board of Directors

PV Water is governed by a seven-member board of directors, who must live within the agency boundaries and be registered voters. Four directors are directly elected by voters within their division (see map) for overlapping terms of four years each. The remaining three directors are separately appointed by Monterey County, Santa Cruz County, and the City of Watsonville. Appointed directors serve two-year terms and must derive a majority of their net income from agriculture.

Elected

Division A: Mary Bannister
Division B: Stephen Rider
Division C: Amy Newell
Division D: Robert Culbertson III

Appointed

Monterey County: Javier Zamora
Santa Cruz County: Tom Broz
Watsonville: Abel Sanchez

Agency Staff

Brian Lockwood
General Manager

Nancy Trevino
Finance & Administrative Services Manager

Priscilla Sanchez
Financial Analyst

Laura R. Taay
Administrative Analyst/ Board Secretary

Rocio Guerrero
Customer Service Representative

Lupe Lizaola
Accounting Clerk

Jesus Martinez,
Sr. Water System Operator

Shinehah Bigham
Water System Operator

Leonard Villanueva
Meter Program Coordinator

David Parra
Operations & Maintenance Technician

Jaime Marquez
Field Technician

Juan Cadenas-Santos
Maintenance Technician

Casey Meusel
Associate Hydrologist

Marcus Mendiola
Water Conservation & Outreach Specialist

Juliana Ruf
Water Resources Technician

MEMORANDUM

DATE: December 14, 2023
MEETING OF: December 20, 2023
TO: Board of Directors
FROM: General Manager
RE: **CONSENT AGENDA ITEM 9E:** Approve Agreement with Balance Hydrologics, Inc., for Watsonville Slough Watershed Hydrologic Monitoring Professional Services, Water Years 2024 and 2025, in an Amount Not to Exceed $142,942

INTRODUCTION

When this item goes before the Pajaro Valley Water Management Agency (PV Water) Board of Directors (Board) on December 20, 2023, staff will ask the Board to consider approval of agreement with Balance Hydrologics, Inc. for Watsonville Slough Watershed Hydrologic Monitoring Professional Services for Water Years 2024 and 2025[1], in an amount not to exceed $142,942. The proposed scope of work supports PV Water's ongoing Basin Management Plan Update (BMP) and its subsequent update, the Basin Management Plan – Groundwater Sustainability Update 2022 (GSU22), implementation efforts and provides important data collection and analysis services necessary to support the Watsonville Slough System Managed Aquifer Recharge and Recovery Project ("Project").

BACKGROUND

PV Water's BMP, adopted by the Board in April 2014, identifies a three-part solution to the water resource issues affecting the Pajaro Valley Basin which include: 1) Water Conservation, 2) Optimization of Existing Water Supply Facilities, and 3) Development of New Water Supplies. Seven projects and programs described in more detail in the BMP make up the three-part solution and include the following:

- Conservation Program
- Increased Recycled Water Deliveries
- Increased Recycled Water Storage
- Harkins Slough Recharge Facility Upgrades*
- Watsonville Slough with Recharge Basins*
- College Lake with Inland Pipeline to CDS (now known as the College Lake Integrated Resources Management Project)
- Murphy Crossing with Recharge Basin

* Collectively called the Watsonville Slough System Managed Aquifer Recharge and Recovery Project

DISCUSSION

The existing Harkins Slough Facilities and the Struve Slough Project are both dependent upon the Watsonville Slough Watershed for source water. The Harkins Slough Facilities have recharged over 10,500 acre-feet of water since operations commenced in 2002. With the addition of the new point of diversion on Struve Slough to supplement the Harkins Slough Facilities, hydrologic modeling estimates an annual average of 2,060 acre-feet would be diverted for recharge and later recovery. Recovered water

[1] Water Year represents the period October 1 through the following September 30.

is and will be conveyed through the Coastal Distribution System to serve as an agricultural irrigation supply to offset coastal groundwater production and concomitantly as an in-lieu recharge supply.

Understanding the changing conditions in the Watsonville Slough Watershed is an important aspect of determining how PV Water can optimize the existing Harkins Slough Facilities and future Struve Slough Project. The Watsonville Slough Hydrologic Study completed in 2014 provided a foundation for planning and environmental needs to advance the projects. The study was grant funded and led by the Resource Conservation District of Santa Cruz and conducted by Balance Hydrologics, Inc. It included: stakeholder outreach & input, stream gaging, channel surveys, surface water-groundwater interactions, land use analysis, and ultimately the development of two models (hydrologic and hydraulic models).

In October 2015, anticipating future data needs to support the BMP projects in the Watsonville Slough Watershed and the water-right permitting process, the Board approved an agreement with Balance Hydrologics, Inc. to provide hydrologic monitoring services throughout water year 2016. Staff have continued working with Balance Hydrologics, Inc. since to maintain and monitor the existing stream sites and characterize brackish backflow conditions. The data collected has supported modeling used to inform the project design and the water-right application for the Struve Slough Project, which was recently accepted by the State Water Resources Control Board in 2021, notice of which was published in the Pajaronian on 3 Fridays in October and November 2021. PV Water currently is working with engineering and environmental consultants to advance the projects through final design and complete a water availability analysis as part of the water-right permit process. Data collected through the proposed hydrologic monitoring is essential to ensure current conditions are observed and incorporated into final design and further advance the water-right permit process.

FISCAL IMPACT

The agreement is not to exceed $142,942 and will be billed on a time and materials basis. Some staff time will go toward managing this effort and providing hydrologic monitoring support.

STAFF RECOMMENDATION

The Board approves the agreement, in substantially the same form as the version attached, with Balance Hydrologics, Inc. for Watsonville Slough Hydrologic Monitoring Professional Services, Water Years 2024 & 2025, in an amount not to exceed $142,942.

The Administration & Finance Committee reviewed the costs of the agreement during its December 12, 2023, meeting, and voted in favor of recommending the Board approve the agreement.

ATTACHMENT

- Agreement with Balance Hydrologics, Inc. for Watsonville Slough Watershed Hydrologic Monitoring Professional Services, Water Years 2024 and 2025, in an amount not to exceed $142,942 through June 30, 2026

PAJARO VALLEY WATER MANAGEMENT AGENCY
36 BRENNAN STREET • WATSONVILLE, CA 95076
TEL: 831) 722-9292 FAX: 831) 722-3139
email: info@pvwater.org • www.pvwater.org

December 20, 2023

Barry Hecht
Balance Hydrologics, Inc.
800 Bancroft Way, Suite 101
Berkeley, CA 94710

Re: Agreement for Consultant Services
Watsonville Slough Watershed Hydrologic Monitoring Professional Services for Water Years 2024 and 2025

Dear Mr. Hecht,

This letter sets forth the agreement between **Pajaro Valley Water Management Agency** ("PV Water") and **Balance Hydrologics, Inc.,** ("Consultant") for professional services related to:

Watsonville Slough Watershed Hydrologic Monitoring Professional Services for Water Years 2024 and 2025

1. **Scope of Services**: PV Water hereby engages Consultant for the services as more specifically described in Scope of Work attached hereto as Exhibit A, and made a part of, this letter agreement.

2. **Term of Agreement:** The term of this Agreement shall be effective on **December 21, 2023,** and terminate on **June 30, 2026**, unless terminated sooner pursuant to the terms of this Agreement. The Parties' authorized representatives (defined below) shall have the authority to extend this term by written amendment to this Agreement.

3. **Compensation:** The hourly fee for services and fee estimate is attached hereto Exhibit A, and made a part hereof.

4. **Maximum Payment:** Payment for services rendered under this Letter Agreement shall not exceed **One Hundred Forty Two Thousand Nine Hundred Forty Two Dollars ($142,942)**.

5. **Method of Payment:** Consultant shall prepare and submit to PV Water a detailed invoice for the professional services described herein. PV Water shall pay the amount of the invoice within thirty (30) days after the receipt of the invoice, subject to a finding by PV Water that work performed has been satisfactory and that payment is for the work specified herein.

6. **Indemnification Requirements**: Consultant agrees to indemnify, defend, and hold harmless PV Water, its directors, officers, employees and agents from and against any and

all claims, demands, actions, damages, or judgments, including associated costs of investigation and defense arising in any manner from or in any way related to the obligations or performance of this agreement by the Consultant, Consultant's employees or agents, except where caused by the sole negligence, or willful misconduct of PV Water.

7. **Insurance Requirements:** Consultant agrees to procure and maintain the insurance coverages and limits as required by PV Water prior to the commencement of work, as specified in Exhibit "B".

8. **Amendment:** Except as otherwise provided in this Agreement, neither this Agreement nor any provision hereof may be waived, modified, amended, or discharged, or terminated except by an instrument in writing signed by the Parties, and then only to the extent set forth in such writing.

9. **Termination:** PV Water may terminate this Agreement at any time, with or without cause, in its sole discretion, by giving written notice to Consultant at least thirty days (30) prior to such termination. Upon notice of termination, Consultant will immediately take action not to incur any additional obligations, costs or expenses, except as may be reasonably necessary to terminate its activities. PV Water's only obligation to the Consultant will be just and equitable payment for services authorized by, and received to the satisfaction of PV Water up to and including the effective date of termination. All finished or unfinished work or documents procured or produced under the Agreement will become property of PV Water upon the termination date.

10. **Dispute Resolution:** The Parties agree to act in good faith to resolve through negotiation any dispute, claim or controversy arising out of or relating to this Agreement. If no resolution is achieved, and if the parties mutually agree, then prior to pursuing formal legal action, the parties shall make a good faith effort to resolve the dispute by non-binding mediation. Notwithstanding the foregoing provisions, nothing contained in this Agreement shall impair the parties' right to pursue any and all legal remedies.

11. **Entire Agreement:** This Agreement, together with Exhibits and/or attachments and any agreements provided for herein, constitute the entire understanding between the Parties with respect to the matters set forth herein, and they supersede all prior or contemporaneous understandings or agreements between the Parties with respect to the subject matter hereof, whether oral or written.

12. **Consultant's Records:** Consultant shall maintain accurate accounting records and other written documentation pertaining to the costs incurred related to this Agreement. Such records and documentation shall be kept available at Consultant's office during the period of this Agreement, and after the term of this Agreement for a period of three years from the date of the final payment for Consultant's services.

13. **Independent Contractor:** In the performance of its work, it is expressly understood that Consultant, including Consultant's employees and agents, is an independent contractor solely responsible for its acts and omissions, and Consultant shall not be considered an employee of PV Water for any purpose.

14. **Consultant Not an Agent:** Except as PV Water may specify in writing, Consultant shall have no authority, express or implied, to act on behalf of PV Water in any capacity

whatsoever as an agent. Consultant shall have no authority, express or implied, pursuant to this Agreement to bind PV Water to any obligation whatsoever.

15. **Construction:** Consultant acknowledges fully reviewing this Agreement and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement.

16. **Severability:** If any provision of this Agreement is invalid, illegal or unenforceable, such provision shall be deemed to be served or deleted from this Agreement and the balance of this Agreement shall remain in full force and effect notwithstanding such invalidity, illegality or unenforceability.

17. **Counterparts:** This Agreement may be executed in counterparts, which, together, shall constitute one and the same instrument. Facsimile and scanned pdf signatures shall be accepted as an original.

Sincerely yours,
Pajaro Valley Water Management Agency

By: _____
Brian Lockwood
General Manager

"CONSULTANT"

The undersigned understands and agrees to the terms and conditions set forth in this Agreement and is duly authorized to enter into this Agreement.

Date: _____, 2023

Balance Hydrologics, Inc.

By: _____
Edward D. Ballman
Vice President

December 15, 2023

Brian Lockwood, General Manager
Casey Meusel, Associate Hydrologist
Pajaro Valley Water Management Agency
36 Brennan Street
Watsonville, California 95076

RE: Scope of Work for Salinity and Flow Monitoring in the Watsonville Slough System Study Area, Water Years 2024 and 2025

Dear Brian and Casey:

You have asked that we propose to continue the Watsonville Sloughs hydrologic monitoring program to collect information to support project development and implementation efforts for the Watsonville Slough System Managed Aquifer Recharge and Recovery Projects. Hydrologic conditions targeted in the proposed monitoring include: (A) the magnitude, extent and frequency of the brackish-water pulses, (B) their configuration and dissipation rates, (C) water surface elevations around the existing and proposed points of diversion, (D) the evolving inflows from the watershed at Watsonville Slough at San Andreas Road, Gallighan Slough near its mouth, and Watsonville Slough at Highway 1 to help assess water availability and hydraulic dynamics, and (E) water-level and water-quality conditions that support the environmental values which characterize the Watsonville Slough system and will help inform water availability analysis.

This proposal details the proposed monitoring efforts for water years (WY) 2024 and 2025 in the following seven tasks. Proposed costs associated with the tasks are outlined in **Table 1** and are subdivided by designation of "a" for WY 2024 and "b" for WY 2025. Total proposed cost for WY 2024 is $71,344.00 and for WY 2025 are $70,026.33[1]. Anticipated expenses for both years are estimated at $1,572.00, The total proposed budget is $142,942.33.

[1] Includes 2.8 percent escalation of labor cost for WY2025 to reflect inflation and cpi.

Task 1a. Brackish Incursion Catalog – WY2024

Develop an Excel based catalog of known salinity incursions, back to approximately 2003, to (a) establish a baseline for incursions which may change over the years, (b) establish the range of incursion durations and magnitude at various gages, and (c) simplify how these can be monitored going forward. Balance staff would simply catalog the duration, peak salinity, and stage downstream of Shell Road. PV Water staff could enter in other data which the agency considers important. Once completed, the catalog will be updated annually and be appended to the annual summary monitoring report.

We recommend that this task be done now, to take advantage of both Jason and Barry having been around for most of these events. Developing the catalog of approximately 20 years of incursions would be a one-time effort during the WY2024 contract. We would add any new years' incursion to the catalog each successive year.

Task 2. As-Needed Support Services

Upon written request and authorization by the PV Water General Manager, Balance will provide support services to supplement in-house capabilities and otherwise support development of the Watsonville Slough System Managed Aquifer Recharge and Recovery Projects. This task is included in the scope at the request of PV Water.

Task 3. Gaging Network Maintenance and Instrument Downloads (annually approximately 8 Visits to each station)

To ensure data collection efforts reflect current data needs, the gaging network needs to be maintained, calibrated, and instruments downloaded. To meet the need for detailed information on the brackish pulses, streamflow rates, and support the continued implementation effort of the proposed Watsonville Slough System Managed Aquifer Recharge and Recovery Projects, at the start of WY2024 and WY2025 we will service, calibrate and download instrumentation at each of the following stations:

- Watsonville Slough at Shell Road (upstream and downstream stations)
- Watsonville Slough at San Andreas Road
- Watsonville Slough at Highway 1
- Harkins Slough at Pump Station
- Struve Slough Project point of diversion (POD)
- Harkins Slough at Buena Vista Road
- Struve Slough at Lee Road
- Gallighan Slough at the Landfill

As per previous practice, we blend billing rates of field visits and data-processing time with Senior Staff Professional and Hydro Tech as a way of reducing the costs to PV Water.

Task 4. Field Measurements During Storm and Salinity Breaching Events (Estimated 6 Visits Per Year)

This task also has the billing rates blended with Hydrologic Tech in order to conserve budget, and to maximize staff availability during events.

Field visits during brackish backflow events will focus on identifying the upstream extent of the saline water pulses from Shell Road as far upstream as Watsonville Slough at Highway 1. A hand-held salinity/conductance meter will be used to measure the maximum extent of incursions.

Storm measurements will focus on providing high flow measurements to refine and/or update the flow rating curves at the following locations:

- Watsonville Slough at San Andreas Road
- Watsonville Slough at Highway 1
- Gallighan Slough at the landfill
- Harkins Slough at Buena Vista Road

Task 5. Data Post-Processing and Archiving

Measurements need to be integrated into an annual flow record – the gaged flow each day at each station. For days of substantially changing flow, we develop records for each 15-minute period, consistent with State and Federal norms (informally called "USGS methods"). Hydrographs and tables will be prepared, and an observers' log for each station will be prepared. This task includes time for a year-end digital submittal of reported data after review of PV Water and senior Balance staff.

This task will also have the billing blended with Hydrologic Tech in order to conserve budget.

Task 6. Brief Annual Data Summary Memo

The brief annual summary memo will include a condensed summary of methods used; our estimates of dates and magnitudes of peak flows; readings of specific conductance (salinity), and other incidental water-quality observations; and a station observer log, which includes observations made by our staff and PV Water at each visit, for each water year. Maps and graphs will be included, as in the past memos.

Task 7. Project Administration

We allocate about an hour per month to administer this complex work scope with a lot of field equipment and field labor split between PV Water and Balance. A small amount of set-up time is also included.

Schedule

Work will begin when Balance is given authorization by PV Water to proceed. Initial work will be done by Balance's Santa Cruz office staff, with Berkeley office staff in reserve, if needed. We anticipate being able to begin the outlined tasks within three workdays of your authorization to proceed. The WY2024 and WY2025 gaging draft memos will be completed by December 15th of the respective water year with a targeted finalization during the following month when comments from PV Water on the report become available.

Budget

The costs to implement this scope of work are summarized in the attached **Tables 1**and **2**. We propose billing on a time-and-materials basis not to exceed the values presented therein. As is our practice with multi-year contracts, our projected billings include a 2.8 percent escalation to account for labor rate increases in WY2025.

Staffing

We intend to continue serving you with the current team, including Jason Parke as Gaging Manager, who has participated in all prior work efforts. Barry Hecht will remain the principal-in-charge, and Chelsea Neill or other Balance staff may assist as needed. We are pleased to be able to provide you with a stable, veteran project staff familiar with the Pajaro Valley and the PV Water team.

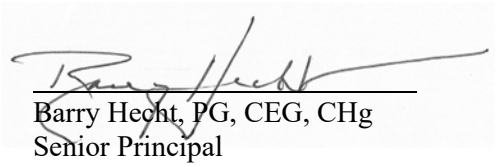
Closing

Thank you again for the opportunity to continue our work in this important watershed system. This means a lot to all of us at Balance, and we look forward to contributing to a more robust understanding of how the slough system functions in ongoing conditions. We really value the opportunity to talk over the scope of work and our mutual understanding of your evolving needs.

Sincerely,

BALANCE HYDROLOGICS, Inc.

Jason Parke
Hydrologist / Geologist



Barry Hecht, PG, CEG, CHg
Senior Principal

Enclosures: Table 1– Anticipated staff hours by task, monitoring WY2024 and WY2025
Table 2 – Estimated costs of monitoring proposed for WY2024 and WY2025

Table 1. Anticipated Staff Hours by Task

225177 Watsonville Slough Gaging and Salinity Monitoring WY2024 and WY2025

Task Number and Description	Sr. Principal	Principal	Senior Professional	Project Professional	Sr. Staff Professional	Staff Professional	Assistant Professional	Junior Professional	GIS/CADD Senior Analyst	GIS/CADD Analyst	Sr. Proj Admin	Sr. Report Specialist	Report Specialist	Hydrologic Tech	Labor Costs For Task
Hourly Rate	*$227*	*$214*	*$184*	*$180*	*$165*	*$140*	*$120*	*$115*	*$138*	*$116*	*$119*	*$100*	*$90*	*$90*	
Task 1. Special study: Optional/placeholder task															
Task 1a. WY2024 [3]					13									12	$3,225.00
Task 1b. WY2025			no work proposed for water year 2025												
Task 2. As-Needed support services: Balance will assist with specific tasks as approved by PV Water general manager.															
Task 2a. WY2024	4				49										$8,993.00
Task 2b. WY2025	4				49										$8,993.00
Task 3. Gaging network maintenance (annually, approximately 8 Visits)															
Task 3a. WY2024					80									32	$16,080.00
Task 3b. WY2025					80									32	$16,080.00
Task 4. Field measurements during storm and salinity breaching events (estimated 6 visits per year)															
Task 4a. WY2024	4				48									25	$11,078.00
Task 4b. WY2025	4				48									25	$11,078.00
Task 5. Data post-processing and archiving															
Task 5a. WY2024	6	12			71									65	$21,495.00
Task 5b. WY2025	6	12			71									65	$21,495.00
Task 6. Brief annual data summary memo															
Task 6a. WY2024	12				30								7		$8,304.00
Task 6b. WY2025	12				30								7		$8,304.00
Task 7. Project administration															
Task 7a. WY2024	1				6						8				$2,169.00
Task 7b. WY2025	1				6						8				$2,169.00
Subtotal Hours	54	24			581						16		14	256	
Total Hours	**945**														

Notes:

1. If possible, assistance from PV Water staff would is appreciated with the special study tasks and the continued routine downloads of instruments.

2. WY2025 costs represent a 2.8 percent escalation to track with inflation and the consumer price index trend. https://www.bls.gov/regions/west/news-release/consumerpriceindex_sanfrancisco.htm

3. Develop a catalog of known salinity incursions that will be updated each year going forward.

TOTAL LABOR	**$139,463.00**
Expenses from Table 2	***$1,572.00***
Contingency from Table 2	
2.8 percent escalation of labor cost for WY2025 to reflect inflation and cpi	***$1,907.33***
GRAND TOTAL	**$142,942.33**

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Table 2. Estimated Costs

225177 Watsonville Slough Gaging and Salinity Monitoring WY2024 and WY2025

Professional Fees	Rate	Hours	Allocation
Sr. Principal	$227	54	$12,258.00
Principal	$214	24	$5,136.00
Senior Professional	$184	0	$0.00
Project Professional	$180	0	$0.00
Senior Staff Professional	$165	581	$95,865.00
Staff Professional	$140	0	$0.00
Assistant Professional	$120	0	$0.00
Junior Professional	$115	0	$0.00
GIS/CADD Senior Analyst	$138	0	$0.00
GIS/CADD Analyst	$116	0	$0.00
Senior Project Administrator	$119	16	$1,904.00
Senior Report Specialist	$100	0	$0.00
Report Specialist	$90	14	$1,260.00
Hydrologic Technician	$90	256	$23,040.00
	Labor Subtotal (Table 1)		$139,463.00

Expenses				
Direct Expenses				
Mileage (two water years)	**2400**	miles @	$0.655	$1,572.00
Mileage, 4-Wheel Drive		miles @	$0.655	$0.00
Vehicle Rental				$0.00
Equipment Costs				$0.00
Per Diems		@		$0.00
Reimbursable Costs				
Other Travel, Subsistence		trips @		$0.00
Express Mail, Deliveries				$0.00
Maps and Aerial Photos				$0.00
Outside Copying, Blueprint				$0.00
Outside Consultants				$0.00
Analytical Laboratory Fees				$0.00
Materials and Supplies				$0.00
Permits, Licenses or Agency Inspection fees	***client responsibility***			$0.00
Printing+				$0.00
Other				$0.00
			Expenses Subtotal	$1,572.00
			ESTIMATED TOTAL	**$141,035.00**
			Contingency	
2.8 percent escalation of labor expenses for WY2025 to reflect inflation and cpi				**$1,907.33**
			TOTAL w/ CONTINGENCY	**$142,942.33**

Notes

* 4WD rates apply only if required by site conditions. See Balance policy re 4WD. Milage costs are based federal standard rates.

+Plotting costs vary according to complexity of design

Project-related expenses will be billed at cost plus 10%; including work by outside consultants and analytical or testing laboratories.

©2023 Balance Hydrologics, Inc.

EXHIBIT "B"

Insurance Requirements

Consultant shall procure and maintain insurance as follows:

1. Commercial General Liability Insurance. Commercial general liability insurance, including products and completed operations, property damage, bodily injury, personal and advertising injury with limits of not less than $1,000,000 each occurrence and $1,000,000 aggregate.

2. Automobile Liability Insurance. Automobile liability insurance covering automobile bodily injury and property damage, including all owned (if any), hired and non-owned autos, with limits of not less than $1,000,000 each accident. If Consultant acquires any owned vehicles, Consultant shall provide insurance as above.

3. Professional Liability Insurance. Limits of liability in amounts not less than $1,000,000 per occurrence or claim and $1,000,000 aggregate, insuring Consultant and its employees against liabilities arising out of or in connection with the negligent acts, errors, or omissions of any of the foregoing in connection with the carrying out of their professional responsibilities relating to this Agreement. Consultant shall renew continuous coverage or extend the reporting period, to the extent available, by endorsement or otherwise, for claims five (5) years from the date this Agreement is terminated. Such professional liability policies shall include coverage for liability assumed by the Consultant under this Agreement for losses arising out of Consultant's negligence.

4. Workers' Compensation and Employer's Liability Insurance. Worker's Compensation as required by the Labor Code of the State of California and Employer's Liability Insurance for all employees in workplaces involved in this Agreement. Employer's liability insurance in the amount of, at least, $1,000,000 per accident for bodily injury or disease. The Certificate of Insurance shall include waiver of subrogation endorsement in favor of PV Water. ***This requirement may be waived if Consultant provides a sworn affidavit to PV Water that Consultant has no employees.***

5. Other Requirements.

    a. Additional Insured Endorsement. The general liability and automobile liability policies are to contain, or be endorsed to contain the following provisions: **The Pajaro Valley Water Management Agency, its directors, officers, employees, and authorized volunteers are to be additional insured**. The coverage shall contain no special limitations on the scope of protection afforded to PV Water, its directors, officers, employees, or authorized volunteers.

b. Primary Insurance. For any claims related to this Agreement, Consultant's insurance shall be primary insurance as respects PV Water, its directors, officers, employees, and authorized volunteers, individually and collectively. Any insurance, self-insurance, or other coverage maintained by PV Water, its directors, officers, employees, or authorized volunteers shall be in excess of Consultant's insurance and shall not contribute to it.

c. Cancellation. The policies specified above are to state or be endorsed to state that coverage shall not be canceled by either party, except after thirty (30) days (10 days for non-payment of premium) prior written notice by U.S. mail has been given to PV Water.

d. Changes. If any change is made in the insurance carrier, scope of coverage or retroactive date of professional liability coverage required under this Agreement, Consultant shall notify the PV Water within three (3) working days.

e. Evidence of Insurance. Prior to execution of this Agreement, Consultant shall file with PV Water, on forms acceptable to PV Water, certificate(s) of insurance and additional insured endorsements, as specified above.

f. Deductibles and Self-Insured Retentions. Any deductible or self-insured retention must be declared to and approved by PV Water. At the option of PV Water, the insurer shall either reduce or eliminate such deductibles or self-insured retentions.

g. Acceptability of Insurers. Insurance is to be placed with insurers having a current A.M. Best rating of no less than A-VII or equivalent or as otherwise approved by PV Water.

MEMORANDUM

DATE: December 14, 2023
MEETING OF: December 20, 2023
TO: Board of Directors
FROM: General Manager
RE: **CONSENT AGENDA ITEM 9F:** Approve First Amendment to Independent Registered Municipal Advisor Agreement with NHA Advisors, LLC, for Water Infrastructure Finance and Innovation (WIFIA) Loans, in an amount not to exceed $75,000

BACKGROUND

PV Water retained NHA Advisors, LLC (NHA), in October 2015 following a competitive request for proposals process. At the time, NHA was charged with evaluating refinancing opportunities for five outstanding debt obligations: (1) 1999 Certificate of Participation Bond; (2) State Water Resources Control Board Note payable #1; (3) State Water Resources Control Board Note payable #2; (4) Department of Water Resources note payable; and (5) City of Watsonville Water Treatment Plant Repayment Contract. With NHA's support, PV Water successfully refinanced existing long-term debt via the 2015 Water Revenue Bond and the 2016 Water Revenue Bond. As documented in the fall 2016 newsletter, the combined effect of the refinancing saved PV Water $30,750,090. In October 2022, the Board approve an agreement with NHA to provide support to fund critical water resource projects. NHA supported staff in issuing approximately $40 million in Certificates of Participation (COPs) in June 2023, and has been supporting staff prepare for what is now two Water Infrastructure Finance and Innovation (WIFIA) loans.

DISCUSSION

PV Water desires to evaluate and pursue cost effective funding mechanisms to meet anticipated capital project expenditures associated primarily with the College Lake Integrated Resources Management Project (CLIRMP) and the Watsonville Slough System Managed Aquifer Recharge and Recovery Projects (WSS-MARR). While staff and consultants have successfully secured nearly $12 million in grant funding to support these projects to-date ($9.5 million and $2.375 million for CLIRMP from the Department of Water Resources and the Department of Conservation, respectively), additional funding is required. Staff and consultants developed WIFA Letter of Interest and the EPA informed PV Water Staff that PV Water was formally invited to apply for WIFIA financing. Staff are collaborating with NHA and other consultants to complete the WIFIA financing application presently. Due to the timing of project implementation, PV Water Staff determined, in consultation with EPA staff, that instead of receiving a single loan, PV Water would require two loans – one for each project. The proposed amendment is to continue funding NHA to support the completion of the loan applications.

FISCAL IMPACT

The fiscal impact of this agreement will not exceed $75,000.

STAFF RECOMMENDATION

The Board approve the first amendment to agreement with Independent Registered Municipal Advisor Agreement, in substantially the same version as the one attached, between Pajaro Valley Water Management Agency and NHA Advisors, LLC, in an amount not to exceed $75,000..

The Administration & Finance Committee reviewed the first amendment to agreement with NHA during its December 12, 2023, meeting, and voted in favor of recommending the Board approve the amendment.

ATTACHMENTS

- First Amendment to Agreement
- Link to WIFIA website: https://www.epa.gov/wifia

FIRST AMENDMENT TO AGREEMENT FOR

PV WATER'S

FUNDING CAPITAL PROJECTS SUPPORT SERVICES

THIS FIRST AMENDMENT, effective **December 21, 2023** ("First Amendment") to the Agreement ("Agreement") dated **October 18, 2022,** is made by and between the Pajaro Valley Water Management Agency, a state-chartered water management district ("PV Water") and NHA Advisors, LLC., a corporation licensed to do business in the State of California ("Consultant").

RECITALS

WHEREAS, PV Water and Consultant previously entered into the original Agreement dated October 18, 2022, for professional financial services related to acquiring Water Infrastructure Finance and Innovation (WIFIA) funding, which is incorporated herein by this reference; and

WHEREAS, PV Water and Consultant desire to enter into this First Amendment to the Agreement to supplement the original scope of work to apply for two WIFIA loans, in an amount not to exceed $75,000, as further specified herein.

AGREEMENT

NOW, THEREFORE, it is agreed between PV Water and Consultant to incorporate the above Recitals hereto, and that the Agreement is hereby amended as follows:

1. Section 1 of the Agreement is hereby amended to read as follows:

"Term of Agreement. This Agreement shall be effective on **October 18, 2022,** and terminate on **June 30, 2025**, unless terminated sooner pursuant to the terms of this Agreement."

Section 2 of the Agreement is hereby amended to read as follows:

"Work. Consultant will furnish services as defined and described in Exhibits A and B, incorporated herein. Consultant represents and warrants that it: (i) is fully experienced and properly qualified to perform the class of work and service provided for herein, (ii) has the financial capability required for the performance of the work and services, and (iii) is properly equipped and organized to perform the work and services in a competent, timely, and proper manner, in accordance with the requirements of this Agreement."

Exhibit B is attached and incorporated into this First Amendment, and as such is attached and incorporated into the Agreement. The parties hereby agree that Consultant's services as defined in Exhibit B will be at a cost not to exceed $75,000, and that these services shall take approximately 6 months for Consultant to complete. The total not to exceed amount of the original Agreement ($75,000) and the First Amendment ($75,000), will collectively be a cost not to exceed $150,000.

Notwithstanding these amended terms, all other terms and conditions of the original Agreement, and attachments thereto, shall remain in full force and effect. The terms of this First Amendment shall control should any terms conflict.

Each party acknowledges that it has reviewed this First Amendment and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this First Amendment.

The parties may execute this First Amendment in two or more counterparts, which shall, in the aggregate, be deemed an original but all of which, together, shall constitute one and the same instrument. A scanned, electronic, facsimile or other copy of a party's signature shall be accepted and valid as an original.

The signatories and authorized representatives (defined below) to this First Amendment warrant and represent that each is authorized to execute this First Amendment, and that their respective signatures serve to legally obligate their respective representatives, agents, successors and assigns to comply with the provisions of this First Amendment.

IN WITNESS WHEREOF, PV Water and the Consultant have executed this First Amendment as of the dates shown above.

PAJARO VALLEY WATER MANAGEMENT AGENCY

By: _____ Date: _____

Brian Lockwood, General Manager

NHA ADVISORS, LLC.

By: _____ Date: _____

Craig Hill, Principal

Approved As To Form:

By: _____ Date: _____

Anthony Condotti, PV Water General Counsel

Exhibit "A"
Scope of Work

Consultant's scope of services related to the Agency's WIFIA Loan(s) Financing will generally include, but will not be limited to, the following services:

- **Finalizing WIFIA Loan(s)**
    - Provide project management services for all steps necessary to finalize the WIFIA Loan(s)
    - Advise Agency staff on strategies to optimize the structuring of the WIFIA Loan
    - Advise Agency staff on common "pinch points" during the early stages of the WIFIA Loan(s) process to avoid potential delays in funding
    - Participate in bi-weekly project calls, as requested and scheduled by EPA staff
    - Work with Agency Bond Counsel to optimize the legal structure of the WIFIA Loan(s)
    - Review and provide comment on all WIFIA Loan(s) documents, including:
        - Key Business Terms
        - WIFIA Loan(s) Term Sheet
        - WIFIA Loan(s) Agreement
        - WIFIA Closing Checklist
    - Review the parity debt provisions associated with Agency's existing bond obligations to ensure WIFIA Loan(s) meets requirements of existing bond obligations
    - Assist Agency staff in responding to EPA due diligence requests (i.e., Legal and Financial due diligence)
    - Prepare credit rating presentation and assist Agency management in obtaining the required rating from either S&P Global Ratings, Fitch, or Moody's
    - Obtain CUSIP for WIFIA Loan(s)
    - Continued strategic development of WIFIA Loan(s) drawdown schedule (blending WIFIA Loan(s) and Matching Bonds drawdowns)
    - Continued refinement of long-term pro-forma (matching the desired term of the WIFIA Loan(s)) and Sources & Uses table

- Continued development of dynamic debt service calculation financial model for quantifying debt service on WIFIA Loan(s) and Matching Bonds

- Assist with Agency Board approval process and provide presentation to Agency Board, Staff or Other Stakeholders (as requested)

    - Develop presentation materials or memos detailing financing information

    - Present information in any format as determined by Agency staff

- Assist Agency staff with providing required certifications and documents as outlined in the WIFIA Closing Checklist

- Manage closing day process for WIFIA Loan(s)

    - Participate in interest rate set call

    - Provide municipal advisor sign-off as required by EPA staff on final Loan(s) sizing

    - Final review of WIFIA Loan(s) documents reflecting final Loan(s) sizing, drawdown, and amortization

    - Participate in WIFIA Loan(s) closing call

- Assist Agency staff in coordinating with the EPA regarding the post-closing press release/announcement of WIFIA Loan(s)

For work described in the Scope of Services, Consultant will be compensated based on time and materials required at the hourly rate schedule shown below. The not-to-exceed budget for these services, without further approval from the Agency, shall be $75,000.

Staff Allocation	Hourly Rate
Principal	$350
Director / Senior Vice President	$325
Vice President	$300
Assist. Vice President / Sr. Associate	$275
Associate	$250
Senior Analyst	$225
Analyst	$200
Administrative **** Effective hourly rates shown in invoices may be reduced to incorporate non-billable time.***	$ 100

Expenses (Out-of-Pocket)

All expenses will be billed directly at cost to the Agency. Expenses will be limited to those necessary for completion of the project.

MUNICIPAL ADVISOR DISCLOSURES

Fiduciary Duty

NHA Advisors is registered as a Municipal Advisor with the U. S. Securities and Exchange Commission ("SEC") and Municipal Securities Rulemaking Board ("MSRB"). As such, NHA Advisors has a fiduciary duty to the Agency and must provide both a Duty of Care and a Duty of Loyalty that entail the following.

Duty of Care:

a) exercise due care in performing its municipal advisory activities;
b) possess the degree of knowledge and expertise needed to provide the Agency with informed advice;
c) make a reasonable inquiry as to the facts that are relevant to the Agency's determination as to whether to proceed with a course of action or that form the basis for any advice provided to the Agency; and
d) undertake a reasonable investigation to determine that NHA Advisors is not forming any recommendation on materially inaccurate or incomplete information; NHA Advisors must have a reasonable basis for:
    i. any advice provided to or on behalf of the Agency;
    ii. any representations made in a certificate that it signs that will be reasonably foreseeably relied upon by the Agency, any other party involved in the municipal securities transaction or municipal financial product, or investors in the Agency securities; and
    iii. any information provided to the Agency or other parties involved in the municipal securities transaction in connection with the preparation of an official statement.

Duty of Loyalty:

NHA Advisors must deal honestly and with the utmost good faith with the Agency and act in the Agency's best interests without regard to the financial or other interests of NHA Advisors. NHA Advisors will eliminate or provide full and fair disclosure (included herein) to the Agency about each material conflict of interest (as applicable). NHA Advisors will not engage in municipal advisory activities with the Agency as a municipal entity, if it cannot manage or mitigate its conflicts in a manner that will permit it to act in the Agency's best interest.

Conflicts of Interest and Other Matters Requiring Disclosures

As of the commencement date of the Project, there are no actual or potential material conflicts of interest, other than those noted below, that NHA Advisors is aware of that might impair its ability to render unbiased and competent advice or to fulfill its fiduciary duty. If NHA Advisors becomes aware of any material potential conflict of interest that arises after this disclosure, NHA Advisors will disclose the detailed information in writing to the Agency in a timely manner.

The following are potential conflicts of interest to be considered.

- NHA Advisors' fees under this Project are based on hourly fees of NHA Advisors'

personnel, with the aggregate amount equaling the number of hours worked by such personnel times an agreed-upon hourly billing rate. This form of compensation presents a potential conflict of interest because it could create an incentive for NHA Advisors to recommend alternatives that would result in more hours worked. This conflict of interest will not impair NHA Advisors' ability to render unbiased and competent advice or to fulfill its fiduciary duty to the Agency.

- The fee paid to NHA Advisors increases the cost of investment to the Agency. The increased cost occurs from compensating NHA Advisors for municipal advisory services provided.
- NHA Advisors serves a wide variety of other clients that may, from time to time, have interests that could have a direct or indirect impact on the interests of another NHA Advisors client. For example, NHA Advisors serves as municipal advisor to other municipal advisory clients and, in such cases, owes a regulatory duty to such other clients just as it does to the Agency. These other clients may, from time to time and depending on the specific circumstances, have competing interests. In acting in the interests of its various clients, NHA Advisors could potentially face a conflict of interest arising from these competing client interests. NHA Advisors fulfills its regulatory duty and mitigates such conflicts through dealing honestly and with the utmost good faith with the Agency.
- Gerald Craig Hill, the Managing Principal of NHA Advisors, is currently serving as an outside director for the HdL Companies based in Brea, CA. HdL Companies is a software and professional services consulting company providing revenue data and collections information to local governments, potentially including NHA Advisors' clients. HdL Companies have affiliates including, but not limited to, HdL Coren & Cone. From time to time, NHA Advisors utilizes the services of HdL Coren & Cone for its clients. NHA Advisors is mindful of this conflict of interest and fulfills its regulatory duty and mitigates such conflicts through dealing honestly and with the utmost good faith when this situation arises.
- NHA Advisors does not have any affiliate that provides any advice, service, or product to or on behalf of the Agency that is directly or indirectly related to the municipal advisory activities to be performed by NHA Advisors.
- NHA Advisors has not made any payments directly or indirectly to obtain or retain NHA Advisors' municipal advisory business.
- NHA Advisors has not received any payments from third parties to enlist NHA Advisors' recommendation to the Agency of its services, any municipal securities transaction, or any municipal finance product.
- NHA Advisors has not engaged in any fee-splitting arrangements involving NHA Advisors and any provider of investments or services to the Agency.
- NHA Advisors does not have any legal or disciplinary event that is material to the Agency's evaluation of the municipal advisory or the integrity of its management or advisory personnel.
- NHA Advisors does not act as principal in any of the transaction(s) related to this Project.
- During the term of the municipal advisory relationship, this disclosure will be promptly amended or supplemented to reflect any material changes in or additions to the terms or information within this disclosure and the revised writing will be promptly delivered to the Agency.

Pursuant to MSRB Rule G-10, on Investor and Municipal Advisory Client Education and Protection, Municipal Advisors are required to provide certain written information to their municipal entity and obligated person clients which include the following:

- NHA Advisors is currently registered as a Municipal Advisor with the SEC and the MSRB.
- Within the MSRB website at www.msrb.org, Agency may obtain the Municipal Advisory client brochure that is posted on the MSRB website. The brochure describes the protections that may be provided by the MSRB Rules along with how to file a complaint with financial regulatory authorities.

Legal Events and Disciplinary History

NHA Advisors does not have any legal events and disciplinary history on its Form MA and Form MA-I, which includes information about any criminal actions, regulatory actions, investigations, terminations, judgments, liens, civil judicial actions, customer complaints, arbitrations and civil litigation. The Agency may electronically access NHA Advisors' most recent Form MA and each most recent Form MA-I filed with the Commission at the following website:

www.sec.gov/edgar/searchedgar/companysearch.html

There have been no material changes to a legal or disciplinary event disclosure on any Form MA or Form MA-I filed with the SEC.

Recommendations

If NHA Advisors makes a recommendation of a municipal securities transaction or municipal financial product or if the review of a recommendation of another party is requested in writing by the Agency and is within the scope of the engagement, NHA Advisors will determine, based on the information obtained through reasonable diligence of NHA Advisors whether a municipal securities transaction or municipal financial product is suitable for the Agency. In addition, NHA Advisors will inform the Agency of:

- the evaluation of the material risks, potential benefits, structure, and other characteristics of the recommendation;
- the basis upon which NHA Advisors reasonably believes that the recommended municipal securities transaction or municipal financial product is, or is not, suitable for the Agency; and
- whether NHA Advisors has investigated or considered other reasonably feasible alternatives to the recommendation that might also or alternatively serve the Agency objectives.

If the Agency elects a course of action that is independent of or contrary to the advice provided by NHA Advisors, NHA Advisors is not required on that basis to disengage from the Agency.

Record Retention

Effective July 1, 2014, pursuant to the SEC record retention regulations, NHA Advisors is required to maintain in writing, all communication and created documents between NHA Advisors and the Agency for five (5) years.

MEMORANDUM

DATE: December 14, 2023
MEETING OF: December 20, 2023
TO: Board of Directors
FROM: General Manager
RE: **CONSENT AGENDA 9G:** Approve Agreement with Jones Hall, A Professional Law Corporation, for Special Counsel Services in Connection with Water Infrastructure Finance and Innovation (WIFIA) Loans in an amount not to exceed $90,000 per Loan

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BACKGROUND

PV Water retained Jones Hall, A Professional Law Corporation (Jones Hall)), in February, 2015 for bond counsel and disclosure counsel services in connection with the Water Revenue Refunding Bonds (Water Bond 15 & 16) for five outstanding debt obligations: (1) 1999 Certificate of Participation Bond; (2) State Water Resources Control Board Note payable #1; (3) State Water Resources Control Board Note payable #2; (4) Department of Water Resources note payable; and (5) City of Watsonville Water Treatment Plant Repayment Contract that saved PV Water $30,750,090. Jones Hall was also retained in May, 2023 for bond counsel and disclosure counsel services issuing approximately $40 million in Certificates of Participation (COPs) in June 2023, and has been supporting staff prepare for what is now two Water Infrastructure Finance and Innovation (WIFIA) loans.

DISCUSSION

PV Water desires to evaluate and pursue cost effective funding mechanisms to meet anticipated capital project expenditures associated primarily with the College Lake Integrated Resources Management Project (CLIRMP) and the Watsonville Slough System Managed Aquifer Recharge and Recovery Projects (WSS-MARR). While staff and consultants have successfully secured nearly $12 million in grant funding to support these projects to-date ($9.5 million and $2.375 million for CLIRMP from the Department of Water Resources and the Department of Conservation, respectively), additional funding is required. Staff and consultants developed WIFA Letter of Interest, and the EPA informed PV Water Staff that PV Water was formally invited to apply for WIFIA financing. Staff are collaborating with Jones Hall and other consultants to complete the WIFIA financing application presently. Due to the timing of project implementation, PV Water Staff determined, in consultation with EPA staff, that instead of receiving a single loan, PV Water would require two loans – one for each project.

FISCAL IMPACT

The fiscal impact of this agreement will not exceed $90,000 per loan. Staff anticipate two loans.

STAFF RECOMMENDATION

The Board approves the agreement for special legal services, in substantially the same form as the version attached, between Jones Hall and PV Water in an amount not to exceed $90,000 per loan.

The Administration & Finance Committee reviewed the agreement between Jones Hall and PV Water during its December 12, 2023, meeting, and voted in favor of recommending the Board approve the amendment.

ATTACHMENTS

- Agreement for legal services

AGREEMENT FOR LEGAL SERVICES

BETWEEN THE PAJARO VALLEY WATER MANAGEMENT AGENCY AND JONES HALL, A PROFESSIONAL LAW CORPORATION, FOR SPECIAL COUNSEL SERVICES IN CONNECTION WITH WATER REVENUE CERTIFICATES OF PARTICIPATION AND WIFIA LOANS

This AGREEMENT FOR LEGAL SERVICES is entered into this _____ day of _____, 2023, between the PAJARO VALLEY WATER MANAGEMENT AGENCY (the "Client") and JONES HALL, A PROFESSIONAL LAW CORPORATION, San Francisco, California ("Attorneys").

B A C K G R O U N D :

1. The Client is proceeding to acquire and construct certain improvements to its water management enterprise known as the College Lake Integrated Resources Management Project and the Watsonville Slough System Managed Aquifer Recovery and Recharge Project (collectively, the "Projects").

2. The Client has proposed to finance a portion of the costs of each Project through the execution and delivery of one or more series of water revenue certificates of participation (the "COPs") representing undivided interests to be made by the Client to the Pajaro Valley Water Management Agency Financing Corporation (the "Corporation"), which will be secured by net revenues of the Client's water enterprise.

3. The COPs will be sold to the U.S. Environmental Protection Agency ("EPA") to evidence one or more loans (the "WIFIA Loans") to be made by the EPA through its WIFIA loan program, and will be executed and delivered on a federally taxable basis.

4. In order to sell, execute and deliver each series of the COPs and consummate each WIFIA Loan, the Client requires the services of nationally-recognized special counsel and disclosure counsel.

A G R E E M E N T :

In consideration of the foregoing and the mutual covenants contained in this Agreement, the Client and Attorneys agree as follows:

Section 1. Attorney-Client Relationship. Upon execution of this Agreement, the Client will be Attorney's client and an attorney-client relationship will exist between Client and Attorneys. Attorneys assume that all other parties will retain such counsel, as they deem necessary and appropriate to represent their interests in this transaction. Attorneys further assume that all other parties understand that in this transaction Attorneys represent only the Client, Attorneys are not counsel to any other party, and Attorneys are not acting as an intermediary among the parties. Attorneys' services as special counsel and disclosure counsel are limited to those contracted for in this Agreement; the Client's execution of this Agreement will constitute an acknowledgment of those limitations. Attorneys' representation of the Client will not affect, however, our responsibility to render an objective Final Opinion.

Section 2. Scope of Engagement as Special Counsel. Attorneys shall perform all of the following services as special counsel in connection with the sale, execution and delivery of each series of the COPs for the purpose of financing the Projects:

a. Consultation and cooperation with Client and Client staff to assist in the formulation of a coordinated financial and legal execution and delivery of the COPs and the consummation of each WIFIA loan.

b. Preparation of all legal proceedings for the authorization, execution and delivery of the COPs and the consummation of the WIFIA loans by the Client; including (a) preparation of a resolutions of the governing board of the Client and the governing board of the Corporation authorizing the sale, execution and delivery of the COPs and approving related documents and actions, (b) preparation of all financing documents, including an installment sale agreement and trust agreement, (c) preparation of all documents required for the closing of the issue, (d) supervising the closing, and (e) preparation of all other proceedings incidental to or in connection with the sale, execution and delivery of the COPs and the consummation of the WIFIA loans.

c. Reviewing the terms of the financing documents to be prepared by the EPA and its counsel in order to evidence the WIFIA loan.

d. Upon completion of proceedings to Attorneys' satisfaction, providing a legal opinion (the "Final Opinion") approving the validity and enforceability of the proceedings for the authorization, execution and delivery of the COPs and any related matters requested by the Client and the EPA. The Final Opinion will be addressed to the Client, and may also be addressed to the EPA and other participants in the financing.

e. Assist the Client in presenting information to bond rating organizations and providers of credit enhancement relating to legal issues affecting the execution and delivery of the COPs.

f. Such other and further services as are normally performed by special counsel in connection with similar financings.

Attorneys' Final Opinion will be delivered by Attorneys on the date the COPs are exchanged for their purchase price (the "Closing").

The Final Opinion will be based on facts and law existing as of its date, will cover certain matters not directly addressed by such authorities. Attorneys' opinion is not binding on the courts. In rendering the Final Opinion, Attorneys will rely upon the certified proceedings and other certifications of public officials and other persons furnished to Attorneys without undertaking to verify the same by independent investigation, and Attorneys will assume continuing compliance by the Client with applicable laws relating to the COPs.

Section 3. Excluded Services. Our duties in this engagement are limited to those expressly set forth above in Section 2, except as expressly set forth in any written amendment to this Agreement. Among other things, our duties do not include:

a. Preparing requests for tax rulings from the Internal Revenue Service, or "no-action" letters from the Securities and Exchange Commission.

b. Drafting state constitutional or legislative amendments.

c. Representing the Client in any litigation involving the Client or relating to the COPs.

d. Making an investigation or expressing any view as to the creditworthiness of the Client or the COPs.

e. Representing the Client in Internal Revenue Service examinations, audits or inquiries, or Securities and Exchange Commission investigations, unless the Client and Attorneys agree on the terms of such representation and compensation for such representation.

f. Reviewing or opining on the business terms of, validity, or federal tax consequences of any investment agreement that the Client may choose as an investment vehicle for the proceeds of the COPs, unless the Client and Attorneys agree on the terms of such review and compensation for such review.

g. Reviewing or opining on the business terms of, validity, or federal tax consequences of any derivative financial products, such as an interest rate swap agreement, that the Client may choose to enter into in connection with the COPs, unless the Client and Attorneys agree on the terms of such review and compensation for such review.

h. Addressing any other matter not specifically set forth above that is not required to render our Final Opinion.

Section 4. Conflicts; Prospective Consent. Attorneys represent many political subdivisions, investment banking firms and financial advisory firms. It is possible that during the time that Attorneys are representing the Client, one or more of Attorneys present or future clients will have transactions with the Client. It is also possible that Attorneys may be asked to represent, in an unrelated matter, one or more of the entities involved in the execution and delivery of the COPs. Attorneys do not believe such representation, if it occurs, will adversely affect Attorneys' ability to represent you as provided in this Agreement, either because such matters will be sufficiently different from the execution and delivery of the COPs so as to make such representations not adverse to our representation of you, or because the potential for such adversity is remote or minor and outweighed by the consideration that it is unlikely that advice given to the other client will be relevant to any aspect of the execution and delivery of the COPs. Execution of this Agreement will signify the Client's consent to Attorneys' representation of others consistent with the circumstances described in this paragraph.

Section 5. Compensation. For the special counsel services performed by Attorneys under Section 2 above with respect to each series of COPs, the Client will pay Attorneys a fee equal to the following (with a minimum fee of $25,000) for each series of COPs:

1% of the principal amount of the COPs up to a principal amount of $1,250,000; plus

0.50% of the principal amount of the COPs in excess of $1,250,000, but less than or equal to $5,000,000; plus

0.25% of the principal amount of the COPs in excess of $5,000,000 but less than or equal to $10,000,000; plus

0.125% of the principal amount of the COPs in excess of $10,000,000;

provided, however, that our fee for special counsel services shall not exceed $90,000 per series of COPs.

Attorneys' fees include any reimbursable expenses and closing costs incurred in connection with the execution and delivery of the COPs.

Payment of Attorneys' fees and expenses is entirely contingent on the successful execution and delivery of the COPs, will be due and payable upon the delivery of the COPs and will be payable solely from the proceeds of the COPs and from no other funds of the Client, and is due upon the delivery of the COPs. Attorneys' fees are not set by law but are negotiable between Attorneys and the Client.

Section 6. Responsibilities of the Client. The Client will cooperate with Attorneys and furnish Attorneys with certified copies of all proceedings taken by the Client, or otherwise deemed necessary by Attorneys to render an opinion upon the validity of the proceedings. During the course of this engagement, Attorneys will rely on Client to provide Attorneys with complete and timely information on all developments pertaining to any aspect of the COPs and their security. Attorneys are not responsible for costs and expenses incurred incidental to the actual execution and delivery of the COPs, including the cost of preparing certified copies of proceedings required by Attorneys in connection with the execution and delivery of the COPs, and printing and publication costs.

Section 7. Independent Contractor. Attorneys will act as an independent contractor in performing the services required under this Agreement, and under no circumstances shall Attorneys be considered an agent, partner, or employee of the Client.

Section 8. Assignment. Attorneys may not assign their rights or delegate their obligations under this Agreement, in whole or in part, except with the prior written consent of the Client.

Section 9. Termination of Agreement.

(a) Termination by Client. This Agreement may be terminated at any time by the Client with or without cause upon written notice to Attorneys.

(b) Termination by Attorneys. This Agreement may be terminated by Attorneys upon 15 days' written notice to Client if Client fails to follow written legal advice given by Attorneys.

(c) Termination Upon Delivery of COPs. This Agreement shall terminate upon the execution delivery of the final series of COPs.

(d) Consequences of Termination. In the event of termination, all finished and unfinished documents shall at the option of the Client become its property and shall be delivered to the Client by Attorneys.

Section 10. Insurance. Attorneys shall obtain and maintain in full force and effect throughout the term of this Agreement, and thereafter as to matters occurring during the term of this Agreement, professional liability/errors and omissions insurance coverage in an amount of not less than $5,000,000 combined single limit for each occurrence and, where provided through a policy of insurance, issued by a company admitted to do business in the State of California, covering all professional acts or omissions of Attorneys arising out of or in connection with this Agreement.

IN WITNESS WHEREOF, the Client and Attorneys have executed this Agreement as of the date first above written.

PAJARO VALLEY WATER MANAGEMENT AGENCY

_____

Name: _____

Title: _____

JONES HALL, A PROFESSIONAL LAW CORPORATION

_____

Scott R. Ferguson
Vice President

MEMORANDUM

DATE: December 14, 2023
MEETING OF: December 20, 2023
TO: Board of Directors
FROM: General Manager
RE: **INFORMATIONAL ITEM 10A:** Basin Management Plan Implementation Update

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BACKGROUND

Staff prepares the following update monthly with the intent of keeping the Board of Directors and public up to date with respect to capital projects planning, funding, and when applicable, construction.

DISCUSSION

- Funding
    - Staff and consultants are continuing to work on the Water Infrastructure Finance and Innovation Act (WIFIA) application, and based on the EPA's current schedule, PV Water could have access to funds as soon as February 2024.
    - Department of Conservation (DoC) Multibenefit Land Repurposing Grant program, which includes $8.89 million in funding for PV Water and partners the Resource Conservation District of Santa Cruz County, the University of California, Santa Cruz, the Santa Cruz County Land Trust, the Pajaro River Flood Management Agency, Watsonville Wetlands Watch, and the Nature Conservancy: Entered into agreement with DoC and attended one on one meetings with DoC staff, the "Statewide Support Entity," and project partners. Next steps, which will occur in early 2024, include preparing sub-grantee agreements and preparing a request for proposals for consultant support to facilitate and prepare the Multibenefit Land Repurposing Plan.
    - DWR SGMA Implementation Grant, Round 1, which supports College Lake Project pre-construction activities: PV Water submitted Invoice No. 5, for $154,700. With the submission of Invoice 5, the grant is within the last 10% of grant funds which DWR will hold for retention. Retention funds will be released at the completion of the grant.
- Recycled Water Facility Optimization
    - Reliability, Operations, and Condition Assessment Project: The City of Watsonville's consultant is in the process of completing an electrical study focusing on Variable Frequency Drives (VFDs) and Standby Power Options at the Recycled Water Facility.
- College Lake Integrated Resources Management Project
    - Construction:
        - Weir Structure
            - Project received a work extension from all regulatory agencies through December 15, 2023.

        - Contractor completed pouring concrete on December 9, and on December 11 began work to remove interlocking shoring and remove cofferdams.
        - The contractor is implementing the Winterization Plan.
    - Water Treatment Plant
        - Decanting lagoons: the contractor continues to pour the lagoon floors.
        - Construction of electrical building is in progress.
    - Raw Water Pipeline
        - Construction of the raw water pipeline has commenced and is expected to take approximately 2-weeks.
    - Treated Water Pipeline
        - Contractor reports that 4.5-miles of 6-miles are complete.
        - Construction in Riverside Road / Hwy 129 will begin in January 2024
  - Environmental: Biological, Cultural, and Native American resource monitoring is taking place and worker environmental training continues.
  - Adaptive Management Plan: Hydrologic monitoring, waterfowl monitoring, and steelhead surveys occurred this year and/or continue to occur. Waterfowl surveys have been conducted on at least 20 separate days since the beginning of this year. The annual vegetation survey took place between October 2 and October 13, 2023.
  - Outreach Activities: Are ongoing. Staff presented to the Santa Cruz County Farm Bureau's Public Policy Committee in November. Please check https://www.pvwater.org/construction; regularly for construction related updates.
- Watsonville Slough System Managed Aquifer Recharge & Recovery Projects
  - Permitting: Ongoing.
  - Design: Geotechnical, topographic, and bathymetric surveys occurred in October and November.
  - Environmental: Archeological and biological (wetland delineation) surveys occurred in November; staff and consultants have updated the project description.
  - Harkins Slough Recharge Basin Recovery Wells 2022 Project: The contractor completed drilling and developing the three new wells; staff are evaluating electrical protection options for all the recovery wells.

FISCAL IMPACT

There is no fiscal impact associated with this monthly update.

STAFF RECOMMENDATION

The Board receives the update.

ATTACHMENTS

- None

MEMORANDUM

DATE: December 14, 2023
MEETING OF: December 20, 2023
TO: Board of Directors
FROM: General Manager
RE: **DISCUSSION/ACTION ITEM 11A:** Consider Approval of First Amendment to Agreement with SWCA Environmental Consultants for College Lake Integrated Resources Management Project Environmental Monitoring and Permit Compliance During Construction Services in an amount not to exceed $1,120,818

INTRODUCTION

The College Lake Integrated Resources Management Project (College Lake Project or Project) is a critical water supply project that was recommended for implementation by the Ad Hoc Basin Management Plan Committee as documented in the 2014 Basin Management Plan Update. On February 1, 2023, the PV Water Board of Directors (Board) adopted Resolution 2023-02 Approving Plans and Specifications and Awarding Contracts to Mountain Cascade Inc. for the Water Treatment Plant and Intake Facilities Project, Project No. 30-39-501, and the College Lake Pipeline Project, Project No. 30-39-502, in an amount not to exceed a total of $68,697,164, with the Contract Price for 30-39-501 not to exceed $44,989,854, and the Contract Price for Project No. 30-39-502 not to exceed $23,707,310. During that same meeting, the Board approved agreements for construction management and engineering support, and an Agreement with SWCA Incorporated, dba SWCA Environmental Consultants (SWCA) for Environmental Compliance Services in an amount not to exceed $672,162. Over the last 10-months, the Mountain Cascade has made significant progress constructing the Project.

DISCUSSION

SWCA has been supporting the Project since February 2023 by performing biological surveys and monitoring, cultural resource monitoring, Tribal coordination, permit compliance tracking, agency coordination, and more. However, following Board approval of SWCA's scope of work and budget on February 1, 2023, PV Water received and provided to SWCA the Project's California Department of Fish and Wildlife (CDFW) Lake and Streambed Alteration Agreement (LSAA) (May 2023), U.S. Army Corps of Engineers (USACE) Section 404 permit (March 2023), the California Department of Transportation (Caltrans) Monitoring and Discovery Plan (February 2023), and the Cultural Resources Mitigation and Monitoring Plan (CRMMP) (February 2023). The additional permit and plan conditions were much more stringent than anticipated and required unanticipated full-time biological and cultural resources monitoring, tasks that also significantly increased the amount of project management and coordination required on the project.

SWCA staff has been performing with excellence on the Project, and they have led the permit extension efforts that have allowed work to continue on the intake facility through December 15, 2023, well beyond the original September 30, 2023 permit cutoff. These extensions not only provided much needed additional time to construct the intake facility, but also saved PV Water

significant money by allowing the contractor more working days than originally anticipated despite a near month long delay of the start date (from June 1 to July 1) due to higher than expected levels of College Lake and resulting delays of PG&E to relocate power lines.
SWCA worked closely with the construction management team and PV Water Staff to estimate the work schedule through the completion of construction and to prepare the scope and budget for this first amendment to the agreement.

FISCAL IMPACT
The fiscal impact of the original agreement with SWCA for Environmental Compliance Services in an amount not to exceed $672,162. This first amendment would augment the budget by $1,120,818 and bring the total not to exceed amount to $1,792,980.

STAFF RECOMMENDATION
That the Board approve the first amendment to the agreement, in substantially the same form as the version attached, with SWCA for Environmental Compliance Services in an amount not to exceed $1,120,818, bringing the total not to exceed amount to $1,792,980.

The Administration and Finance Committee reviewed the first amendment to the agreement during its December 12, 2023, meeting, and voted in favor of recommending the Board approve it.

ATTACHMENTS
- First amendment to the agreement with SWCA for Environmental Compliance Services in an amount not to exceed $1,120,818.

FIRST AMENDMENT TO AGREEMENT FOR

PV WATER'S

COLLEGE LAKE INTEGRATED RESOURCES MANAGEMENT PROJECT

ENVIRONMENTAL MONITORING AND PERMIT COMPLIANCE

THIS FIRST AMENDMENT, effective **December 21, 2023** ("First Amendment") to the Agreement ("Agreement") dated **February 1, 2023,** is made by and between the Pajaro Valley Water Management Agency, a state-chartered water management district ("PV Water") and SWCA Incorporated, dba SWCA Environmental Consultants, a corporation licensed to do business in the State of California ("Consultant").

RECITALS

WHEREAS, PV Water and Consultant previously entered into the original Agreement dated February 1, 2023, for professional environmental services related to carrying out PV Water's College Lake Integrated Resources Management Project Environmental Monitoring and Permit Compliance ("Project"), which is incorporated herein by this reference; and

WHEREAS, PV Water and Consultant desire to enter into this First Amendment to the Agreement to supplement the original scope of work to continue providing Environmental Monitoring and Permit Compliance Services in an amount not to exceed $1,120,818 as further specified herein.

AGREEMENT

NOW, THEREFORE, it is agreed between PV Water and Consultant to incorporate the above Recitals hereto, and that the Agreement is hereby amended as follows:

1. Section 2 of the Agreement is hereby amended to read as follows:

> "Work. Consultant will furnish services as defined and described in Exhibits A and B, incorporated herein. Consultant represents and warrants that it: (i) is fully experienced and properly qualified to perform the class of work and service provided for herein, (ii) has the financial capability required for the performance of the work and services, and (iii) is properly equipped and organized to perform the work and services in a competent, timely, and proper manner, in accordance with the requirements of this Agreement."

Exhibit B is attached and incorporated into this First Amendment, and as such is attached and incorporated into the Agreement. The parties hereby agree that Consultant's services as defined in Exhibit B will be at a cost not to exceed $1,120,818, and that these services shall take approximately 18 months for Consultant to complete. The total not to exceed amount of the original Agreement ($672,162) and the First Amendment ($1,120,818), will collectively be a cost not to exceed $1,792,980.

Notwithstanding these amended terms, all other terms and conditions of the original Agreement, and attachments thereto, shall remain in full force and effect. The terms of this First Amendment shall control should any terms conflict.

Each party acknowledges that it has reviewed this First Amendment and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this First Amendment.

The parties may execute this First Amendment in two or more counterparts, which shall, in the aggregate, be deemed an original but all of which, together, shall constitute one and the same instrument. A scanned, electronic, facsimile or other copy of a party's signature shall be accepted and valid as an original.

The signatories and authorized representatives (defined below) to this First Amendment warrant and represent that each is authorized to execute this First Amendment, and that their respective signatures serve to legally obligate their respective representatives, agents, successors and assigns to comply with the provisions of this First Amendment.

IN WITNESS WHEREOF, PV Water and the Consultant have executed this First Amendment as of the dates shown above.

PAJARO VALLEY WATER MANAGEMENT AGENCY

By: _____ Date: _____

Brian Lockwood, General Manager

SWCA INCORPORATED

By: _____ Date: _____

Laura Moran, Vice President

Approved As To Form:

By: _____ Date: _____

Anthony Condotti, PV Water General Counsel

December 7, 2023

Brian Lockwood, General Manager
Pajaro Valley Water Management Agency
36 Brennan Street
Watsonville, CA 95076
Submitted via email: lockwood@pvwater.org

Re: Amendment No. 1 - College Lake Integrated Resources Management Project / Project Number 77981-000-HMB

Dear Brian:

SWCA Environmental Consultants (SWCA) appreciates the opportunity to provide you with our amendment to the scope of work and cost estimate for environmental services for the College Lake Integrated Resources Management Project (project) in Watsonville, California. SWCA has been supporting the project since February 2023, including but not limited to biological surveys and monitoring, cultural resource monitoring, Tribal coordination, permit compliance tracking, and agency coordination. Additional resource permit requirements and schedule changes have resulted in an expansion in SWCA's scope of work; therefore, SWCA has prepared this amendment to account for out-of-scope work completed through November 30, 2023, as well as additional work anticipated throughout the remainder of the project.

The cost to complete these tasks, as described in the attached scope of work, is a time and materials, not to exceed total of **$1,120,818** ($391,321 for out-of-scope services through November 30, 2023, and $729,497 for services from December 1, 2023, through September 30, 2024). The cost estimate is valid for 30 (thirty) days, after which time we reserve the right to create a new cost estimate. The initial agreement dated February 1, 2023 was not to exceed $675,472. If approved, the new not to exceed total of the initial agreement and Amendment No. 1 would be $1,792,980.

Thank you for providing us with the opportunity to work with you. If the scope of work and cost estimate are acceptable to you, return a contract amendment for our review and signature. We will then return a fully executed agreement to you for your files. Please contact me at (831) 331-5264 if you have any questions regarding this proposal.

Sincerely,

Kristen Sissom
Ecological Restoration Team Lead

Laura Moran
Vice President, Northern &Central California

SCOPE OF WORK

SWCA Environmental Consultants (SWCA) has been providing environmental support services for the College Lake Integrated Resources Management Project (project) since February 2023, including but not limited to biological surveys and monitoring, cultural resource monitoring, Tribal coordination, permit compliance tracking, and agency coordination. The scope of work required by SWCA has significantly expanded due to additional permit and plan requirements that were provided following PV Water Board of Director's (Board) approval of SWCA's scope of work and budget and schedule modifications that have resulted in increased monitoring and coordination efforts. The information below details out-of-scope services provided by SWCA since the start of the project through November 30, 2023, as well as forecasted services that will be provided through September 30, 2024 (estimated project completion date).

TASK 1. PROJECT MANAGEMENT AND CONTROLS

SWCA assumed up to a total of 510.50 labor hours for Task 1 Project Management and Controls, which included environmental management (project management), in person and virtual weekly meetings, permit binders and attendance at Board of Director Meetings. Project management and controls hours and costs were based on the schedule and permits that were included in the Request for Proposal (RFP) and SWCA's current understanding of the project. Following PV Water Board approval of SWCA's scope of work and budget (February 1, 2023), PV Water provided SWCA the project's California Department of Fish and Wildlife (CDFW) Lake and Streambed Alteration Agreement (LSAA) (May 2023), U.S. Army Corps of Engineers (USACE) Section 404 permit (March 2023), the California Department of Transportation (Caltrans) Monitoring and Discovery Plan (February 2023), and the Cultural Resources Mitigation and Monitoring Plan (CRMMP) (February 2023). The additional permit and plan conditions were much more stringent than anticipated and required unanticipated full-time biological and cultural resources monitoring which significantly increased the amount of project management and coordination required on the project. Furthermore, scheduling issues from the construction contractor have resulted in a dynamic construction schedule that changes daily on the project, resulting in increased schedule coordination than was included in the original proposal and, in SWCA's experience, beyond what is typical of a linear project of this scale. SWCA's total Task 1 hours assumed an average of 6 hours per week of which up to 3 hours per week was dedicated to schedule coordination. However, ongoing schedule changes and additional permit requirements have resulted in an average of 10.5 hours per week of schedule coordination. Therefore, SWCA has included up to 879.50 hours under this amendment to account for schedule coordination and logistical support incurred through November 30, 2023. SWCA also assumes that this trend could continue for the remainder of the project and has included 490 additional hours based on an average of approximately 11 hours per week.

Task 1 also included up to eighty (80) 1-hour weekly meetings with PV Water, construction management, construction contractor(s), and/or other relevant team personnel. However, per the request of PV Water and the construction management team, SWCA has been attending five (5) meetings per week. As of August 2023, with PV Water's approval, SWCA reduced meeting attendance (i.e., duration of time at each meeting) as a cost saving measure. The additional out of scope meetings resulted in 145.25 hours through November 30, 2023. Assuming that SWCA will continue to attend up to five (5) meetings per week, we have also included an additional 187 hours for meetings through the remainder of the project.

TASK 2. ENVIRONMENTAL MONITORING

ENVIRONMENTAL COMPLIANCE PLAN AND COMPLIANCE MATRIX

SWCA assumed up to 30 hours would be required to review the permits and develop the compliance matrix. As stated above, following PV Water Board approval of SWCA's scope of work, several additional resource permits were

issued, including the CDFW LSAA, USACE 404 permit, Caltrans Monitoring and Discovery Plan, and CRMMP. This added over 100 additional permit measures that required review and inclusion in the compliance matrix that were not accounted for under the initial scope of work. In addition, per the request of the contractor and construction management firm, SWCA prepared a table documenting the specific biological and cultural requirements at each pothole location. Therefore, an additional 24.75 hours were required to develop the environmental compliance matrix and table of work locations through November 30, 2023. This task is complete, and no additional work is required for the remainder of the project.

BIOLOGICAL SURVEYS AND MONITORING

Based on a review of the contract bid documents, SWCA assumed the following surveys and monitoring would be required throughout the project. However, following issuance of the contract, the CDFW LSAA and USACE Section 404 permit were issued with numerous unanticipated more stringent measures which significantly changed the scope of SWCA's services. The table below summarizes tasks that were included in SWCA's original scope of work, as well as additional services that have since been required to remain compliant with the project's resource permits through November 30, 2023, and the remaining scope of work. The remaining scope of work is based on the construction management team's estimated schedule dated November 11, 2023.

TASK	MITIGATION MEASURE	ORIGINAL APPROACH	ORIGINAL ASSUMPTIONS	SCOPE CHANGE
Sensitive Habitat Surveys and Monitoring	BIO-2f	• Each morning before work begins on any components in or within 100 feet of a suitable habitat area (defined as riparian habitat, USACE jurisdictional wetlands or other waters, or sensitive habitats identified in a subsequent USFWS Biological Opinion and CDFW LSAA), the SWCA biologist will survey the work area and habitat immediately surrounding the active work area for conditions that could impact special-status species. • Full-time biological monitoring will be required when work is occurring that may adversely impact special-status species and their habitats. • The majority of sensitive habitat surveys and monitoring will be required during construction of the weir structure and intake pump (i.e., during clearing and grubbing, demolition of the existing structures, and installation of shoring), as well as at the crossing of Salsipuedes Creek.	• Up to one biologist for fifteen 8-hour days of full-time monitoring, inclusive of travel time • Up to ten 3-hour days will be required for pre-activity surveys	Changes through November 30, 2023: The CDFW LSAA required full-time biological monitoring for all construction activities at the following locations: (1) weir and intake pump station, (2) Salsipuedes Creek trenchless pipeline crossing, and (3) Pinto Creek open trench crossing. While the Salsipuedes Creek crossing and Pinto Creek crossings have not yet been completed, work at the weir and intake pump station has occurred almost daily since June 2023. As of November 30, 2023, SWCA has provided 82 days of full-time monitoring and 52 additional days for pre-activity surveys. To reduce costs on the project, SWCA coordinated with the resource agencies and received their approval in August 2023 to reduce full-time monitoring to daily pre-activity surveys when work is occurring at the above-listed locations. As such, SWCA has incurred a total of 990 hours for biological monitoring and pre-activity surveys. Remaining Scope *Salsipuedes Creek crossing:* *SWCA assumes up to 30 pre-activity surveys (5 days per week*

TASK	MITIGATION MEASURE	ORIGINAL APPROACH	ORIGINAL ASSUMPTIONS	SCOPE CHANGE
				for 6 weeks) will be required for the Salsipuedes Creek crossing and that full-time monitoring will not be required for this location. *Raw Water Pipeline:* *SWCA assumes up to 10 days of full-time biological monitoring for raw water pipeline installation immediately adjacent to Pinto Creek (5 days per week for 2 weeks), as well as up to 4 days of full-time monitoring for the crossing of Pinto Creek (scheduled to occur at a later date). This includes monitoring associated with Pinto Creek diversion and dewatering.* *Weir and Intake Pump Station:* *SWCA assumes up to 90 days of pre-activity surveys at the weir and intake work area. SWCA assumes all construction in this area will be complete by July 31, 2024, and therefore subsequent pre-activity surveys will not be required at this location. Full-time monitoring associated with potential dewatering and fish relocation, if required in 2024, is included under the Fisheries Monitoring (Mitigation Measure BIO-2l) section below. No additional full-time monitoring is anticipated at this location. SWCA assumes the construction management team or contractor will continue to assume the full-time monitoring requirement during concrete work.* *As-Needed Monitoring:* *SWCA does not anticipate additional full-time biological monitoring will be required beyond the days and hours provided above; however, SWCA has included up to 20 additional days of full-time biological monitoring for any unanticipated schedule changes through the remainder of the project.* *Summary* *SWCA assumes full-time monitoring is up to one agency approved biologist for up to 10 hours per day, inclusive of travel and reporting and pre-activity surveys is up to one agency approved biologist for up to*

TASK	MITIGATION MEASURE	ORIGINAL APPROACH	ORIGINAL ASSUMPTIONS	SCOPE CHANGE
				4 hours inclusive of travel and reporting. *This estimate includes a total of 120 pre-activity surveys (480 hours) and 34 full-time monitoring days (340 hours). A total of 896.50 hours is requested for the remainder of the project, which is inclusive of time on site, report preparation, and QA/QC.*
Nesting Bird Surveys	BIO-2i	• SWCA will provide qualified biologists to conduct preconstruction nesting bird surveys during the breeding bird season (February 1–August 31) within 14 days prior to all proposed ground disturbance or vegetation removal. The survey area will include all proposed work and staging areas, as well as the surrounding 500-foot buffer for raptors and 250-foot buffer for all other avian species. Due to the linear nature of pipeline construction, SWCA assumes that rolling nesting bird surveys will be required during the nest season to stay ahead of new ground disturbing activities as pipeline construction progresses forward. • SWCA plans to utilize Kittleson to conduct the nesting bird surveys. Mr. Kittleson, with support from Brian Mori, has been conducting nesting bird and waterfowl surveys for nearly a decade on the project and therefore has a thorough understanding of where nesting birds are known to occur in proximity to the project (e.g., annual raptor nesting near the diversion structure, great blue heron rookery near the church, etc.). SWCA can utilize this local knowledge to proactively communicate and plan project activities with the team to complete certain activities ahead of the nesting season (e.g., vegetation clearing), when possible, to prevent project delays.	• SWCA assumes that nesting bird surveys over the course of two breeding bird seasons (i.e., 2023 and 2024) will require up to one biologist for ten 4-hour surveys, inclusive of travel time. • If active nests (containing eggs or chicks) are observed during the nesting bird surveys, SWCA will implement a minimum 250-foot avoidance buffer for raptor species and a minimum 50-foot avoidance buffer for all other avian species protected under the Migratory Bird Treaty Act. SWCA assumes that project activities will be able to adhere to these avoidance buffers for the duration the nest remains active. • If agency consultation for nest buffer reductions or nest monitoring is required, SWCA can provide these services under the additional construction monitoring task and/or at an additional cost.	Changes to through November 30, 2023: *SWCA has conducted a total of 4 standalone nesting birds surveys since the start of the project. Additional surveys for nesting birds were conducted while SWCA biologists were already onsite monitoring as a cost saving measure to PV Water.* Remaining Scope: *SWCA assumes the remaining six 4-hour surveys will be sufficient to complete the required nesting bird surveys through the remainder of the project. SWCA will continue to conduct nest surveys while biologists are already onsite to reduce mobilization costs on the project and this time will be billed to Sensitive Habitat Surveys and Monitoring (Mitigation Measures BIO-2f) task above moving forward.*
Bat Habitat Assessment, Survey, and Monitoring	BR-1c	• Prior to the start of construction, SWCA will provide a qualified biologist to conduct a habitat assessment to characterize potential bat habitat and identify active roost sites within 100 feet of the riparian habitat that is located within the project area. • Based on the findings of the bat habitat assessment, SWCA will coordinate with the project team to make recommendations on the timing of tree and/or structure removal (e.g., avoidance during bat maternity roosting season [April 15–August 31] and period of winter torpor [October 15–February 28]). • SWCA assumes that no active bat roosts or evidence of roosting will be identified during	• Up to one biologist for one 8-hour day will be required for the bat habitat assessment, inclusive of travel time. • If removal or disturbance of trees and structures identified as potential bat roosting habitat or active roosts cannot be avoided during the periods when bats are most active, then SWCA will conduct up to one additional 5-hour preconstruction survey within 14 days prior to disturbance to further evaluate	Changes through November 30, 2023: *In addition to the bat survey requirements listed in the MMRP (i.e., BR-1c), the CDFW LSAA requires a bat habitat assessment within 50 feet of jurisdictional areas at least 7 days prior to commencement of project activities. SWCA conducted two bat habitat assessments on May 11 and 22, 2023, at the weir and intake pump station work area and along the pipeline segment near the*

TASK	MITIGATION MEASURE	ORIGINAL APPROACH	ORIGINAL ASSUMPTIONS	SCOPE CHANGE
		the preconstruction survey and therefore no additional agency coordination or development of species- and roost-specific avoidance and protection measures will be required. Even if active roosts are not identified, Mitigation Measure BR-1c requires biological monitoring during tree and/or structure removal where *potential* bat roosting habitat is present	bat activity within the potential habitat or roost site. • Up to one biologist will be required for up to four 8-hour days, inclusive of travel time, for bat habitat monitoring.	*intersection of Highway 152 and College Road.* Remaining Scope: *Since the Salsipuedes Creek crossing and Raw Water Pipeline have not yet been conducted, two subsequent bat habitat assessments will be required prior to construction in these areas. Therefore, SWCA has included up to one biologist for two 6-hour days, inclusive of travel time as well as up to three 8-hour days for bat habitat monitoring. The remaining 36 hours in this task budget will be sufficient for the remainder of the project. No additional funding is anticipated.*
San Francisco Dusky-footed Woodrat Surveys	BR-1d	• Within 14 days prior to the start of construction at the existing and proposed weir structure and intake pump station work area, SWCA will conduct a preconstruction survey for San Francisco dusky-footed woodrat within a 50-foot buffer surrounding the work area in the Salsipuedes Creek riparian corridor. The biologist will identify any woodrat nests within the survey area and demarcate a minimum 50-foot avoidance buffer surrounding the nest. If the nest(s) cannot be avoided by project activities, the biologist will relocate the nest(s) in accordance with Mitigation Measure BR-1d. • If woodrat nests are observed during the preconstruction survey, qualified SWCA biologists will conduct additional surveys throughout the duration of construction activities to identify any newly constructed nests within the survey area.	• Up to one biologist for one 6-hour day will be required for the dusky-footed woodrat preconstruction survey, inclusive of travel time. • All woodrat nest relocation and subsequent woodrat surveys, if required, will occur while SWCA is already on-site for biological surveys, monitoring, or weekly compliance inspections as a cost saving measure.	Changes through November 30, 2023: *No out-of-scope work has occurred under this task.* Remaining Scope: *No additional woodrat surveys are anticipated; therefore, there are no changes to the scope of work or cost estimate for this task.*
Fish Relocation	BR-1a	• Prior to, or concurrent with, draining of College Lake and/or dewatering of the construction site, SWCA subconsultant Mr. Podlech, with additional support from Mr. Kittleson, Mr. Mori, and/or SWCA biologists, will capture and relocate special-status and other native fish species from the work area. • Captured fish will be moved to the nearest appropriate site outside of the work area. A record of the relocation activities will be maintained, including the date of capture and relocation, the method of capture, the location of the relocation site in relation to the project site, and the number and species of fish captured and relocated. Fish capture and relocation methods will be conducted in accordance with Mitigation Measure BR-1a.	• The project site presents unique fish relocation challenges (e.g., potentially deep water, muddy substates, etc.) that will require a four-person team for up to an estimated eight 8-hour days, inclusive of travel time. • In the event additional fish relocation or monitoring is required beyond the hours included in this task, the SWCA team will be available to provide additional services under the additional construction monitoring task and/or a change order.	Changes through November 30, 2023: *No out-of-scope work has occurred under this task.* Remaining Scope: *SWCA understands that all instream work activities may be completed December 2023 and therefore a subsequent fish relocation effort may not be required in 2024. However, in the event instream work activities continue into 2024, the remaining task budget includes a four-person team for up to an estimated four 8-hour days, inclusive of travel time, for a 2024 fish relocation effort. There*

TASK	MITIGATION MEASURE	ORIGINAL APPROACH	ORIGINAL ASSUMPTIONS	SCOPE CHANGE
		• The Request for Proposals (RFP) indicates that in-stream construction will occur over 2 years. Given that the construction site serves a migratory corridor for listed steelhead, we anticipate that the sheet piling and bypass system will need to be removed at the end of the first year of construction. Depending on the contractor's progress during 2023 and unpredictable hydrologic conditions/lake water surface elevations in 2024, the fish relocation effort may need to be repeated in 2024.		*are no changes to the scope of work or cost estimate for this task.*
Fisheries Monitoring	BIO-2l	• SWCA assumes temporary coffer dams will be required for isolating the work areas at the upstream and downstream extent of the weir site works area; therefore, SWCA will provide a qualified biologist (i.e., Mr. Podlech with support from Mr. Kittleson and/or SWCA biologists) to provide full-time monitoring during installation and removal of the coffer dams.	• Up to one biologist for 14 8-hour days, as well as one additional biologist for up to six 8-hour days to support monitoring and relocation of remaining fish during dewatering (inclusive of travel time) in both 2023 and 2024. • In the event additional fish relocation or monitoring is required beyond the hours included in this task, the SWCA team will be available to provide additional services under the additional construction monitoring task and/or a change order.	Changes through November 30, 2023: *No out-of-scope work has occurred under this task.* Remaining Scope: *SWCA understands that all instream work activities may be completed December 2023 and therefore water diversion may not be required in 2024. However, in the event instream work activities continue into 2024, the remaining task budget includes one biologist for up to four 8-hour days to support monitoring during cofferdam installation and dewatering. There are no changes to the scope of work or cost estimate for this task.*
Western Pond Turtle Survey and Monitoring California Red-legged Frog Survey and Monitoring	BIO-2k; BIO-2j	• SWCA will submit the name and credentials for biologists experienced with California red-legged frog and western pond turtle for USFWS and CDFW, respectively, review and approval prior to project activities occurring within suitable habitat areas. • Only after USFWS and CDFW approvals have been obtained, the agency approved biologists will survey suitable habitat within the project area within 48 hours prior to the onset of activities. • If western pond turtle adults or juveniles are found within the survey area, the approved biologist will determine the closest appropriate relocation site and will relocate individuals to the designated area before work activities begin. • It is SWCA's understanding that California red-legged frog has not previously been documented within the project area; however, in the event red-legged frog adults, tadpoles, or eggs are found, the approved biologist will determine the closest appropriate relocation site and will relocate	• SWCA assumes that both California red-legged frog and western pond turtle surveys and monitoring needs will overlap with the sensitive habitat survey and monitoring needs described above (Mitigation Measure BIO-2f) and therefore the same biologist can be used as a cost-saving measure. Therefore, no additional costs have been included for California red-legged frog and western pond turtle surveys and monitoring under Mitigation Measures BIO-2k and BIO-2j. • It is SWCA's understanding that western pond turtle has not previously been documented in the project area and is unlikely to occur during project activities. However, in accordance with the requirements outlined in Mitigation Measure BIO-2k, SWCA will provide a CDFW-approved biologist to conduct	Changes through November 30, 2023: *No out-of-scope work has occurred under this task.* Remaining Scope: *There are no changes to the scope of work or cost estimate for this task.*

TASK	MITIGATION MEASURE	ORIGINAL APPROACH	ORIGINAL ASSUMPTIONS	SCOPE CHANGE
		individuals to the designated area before work activities begin.	full-time biological monitoring within identified western pond turtle habitat during initial ground disturbing activities under the additional construction monitoring task.	
Rare Plant Survey	BIO-3a	• Prior to the start of construction, a qualified SWCA biologist will conduct a survey within the project impact area and surrounding 50-foot buffer to ascertain the presence or absence of special-status plant species.	• Up to two biologists for two 8-hour days each will be sufficient for the rare plant surveys, inclusive of travel time. • Based on the existing environmental reviews and disturbed nature of the project area, SWCA assumes no special-status plants will be encountered during the preconstruction survey. However, in the event special-status plants are observed, SWCA can provide a qualified biologist to implement Mitigation Measure BIO-3b under the additional construction monitoring task.	Changes through November 30, 2023: *No out-of-scope work has occurred under this task.* Remaining Scope: *There are no changes to the scope of work or cost estimate for this task.*

Weekly Compliance Inspections

SWCA assumed sixty (60) 3-hour long weekly compliance inspections, inclusive of travel time, would be required throughout the duration of the project. However, due to the project schedule changes and increased monitoring requirements, SWCA anticipates only 35 weekly compliance inspections will be required throughout the remainder of the project. Therefore, the additional task budget can be reallocated to Sensitive Habitat Surveys/Monitoring (Mitigation Measure BIO-2f) task.

Additional Construction Monitoring

SWCA assumed up to 140 hours of monitoring (35 4-hour days or 17 8-hour days, inclusive of travel). However, due to full-time monitoring requirements outlined in the CDFW LSAA, SWCA has exceeded the assumed hours and additional monitoring through the end of the project is included under Sensitive Habitat Surveys/Monitoring (Mitigation Measure BIO-2f) task above. There are no changes to the scope of work or cost estimate for this task.

WORKER ENVIRONMENTAL AWARENESS TRAINING PROGRAM

There are no changes to the scope of work or cost estimate for this task.

COMPLIANCE DOCUMENTATION

SWCA has prepared and submitted five monthly compliance reports to PV Water summarizing project status, project compliance updates, and a copy of the most current Compliance Matrix that shows what compliance tasks have been initiated, are in progress, and are completed. Due to the extensive permit measures that were provided following PV Water Board approval of SWCA's scope of work and budget (i.e., CDFW LSAA, USACE 404 permit, Caltrans Monitoring and Discovery Plan, and the CRMMP), SWCA is tracking compliance of over 100 additional permit measures/requirements than what was accounted for in the initial budget. Therefore, SWCA has included up to 230.50 additional hours for tracking permit compliance, updating the Compliance Matrix on a monthly basis through

November 30, 2023, and 352 additional hours required throughout the remainder of the project for tracking permit compliance, updating the Compliance Matrix on a monthly basis, submitting the remaining 12 monthly compliance reports, up to 2 annual reports, and one final compliance report through the remainder of the project. This scope of work does not include post-construction reporting associated with the Compensatory Mitigation Plan or Adaptive Management Plan.

Regulatory Agency Post-Construction Reporting

There are no changes to the scope of work or cost estimate for this task.

CULTURAL RESOURCE SURVEYS AND MONITORING

Retention of a Qualified Archaeologist (Mitigation Measure CUL-1a)

There are no changes to the scope of work or cost estimate for this task.

Construction Worker Cultural Resources Sensitivity Training Program (Mitigation Measure CUL-1d)

There are no changes to the scope of work or cost estimate for this task.

Designation of Environmentally Sensitive Areas (Mitigation Measure CUL-1e)

There are no changes to the scope of work or cost estimate for this task.

Archaeological Monitoring (Mitigation Measure CUL-1f)

Based on the RFP documents that were provided at the time of PV Water Board approval of SWCA's scope of work and budget, SWCA assumed that up to 60 days of full-time monitoring and up to 20 days of part-time monitoring (756 hours) would be required for the project. Following PV Water Board approval of SWCA's scope of work and budget, SWCA was provided the Caltrans Monitoring and Discovery Plan and CRMMP which required extensive cultural resource monitoring well beyond what was included under SWCA's initial scope of work. In addition, the continuously changing construction schedule has resulted in numerous days where archaeological monitors were asked to mobilize and/or remain onsite based on the schedule forecasts, yet excavation never occurred that required archaeological monitoring. The additional monitoring requirements and inaccurate schedule has resulted in SWCA providing an additional 645 hours of cultural resource monitoring and coordination through November 30, 2023. Working in close coordination with PV Water, SWCA has successfully reduced the frequency of required full-time archaeological monitoring at various locations throughout the project, including the water treatment plant, the weir and intake pump station, the Navarro property, the Willoughby property, the Repass Property, and potholing along the Caltrans right-of-way (ROW). This has resulted in significant cost savings for the project.

In addition, SWCA assumed that:

- PV Water or its contractors would notify SWCA of changes to the construction schedule with no less than 24 hours' notice. If work is called off with fewer than 24-hours' notice, a unit fee of $700 will apply.
- PV Water or its contractors will give no less than 48-hours' notice to changes in excavation schedule to that SWCA can schedule archaeological monitors. If work is scheduled to occur with fewer than 48-hours' notice, a unit fee of $200 may be applied to identify available staff.

Although there have been more than 20 days in which SWCA was not provided more than 24 hours' notice of construction schedule changes and numerous occasions where 48-hours' notice of changes in excavation schedule was not provided, SWCA has not charged PV Water for these fees resulting in additional cost savings. Furthermore, although SWCA reserved the right to charge overtime at a rate of 1.2x standard rates, SWCA has not charged PV Water overtime rates since May 2023, resulting in additional cost savings of approximately $30,000.

Additional full-time archaeological monitoring is still required at various locations; SWCA anticipates an additional 147 days (1,902 hours) of cultural resource monitoring and coordination will be required through the remainder of the project. The remaining scope of work is based on the construction management team's estimated schedule dated November 11, 2023, as described in the assumptions below.

Assumptions

- SWCA assumes that there will be no significant excavation at the **Water Treatment Plant** location that will require archaeological monitoring.
- SWCA assumes that there will be no excavation at the **Weir and Intake Pump Station** work area, and that all work will be above ground and/or within buildings. As such, SWCA assumes that this location will not require archaeological monitoring.
- SWCA assumes that the **Raw Water Pipeline** will include up to 12 days (12-hour days inclusive of travel) of excavation that will require full-time archaeological monitoring.
- SWCA assumes that the **Salsipuedes Creek Crossing** will include up to 15 days (12-hour days inclusive of travel) of excavation that will require full-time archaeological monitoring.
- SWCA assumes that the **Highway 129 work within the Caltrans ROW** will occur between January 1 and April 30, 2024. Based on discussions with the contractor and construction management team, SWCA understands that the contractor is considering working both day and night shifts along the **Highway 129 Caltrans ROW** and will take approximately 2 months (60 days) to complete if worked in 24-hour continuous shifts. SWCA assumes that excavation would occur during only 40 of the 60 workdays, during which time full-time archaeological monitoring would be required. Therefore, our amendment scope and cost estimate includes up to 40 days of 24-hour archaeological monitoring utilizing three SWCA archaeologists each day (9 hours per day per monitor, inclusive of travel). If the contractor decides to work day shifts only in the Caltrans ROW, SWCA's costs associated with this segment of pipeline installation would be reduced by approximately $40,000.
- SWCA understands **two additional borings** will need to occur along Highway 129. It is assumed that the boring activities will occur simultaneously with trenching through the Caltrans ROW and will require a second archaeological monitor. SWCA assumes that the two additional borings will require up to 20 days (12 hours per day inclusive of travel) of full-time archaeological monitoring.

It should be noted SWCA, working in close coordination with PV Water, has successfully reduced the frequency of required full-time archaeological monitoring at various locations throughout the project, including the water treatment plant, the weir and intake pump station, the Navarro property, the Willoughby property, the Repass Property, and potholing along the Caltrans right-of-way (ROW). This has resulted in significant cost savings for the project. Where SWCA determines the potential to encounter cultural resources is low at the remaining work locations listed above, SWCA will continue to make recommendations to PV Water to reduce the frequency of monitoring, in accordance with Mitigation Measure CUL 1-c.

Native American Monitoring (Mitigation Measure CUL-1g)

SWCA assumed up to 30 hours to assist PV Water in their efforts to engage a Tribal monitor, with the understanding that PV Water would contract directly with the Tribe. The CRMMP and Caltrans Monitoring and Discovery Plan, which were provided to SWCA following PV Water Board approval of SWCA's scope of work and budget, required extensive Tribal monitoring throughout the project; therefore, at the request of PV Water, SWCA has been responsible for coordinating the Tribal monitors' schedules each week. As a result, SWCA has included up to 14.50 additional hours

for tribal coordination through November 30, 2023. SWCA anticipates up to 88 additional hours will be required throughout the remainder of the project.

Inadvertent Discovery of Archaeological Resources (Mitigation Measure CUL-1h)

There are no changes to the scope of work or cost estimate for this task.

Long Term Monitoring of CA-SCR-44/H and CA-SCR-150 (Mitigation Measure CUL-1i)

There are no changes to the scope of work or cost estimate for this task.

Inadvertent Discovery of Human Remains (Mitigation Measure CUL-1i)

There are no changes to the scope of work or cost estimate for this task.

NEW TASK: Caltrans Reporting Requirements (Monitoring and Discovery Plan)

Per requirements in the Caltrans Monitoring and Discovery Plan, SWCA is preparing and submitting daily logs and photographs each day work occurs within the Caltrans ROW. At the end of monitoring activities, SWCA will prepare a Monitoring Report to document compliance with the approved Plan. This report will be submitted to Caltrans for review and approval. After approval, SWCA will file a copy of the report with the Northwest Information Center. It is assumed that no significant finds will be encountered during project construction. SWCA has incurred 4.25 hours for daily reporting for work within the Caltrans ROW through November 30, 2023. SWCA anticipates an additional 75 hours will be required for the remaining daily and final reporting required under this task.

Should significant finds be encountered during project construction, a Discovery Report will need to be prepared. This would be managed under a cost amendment.

PALEONTOLOGICAL RESOURCES

There are no changes to the scope of work or cost estimate for the following tasks:

- Construction Worker Paleontological Resources Sensitivity Training Program
- Inadvertent Discovery of Paleontological Resources (Mitigation Measure GEO-1).

TASK 3. PERMIT COMPLIANCE AND COMPENSATORY MITIGATION PLAN IMPLEMENTATION

SWCA assumed up to 40 hours of resource agency consultation and/or coordination would be required for the project. However, PV Water and the construction management team have requested several permit modifications and other agency coordination, including but not limited to: weather restriction modification, reduction in full-time biological monitoring, annual reporting coordination, wildlife exclusion fencing modification, elimination of the Frac-out Plan, weir and intake work area seasonal restriction modification, intake work area shoring approval, and Salsipuedes Creek crossing work window extension. Extensive agency coordination has resulted in 151 hours of SWCA staff time being billed to the project through November 30, 2023. SWCA has included an additional 100 hours of agency coordination time through the remainder of the project to account for additional unanticipated resource agency consultation and/or coordination. This includes up to 60 hours for preparing and submitting a LSAA major amendment request for the Salsipuedes Creek work window extension.

TASK 4. VEGETATION SURVEYS

There are no changes to the scope of work or cost estimate for this task.

TASK 5. OPTIONAL OUTREACH SUPPORT

There are no changes to the scope of work or cost estimate for this task.

NEW TASK 6. AS NEEDED SUPPORT SERVICES – CONTINGENCY FUNDS

SWCA has included an additional 100 hours of staff time for as needed support services requested by PV Water. Such support services may include, but are not limited to, additional biological and cultural resources monitoring, contributing to development of the resource permits' annual reports, and developing lessons learned for future PV Water projects. To utilize funds under this task, SWCA would first send an email to PV Water requesting the funds to be used and associated budgeted hours and include a brief description of why the funds are required. Funds from this task would only be used upon written authorization from PV Water.

COST ESTIMATE AND ASSUMPTIONS

Based on thoughtful consideration of the project requirements and a thorough estimate of the required labor and direct costs, SWCA proposes a time-and-materials budget not to exceed without client approval **$1,120,818** ($391,321 for out-of-scope services through November 30, 2023, and $729,497 for services from December 1, 2023, through September 30, 2024) (see Table 1), bringing the contract total to $1,792,980 (see Table 2).

To accommodate project changes and scheduling, it is assumed that SWCA will be able to use the overall project funding and will not be held to phase and task limits so long as the overall budget is not exceeded. SWCA will submit a budget summary with each invoice to provide visibility and track monthly spending.

SWCA will maintain the bill rates and annual escalation rate outlined in the original proposal through December 31, 2024. This cost estimate is valid for thirty (30) days from the date of the proposal.

Table 1. Cost Estimate

PHASE/TASK	OUT OF SCOPE WORK THROUGH 11/30/2023				FORECAST (12/1/2023 TO 9/30/2024)				TOTAL COST ESTIMATE			
	LABOR HOURS	LABOR $	EXPENSES $	TOTAL $	LABOR HOURS	LABOR $	EXPENSES $	TOTAL $	LABOR HOURS	LABOR $	EXPENSES $	TOTAL $
Task 1. Project Management and Controls	879.50	$101,500.00	$0.00	$101,500.00	685.00	$149,056.00	$206.00	$149,262.00	1564.50	$250,556.00	$206.00	$250,762.00
Task 2. Environmental Monitoring	1,937.75	$232,405.00	$27,113.00	$259,518.00	3,313.50	$484,256.00	$50,867.00	$535,123.00	5251.25	$716,661.00	$77,980.00	$794,641.00
Environmental Compliance Plan and Compliance Matrix	55.00	$2,026.00	$0.00	$2,026.00	0.00	$0.00	$0.00	$0.00	55.00	$2,026.00	$0.00	$2,026.00
Biological Surveys and Monitoring	990.00	$146,985.00	$11,480.00	$158,465.00	896.50	$160,624.00	$7,895.00	$168,519.00	1886.50	$307,609.00	$19,375.00	$326,984.00
Compliance Documentation	230.50	$10,531.00	$0.00	$10,531.00	352.00	$65,941.00	$0.00	$65,941.00	582.50	$76,472.00	$0.00	$76,472.00
Cultural Resources Surveys and Monitoring	645.00	$69,888.00	$15,633.00	$85,521.00	1,902.00	$232,015.00	$42,972.00	$274,987.00	2547.00	$301,903.00	$58,605.00	$360,508.00
Tribal Consultation	14.50	$2,552.00	$0.00	$2,552.00	88.00	$15,875.00	$0.00	$15,875.00	102.50	$18,427.00	$0.00	$18,427.00
(NEW TASK) Caltrans Reporting Requirements (Monitoring and Discovery Plan)	2.75	$423.00	$0.00	$423.00	75.00	$9,801.00	$0.00	$9,801.00	77.75	$10,224.00	$0.00	$10,224.00
Task 3. Permit Compliance / CMP	151.00	$30,303.00	$0.00	$30,303.00	100.00	$22,556.00	$0.00	$22,556.00	251.00	$52,859.00	$0.00	$52,859.00
(NEW) Task 6. As Needed Support Services					100.00	$22,556.00	$0.00	$22,556.00	100.00	$22,556.00	$0.00	$22,556.00
PROJECT TOTAL	2,088.75	$262,708.00	$27,113.00	$391,321.00	4,198.50	$678,424.00	$51,073.00	$729,497.00	7,166.75	$1,042,632.00	$78,186.00	$1,120,818.00

Table 2. Project Summary

PHASE/TASK	DETAILED BUDGET PHASE AND TASK	ORIGINAL BUDGET	AMENDMENT NO. 1 COST ESTIMATE			CONTRACT TOTAL $
			OUT OF SCOPE WORK THROUGH 11/30/2023	FORECAST 12/1/2023 TO 9/30/2024	TOTAL COST ESTIMATE	
Task 1. Project Management and Controls	Phase 1 Phase 6 Tasks 3 and 15	$106,455.32	$101,500.00	$149,262.00	$250,762.00	$357,217.32
Task 2. Environmental Monitoring		$403,787.71	$259,518.00	$535,123.00	$794,641.00	$1,198,428.71
Environmental Compliance Plan and Compliance Matrix	Phase 2.01	*$7,324.00*	$2,026.00	$0.00	$2,026.00	$9,350.00
Biological Surveys and Monitoring	Phase 2.02 Phase 6 Task 1	*$157,263.84*	$158,465.00	$168,519.00	$326,984.00	$484,247.84
Worker Environmental Awareness Training Program	Phase 2.03	*$5,357.56*			$0.00	$5,357.56
Compliance Documentation	Phase 2.04	*$32,107.00*	$10,531.00	$65,941.00	$76,472.00	$108,579.00
Cultural Resources Surveys and Monitoring	Phase 2.05 Phase 6 Task 2	*$103,258.63*	$85,521.00	$274,987.00	$360,508.00	$463,766.63
Inadvertent Discovery - Archaeological	Phase 2.06	*$37,320.75*			$0.00	$37,320.75
Inadvertent Discovery - Paleontological	Phase 2.07	*$3,771.88*			$0.00	$3,771.88
Tribal Consultation	Phase 2.08 Phase 6 Task 12	*$5,280.00*	$2,552.00	$15,875.00	$18,427.00	$23,707.00
(NEW TASK) Caltrans Reporting Requirements (Monitoring and Discovery Plan)	Phase 6 Task 13		$423.00	$9,801.00	$10,224.00	$10,224.00
Additional Construction Monitoring	Phase 2.09	*$24,644.05*			$0.00	$24,644.05
Agency Post-Construction Reporting	Phase 2.10	*$27,460.00*			$0.00	$27,460.00
Task 3. Permit Compliance / CMP	Phase 3.0	$9,400.00	$30,303.00	$22,556.00	$52,859.00	$62,259.00
Task 4. Vegetation Surveys		$140,940.72	$0.00	$0.00	$0.00	$140,940.72

PHASE/TASK	DETAILED BUDGET PHASE AND TASK	ORIGINAL BUDGET	AMENDMENT NO. 1 COST ESTIMATE			CONTRACT TOTAL $
			OUT OF SCOPE WORK THROUGH 11/30/2023	FORECAST 12/1/2023 TO 9/30/2024	TOTAL COST ESTIMATE	
2023	Phase 4.1	*$69,192.63*			$0.00	$69,192.63
2024	Phase 4.2	*$71,748.09*			$0.00	$71,748.09
Task 5. Optional Outreach	Phase 5	$11,578.25			$0.00	$11,578.25
(NEW) Task 6. As Needed Support Services	Phase 7			$22,556.00	$22,556.00	$22,556.00
PROJECT TOTAL		$672,162.00	$391,321.00	$729,497.00	$1,120,818.00	$1,792,980.00

MEMORANDUM

DATE: December 15, 2023
MEETING OF: December 20, 2023
TO: Board of Directors
FROM: General Manager
RE: **DISCUSSION/ACTION ITEM 11B**: Consider Approval of Proposed Employee Handbook Updates

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BACKGROUND

The Pajaro Valley Water Management Agency (PV Water) Employee Handbook sets forth the basic policies and procedures applicable to all employees, and it serves as an informational guide to employment with PV Water. The Employee Handbook is updated periodically to keep current with new laws, revise and/or provide additional clarity on existing policies and procedures, or at the request of the Board of Directors or Employee Organization (EO). PV Water's Employee Handbook was last updated in 2015, via *Resolution 2015-27 Adopting 2015 Employee Handbook*, and before that in 2004.

Staff initiated comprehensive update to the Employee Handbook in late 2019 with the assistance of a consulting human resources specialist and PV Water's General Counsel, but staff placed the effort on hold concomitant with beginning of the COVID-19 pandemic. Around the time the pandemic transitioned from emergency to maintenance status, staff resumed working on the Employee Handbook with a focus on the following considerations:

1. The Employee Handbook needs to be comprehensive and in compliance with all legal requirements.
2. The Employee Handbook needs to be clear and concise.
3. Updates to the Employee Handbook need to involve and take into account considerations and recommendations from the EO (see Resolution 95-33 attached).

DISCUSSION

Staff has worked closely with a consulting human resources specialist from Regional Governmental Services and with attorneys from PV Water's General Counsel to conduct a careful review of the Employee Handbook and then to revise it to be compliant with current law. In addition, staff has added language to make certain sections clearer, and edited the Employee Handbook such that it is gender neutral (e.g. replaced "he/she" with "the employee" or "they"). The General Manager (GM) has presented the Employee Handbook to the Employee Organization (EO) and has held several meetings with EO representatives. Further, the GM has worked with counsel to review and incorporate revisions suggested by the EO in spring 2020. The EO has made a request for the Board to consider two additional holidays: Cesar Chavez Day, and Juneteenth.

The Administration and Finance Committee reviewed the proposed revisions to the Employee Handbook with staff and an EO representative on November 14 and December 12. Following the December 12 discussion, the Administration and Finance Committee voted in favor of recommending that the Board approve the revisions to the Employee Handbook as proposed, but that the Board meet in closed session to discuss the EO's request for additional holidays.

FISCAL IMPACT

The effort to review and update Employee Handbook between 2019 and 2023 cost approximately $15,000. Costs associated with complying with the Employee Handbook are difficult to quantify but are built into PV Water's annual budget, which is reviewed and approved by Board.

STAFF RECOMMENDATION

The Board approves the proposed revisions to the Employee Handbook and make a determination on the EO's request for additional holidays (Casar Chavez Day & Juneteenth).

ATTACHMENTS

- Employee Handbook (Clean & Redline Versions)

PAJARO VALLEY WATER MANGEMENT AGENCY

Mission

PV Water's mission is to achieve sustainable groundwater resources in the Pajaro Valley for our vibrant agricultural, commercial, industrial, and residential communities for today and future generations.

EMPLOYEE HANDBOOK

BOARD APPROVED
OCTOBER 21, 2015

DRAFT:
OCTOBER 30, 2023

DRAFT

Contents

I. INTRODUCTION 1

II. AT-WILL EMPLOYMENT 1

III. EQUAL EMPLOYMENT OPPORTUNITY 2

IV. AGENCY NON-DISCRIMINATION POLICY ..... **Error! Bookmark not defined.**

V. AMENDING TERMS AND CONDITIONS OF EMPLOYMENT 3

A. Employee Representation 3

B. Notification of Proposed Changes Affecting the Terms and Conditions of Employment 4

C. Meetings Among Employees 4

D. Bulletin Boards/ Email 4

E. Release Time 4

F. The Meet and Confer Process 4

VI. CLASSIFICATION PLAN 5

VII. EMPLOYEE STATUS 5

A. Full-time 5

B. Part-time Employee: 5

C. Temporary Employee: 5

D. Intern: 6

F. Exempt Employee: ..... **Error! Bookmark not defined.**

G. Non-Exempt Employee: ..... **Error! Bookmark not defined.**

H. Volunteers: 6

I. 6

VIII. WORKING HOURS 6

A. Regular Work Week and Work Day 6

B. Breaks 7

C. Meal Periods ..... **Error! Bookmark not defined.**

D. Overtime 7

E. Makeup Time 8

F. Compensatory Time Off (CTO) 8

G. Pay Periods 8

IX. EMPLOYEE BENEFITS 8

DRAFT

A. Eligibility 9
B. Retirement 9
C. Health Insurance 10
D. Deferred Compensation Plan 10
E. Life Insurance 10
F. Long-term Disability 10
G. Holidays 10
H. Flexible Holiday 11
I. Vacation 11
J. Sick Leave 12
K. Leaves of Absence 14
L. Request for Reasonable Accommodation ..... **Error! Bookmark not defined.**
M. Management Leave 19
N. Bereavement Leave 19
O. Submitting Time Sheets for Absences Covered by Paid Leaves 20
P. Absence for Jury Duty or Agency Witness 20
Q. Worker's Compensation 20
X. PERFORMANCE EVALUATIONS 21
XI. SALARY RANGES 22
XII. SALARY ADJUSTMENTS ..... **Error! Bookmark not defined.**
A. Salary Increases 22
B. Special Salary Adjustments 23
C. Bilingual Pay 23
D. Distribution Certification 23
E. On Call Policy 23
XIII. DISCIPLINE AND TERMINATION 25
XIV. COMPLAINT RESOLUTION 26
A. Open Door Policy ..... **Error! Bookmark not defined.**
XV. OTHER EMPLOYMENT 27
XVI. REIMBURSEMENT 27
A. Mileage Allowance 27
B. Travel Expense 27
C. Education Policy 27

DRAFT

D. Training/Professional Seminars/Conferences/and Courses 27
E. Reimbursement for Licenses and Certificates 28
XVII. DRUGS AND ALCOHOL POLICY 28
XVIII. NON-DISCRIMINATION AND HARASSMENT POLICY 29
A. Purpose 29
B. Policy 29
C. Unlawful Discrimination/Harassment Prohibited 30
D. Definition 30
E. Harassment 31
F. Sexual Harassment 31
I. No Retaliation 32
J. DFEH and EEOC 32
K. Dissemination of Policy 32
L. Obligation of Employees 32
M. Anti-Fraud/Ethics Policy ..... **Error! Bookmark not defined.**
N. Anti-Harassment Training 33
XIThe Agency will maintain coverage under any group health plan X. ..... WORKPLACE VIOLENCE 33
XX. SAFETY 34
A. Injury and Illness Prevention Program 34
B. Ergonomics 34
C. Bomb Threats and/or Threatening Calls 35
D. Driving on the Job 35
E. Cellular Phone Safety 35
XXI. COMPUTER/EMAIL/INTERNET/TELEPHONE/MOBILE DEVICES POLICY 35
A. E-mail Usage 35
B. Internet Usage 36
C. Unacceptable Use of the Internet 36
D. Software 37
E. Security 37
F. Telephone Calls 37
G. No expectation of privacy 37
H. Violations 38

DRAFT

I. Personal Mobile Devices 38
XXII. AROUND THE WORK PLACE 38
A. Dress & Grooming Standards: 38
B. Smoking: 38
C. Security: 38
D. Solicitation and Distribution: 39
E. Tools and Equipment: 39
XXIII. Lactation Accommodation Policy 39
XXIV. LEAVING THE AGENCY 40
A. Resignation: 40
B. Property Return Agreement: 40
C. Exit Interview: 40
D. Final Paycheck: 40
XXV. SEVERABILITY 40
XXVI. RIGHT TO REVISE 40
APPENDIX A ..... **Error! Bookmark not defined.**

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I. INTRODUCTION

This handbook sets forth the employment policies, procedures and guidelines of the Pajaro Valley Water Management Agency (Agency or PV Water) for the Agency's employees. It is intended to provide for a fair and equitable system of Human Resource management and for efficient and economical services to the public. It also defines the obligations, rights, privileges, benefits and prohibitions that apply to Agency employees. This Employee Handbook supersedes and replaces any and all prior Employee Handbooks policies, benefit statements, past practices, whether written or verbal, that are inconsistent with policies in this current Employee Handbook.

The provisions of this Handbook have been adopted by resolution of the PV Water Board of Directors, and its provisions are subject to the ultimate interpretation and application of the General Manager (GM) or designee. PV Water reserves the right and discretion to modify the provisions of this Handbook by subsequent resolution of the Board of Directors at any time. Only the PV Water Board of Directors has the authority to add to, modify, or delete provisions of this Handbook and no individual has the authority to enter into any employment or any other agreement that modifies the provisions of this Handbook, unless otherwise authorized by the Board to the GM. However, this Handbook does not limit the development of internal rules and operating procedures for specific departments of PV Water, or the development of administrative procedures governing the implementation of these procedures so long as such policies, practices and procedures do not conflict with the provisions of this Handbook. as set forth herein, may be amended at any time by action of the Board of Directors

This Handbook is a guide to PV Water's employment policies and procedures and is intended to be informational in nature. It does not create any contract of employment, expressed or implied, or any rights in the nature of a contract. Further, nothing contained in this Handbook shall prevent, relieve or otherwise excuse any PV Water employee from the performance of any duty imposed by: law, this Handbook, the PV Water Personnel Policies, or other resolutions and policies of the Board of Directors or GM, or from the rendering of services at such times and places as are necessary in order to properly perform their employment obligations. The GM, Finance & Administrative Services Manager (FASM) and Department Heads are empowered to stagger, rearrange and adjust the hours of employment of employees in such a manner as to effectively operate PV Water and fulfill its mission.

This Handbook is the property of PV Water, and it is intended for the personal use and reference by employees of the Agency. Employees shall sign the acknowledgement form at the back of this Handbook and return it to the GM. This will provide the Agency with a record that each employee has received, read, and reviewed this Handbook.

II. AT-WILL EMPLOYMENT

The GM shall serve at the discretion of the Board. All other employees shall serve at the discretion of the GM.

Employment of all employees of the Pajaro Valley Water Management Agency is "at-will." It is expressly understood that employment with the Agency is for no specific duration. Either the employee or the Agency may terminate the employment relationship at any time, with or without cause or without advance notice. Although the Agency may choose to end an employee's employment for cause, cause is not required.

No section of this Handbook may be construed as establishing anything other than an at-will employment relationship; nor shall it limit GM's discretion to manage the Agency's workforce and its employees. This includes the right to hire, transfer, promote, demote, reclassify, layoff, terminate, or change any term or condition of employment at any time, with or without reason and with or without notice.

III. EQUAL EMPLOYMENT OPPORTUNITY

The Agency is committed to providing equal employment opportunity for all applicants and employees. The Agency prohibits discrimination against applicants or employees on the basis of age, race, color, religion, religious creed (including religious dress and religious grooming practices), sex (including pregnancy, perceived pregnancy, childbirth, breastfeeding, or related medical conditions), gender, gender identity (including transgender identity), gender expression (including transgender expression), because an individual has transitioned (to live as the gender with which they identify), is transitioning, or is perceived to be transitioning, sex stereotyping, national origin, ancestry, citizenship, age (40 years and over), mental disability and physical disability (including HIV and AIDS), legally protected medical condition or information (including genetic information), protected medical leaves (requesting or approved for leave under the Family and Medical Leave Act or the California Family Rights Act), military and/or veteran status, service, or obligation, reserve status, national guard status, marital status, domestic partner status, sexual orientation, status as a victim of domestic violence, sexual assault or stalking, enrollment in a public assistance program, engaging in protected communications regarding employee wages or otherwise exercising rights protected under the California Fair Pay Act, requesting a reasonable accommodation on the basis of disability or bona fide religious belief or practice, or any other basis protected by local, state, or federal laws. This policy applies to all employment practices and actions, including but not limited to: hiring, recruitment advertising, examination, assignment, evaluation, promotion, transfer, demotion, layoff, discipline, termination, compensation, benefits, training, and general treatment during employment.

IV. Reasonable Accommodation

Pursuant to the California Fair Employment and Housing Act (Government Code Sec. 12940 et seq.) the Agency is committed to assuring equal employment opportunity and equal access to services, programs and activities for persons with disabilities. It is the policy of the Agency to provide reasonable accommodation to a qualified person with a disability and to enable such person to perform the essential functions of the position for which they are applying or in which they are employed.

Reasonable accommodation applies to all employment practices and actions, including: recruitment, the job application process, examination and testing, hiring, training, disciplinary actions, rates of pay or other compensation, advancement, classification, transfers and reassignment, and promotions.

The Agency will comply with all applicable federal and state laws concerning the employment of persons with disabilities and will act in accordance with regulations issued by the Equal Employment Opportunity Commission (EEOC). Questions regarding reasonable accommodation may be directed to the Financial & Administrative Services Manager (FASM).

The Agency will provide reasonable accommodations to otherwise qualified employees or applicants with known physical or mental disabilities, unless it would create an undue hardship. Employees who require accommodation to perform the essential functions of their job should contact the FASM and request an accommodation. Employees should specify in what way they are limited in their ability to

perform the job and what accommodation they believe is needed. The Agency will review the situation with the employee to identify possible accommodations, if any, that will allow the employee to perform the essential functions of the job. If a reasonable accommodation can be identified that will not impose an undue hardship, the Agency will make the accommodation. If there is more than one possible accommodation, the Agency will decide which one will be provided.

V. Policy against Harassment, Discrimination and Retaliation

It is the intent of the Agency to provide a work environment that is free of harassment, discrimination, and retaliation. This policy applies to all employees, applicants, and contractors and prohibits harassment and discrimination based upon the protected categories shown above in the Equal Employment Opportunity section of this Handbook. The Agency provides training related to harassment, discrimination and retaliation prevention to supervisors and managers, consistent with applicable law.

The Agency encourages individuals to immediately bring any concerns of harassment, discrimination, or retaliation to the attention of the management. The Agency will conduct investigations and take appropriate action as warranted to ensure that any acts of alleged harassment, discrimination, or retaliation are addressed effectively. No employee will be subject to any form of discipline or retaliation for good faith reporting of incidents of alleged unlawful discrimination, pursuing any such claim, or participating in any way in the investigation of such reports. Any form of discrimination or retaliation against employees will not be tolerated and will result in appropriate disciplinary action, up to and including termination.

If you have any concern that this policy may have been violated by anyone, you must immediately report the matter. Due to the very serious nature of harassment, discrimination and retaliation, you must report your concerns to your supervisor, FASM, or the GM.

In addition, employees have the option to report harassment, discrimination or retaliation to the EEOC or the California Department of Fair Employment and Housing (DFEH). These governmental agencies offer legal remedies and a complaint process.

Section XVIII, Non-Discrimination, Harassment and Retaliation Policy, described below contains additional information.

VI. AMENDING TERMS AND CONDITIONS OF EMPLOYMENT

A. Employee Representation

The Agency's Employee Organization (Employee Organization) as recognized by the Board of Directors in Resolution 95-33, and per the Meyers-Milias-Brown Act, serves to represent the full-time and part-time, non-exempt employees in their relations with the Board of Directors and the GM.

Employees shall have the right to participate and join, or refuse to participate and join, the Employee Organization. Neither the Agency nor the Employee Organization will interfere with, intimidate, restrain, coerce, or discriminate against an employee based on their decision to participate in, or refuse to participate in, the Employee Organization.

B. Notification of Proposed Changes Affecting the Terms and Conditions of Employment

Except in the case of an emergency, the Employee Organization shall be given reasonable advance written notice of any proposed changes to the Employee Handbook or other ordinances, rules, resolutions, regulations or actions affecting the terms and conditions of employment within the scope of representation, that is proposed to be adopted by the Agency's Board of Directors. The Employee Organization shall be given the opportunity to meet and confer with the Agency representative prior to final adoption. In the case of an emergency, the Board of Directors will provide notice and opportunity to meet at the earliest available time with the Employee Organization to discuss the matter.

C. Meetings Among Employees

Any meetings of employees to discuss matters concerning Agency employment shall be during non-working hours of all attendees. Should an employee who works a conflicting shift wish to attend such a meeting, they shall obtain permission from their supervisor at least 24 hours in advance of the meeting and may either use accrued leave time or, with the supervisor's approval, adjust the work schedule for that day. Employees may use Agency facilities to hold such meetings with 24-hour prior approval from the GM or FASM on the location and time scheduled for the meeting

D. Bulletin Boards/ Email

The Employee Organization will be granted adequate space on existing Agency bulletin boards to post meeting notices and other announcements or information provided the material is not derogatory to the Agency, employees of the Agency, or any other employee organizations. Agency email may also be used with the same restrictions listed above. Posting materials or preparing emails shall only be done while the poster is on break or lunch or periods before or after working hours.

E. Release Time

Up to three Employee Organization designated representatives shall be allowed to attend, without loss of compensation or other benefits, meetings scheduled with designated representatives of the Agency to meet and confer on matters within the scope of representation, to testify or appear as a designated representative of the Employee Organization in proceedings before the Board regarding the Employee Organization or employee wages, hours, and terms and conditions of employment, or to appear as a designated representative of the Employee Organization in matters before a personnel or merit commission. The Employee Organization shall provide reasonable notification to the Agency requesting a leave of absence without loss of compensation or other benefits.

F. The Meet and Confer Process

All determinations regarding wages, hours, benefits, and other terms and conditions of employment shall be made only after an authorized Agency representative has engaged in good faith communication with the designated members of the Employee Organization. Good faith communication means that there shall be the mutual obligation to freely exchange information,

opinions, and proposals. The Agency's representatives are obliged to share and consider the Employee Organization's concerns with the GM and Board of Directors for their consideration. The parties will attempt to develop mutually satisfactory resolutions to issues. If after a reasonable period of time there is a failure to reach agreement, the parties may agree upon the appointment of a mediator mutually agreeable the parties and share the costs.

VII. CLASSIFICATION PLAN

Positions in the Agency are divided into job classes, which are grouped according to the kind of work performed, the responsibilities involved, the qualifications needed to do the work, and the salary paid.

The GM will recommend the establishment and modification of positions to the Board. The Board may revise the classification plan at any time deemed appropriate.

Each authorized classification will have a specific title, a written description of work performed and the essential requirements for successful performance and a specified salary range. To meet changes in technology or work programs, it may be necessary to add or delete duties to the job description of a position.

VIII. EMPLOYMENT CATEGORIES

A. Job Classifications

There are two basic classifications of employees at PV Water:

1. EXEMPT employees hold executive or management positions or professional positions. Exempt employees are not eligible for overtime pay Fair Labor Standards Act (FLSA).

2. NON-EXEMPT employees are eligible for overtime pay under the FLSA.

B. Job Categories

1. **Full-time Employee:** An exempt or non-exempt employee of the Agency occupying a budgeted position and is employed 40 hours per week. The GM may hire two part-time employees to fill a full-time position if the GM determines that the duties of the position can be shared.

2. **Part-time Employee:** An exempt or non-exempt employee of the Agency occupying a budgeted position whose typical work week is scheduled for at least 20 hours but less than 40 hours a week. Part-time employees may occasionally work more than their normal schedule with prior approval of the GM, but such assignments shall be temporary in nature and do not change the employee's part-time status. .

3. **Temporary Employee:** An exempt or non-exempt employee hired for the purpose of filling short-term employment vacancies, vacations, sick leaves, military leave, leaves of absence, and/or to meet other short-term business demands of the Agency. Temporary employment shall

typically not exceed six (6) months; however, the Board of Directors may extend a temporary appointment in circumstances where the employee holding that position has been granted a leave in excess of six (6) months with the intention of returning to the position. These employees are eligible for only those benefits required by applicable state and federal law, including but not limited to paid sick days.

4. **Intern:** Interns for the Agency work less than 20 hours per week and cannot exceed 960 hours per calendar year. They must adhere to agency policies, procedures, and rules governing professional behavior and are eligible for only those benefits required by applicable state and federal law. Interns are non-exempt employees.

5. **Volunteers:** Any unsalaried person authorized by the Board to perform volunteer services for the Agency shall be classified as a volunteer. Volunteers do not receive any compensation or other employment benefits and may be released at any time.

C. Job Assignment

All employees are hired to perform specific job duties and may have designated responsibilities. Employees may, however, be reassigned temporarily or permanently depending on their skills and experience, or given different responsibilities, at any time. Employees are expected to lend assistance to each other and to temporarily assume a change of duties whenever necessary to meet office demands.

IX. WORKING HOURS

A. Regular Work Week and Work Day

The standard work week of the Agency shall consist of a forty (40) hour work week beginning 12:01 a.m. Sunday through midnight Saturday. Typical working hours for office employees are Monday-Friday, 8:00 a.m. to 5:00 p.m. with an unpaid one hour lunch break. Field employees have the same work week, but their typical hours are 7:00 a.m. to 3:30 p.m. with an unpaid 30-minute lunch break. Working hours/days may be staggered to provide sufficient coverage. The GM or direct supervisor may require any employee to temporarily perform service in excess of the scheduled work day when public necessity or convenience so require or for the effective conduct of Agency business. The GM shall be responsible for the determination of offices remaining open or closed, or the maintenance of minimum staff, in any unusual circumstances such as disaster situations.

Employees not able to report to work at their assigned time must notify their direct supervisor as soon as practicable, but not less than within one hour of the start of the time established for reporting to work.

B. Alternative Work Schedule

The GM may offer an alternative work schedule under certain circumstances to an eligible, full-time employee, subject to the GM's discretion, provided that it is feasible and in the Agency's best interest. Such alternative work schedule may allow an employee to work:

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(a) forty (40) hours within four days consisting of ten hours each day; or

(b) eighty (80) hours within either nine or ten days during a two-week period, but not exceeding a 40 hour work week to avoid working overtime under the FLSA regulations.

An alternative work schedule is subject to the employee agreeing to adhere to specified work hours in compliance with the terms of the Agency's Alternative Work Schedule Agreement, and state and federal laws. An approved alternative work schedule arrangement may be terminated at the sole discretion of the GM at any time.

C. Break and Meal Periods

A 15-minute compensated rest period will be provided to all non-exempt employees for each consecutive four-hour period of service

The Agency provides employees in non-exempt positions rest and meal periods in accordance with applicable laws. Non-exempt employees generally will receive an unpaid meal period of at least thirty (30) to sixty (60) minutes for a work period prior to working more than five (5) hours per day. If the total work period is no more than six (6) hours per day, the meal period may be waived upon the mutual consent of the non-exempt employee and the supervisor. Non-exempt employees are also entitled to a second meal period of at least thirty (30) minutes minimum if they work more than ten (10) hours per day.

Non-exempt employees may not perform any work during their meal periods and they are free to leave Agency premises. Non-exempt employees are also entitled to take rest breaks during their workday. Non-exempt employees will receive one paid fifteen (15) minute rest period for each four (4) hour work period or major portion thereof.

Breaks may not be combined with meal periods or taken at the beginning or end of the non-exempt employee's shift in order to shorten the workday.

D. Overtime

Exempt employees are not entitled to overtime pay. Non-exempt employees are covered by the FLSA and entitled to overtime pay. Overtime is paid only when a non-exempt employee works more hours than the standard or alternative work schedule. Overtime shall be paid one and one-half at their hourly rate for all hours worked in excess of forty hours during the non-exempt employee's standard or alternative work week. It is paid whether the work is continuous (i.e. directly following a regular shift), occurs as a result of a call-back, or occurs on a holiday.

Holidays, sick or vacation leave taken within the same work week does not qualify as time worked for arriving at a 40-hour work week for the purpose of determining non-exempt employees' eligibility for overtime.

Non-exempt employees may not work overtime without the express prior approval of their supervisor or the GM, absent an emergency. Because unauthorized overtime is against the Agency policy, employees who work unauthorized overtime may be subject to discipline up to and including termination. Overtime pay is designed to deal with unusual situations and sudden demands on staff time. It is not designed to be a routine way of dealing with an employee's regular workload. If an employee is regularly unable to finish their work in the time allotted, the situation

should be discussed with the employee's immediate supervisor.

E. Makeup Work Time

Non-exempt employees may make up work time that is or would be lost as a result of personal obligations if the time is made up during the same work week in which the work time is lost. A non-exempt employee will be permitted to make up work time only if the employee submits a signed written request to make up the lost time and the employee's direct supervisor or the GM approves the request in advance. Non-exempt employees will not be paid overtime for performing makeup work unless they work more than 11 hours in a workday or more than 40 hours in the workweek. If an employee knows in advance that they will be requesting makeup time for a personal obligation that will recur at a fixed time over a succession of weeks, the employee may request to makeup work time for up to four (4) weeks in advance; provided, however, that the makeup work must be performed in the same week that the work time was lost. Compensatory Time Off (CTO)

As an alternative to overtime pay, a non-exempt employee may request, and the supervisor shall have the unrestricted discretion to approve or deny, compensatory time off in lieu of pay for overtime worked. Any overtime to be converted to compensatory time off shall be converted in no less than one-half hour increments.

Compensatory time off shall accrue at one and one-half (1½) times the regular rate for actual hours worked that are eligible for overtime pay or in lieu holiday for holidays worked as a scheduled work day at straight time. No more than forty (40) hours of CTO may be scheduled at any one time without the approval of the GM. The procedure for requesting to take CTO is the same as requesting vacation time. CTO will not be authorized if it creates the need to pay overtime to another employee to cover the absence or unduly disrupts the operations of the Agency.

Non-exempt employees may accrue a maximum of 80 (eighty) hours of compensatory time off as of December 31 of each year. Employees who have more than 80 hours of CTO banked shall receive pay at the overtime rate for those hours in excess of 80 and shall not be eligible to receive and bank further CTO time that would cause the balance to exceed 80 hours.

F. Pay Periods

Employees are paid biweekly (26 pay periods per year), on Fridays. Employees must complete their time cards in a timely manner to ensure that they are paid for all hours worked. If a pay day falls on a holiday, employees will receive pay on the preceding workday. The expectation is that employees will update their timecards daily, either at the end of the workday or first thing the following workday. Employees will complete, approve, and submit their time card at the end of their final time worked in each pay period, and not later than 10:00 a.m. on Monday of payroll week at the latest under normal circumstances. Supervisors will work to review and approve timecards submitted by direct reports no later than 10:00 a.m. on Tuesday of payroll week, under normal circumstances.

X. EMPLOYEE BENEFITS

A. Eligibility

1. Full-Time Employees: Full-time employees are eligible for paid vacation, sick leave, holidays, medical insurance coverage and benefits set forth in this section and as authorized by the Agency.

2. Part-Time Employees: Part-time employees are eligible for pro-rata vacation, sick leave, holidays, medical insurance coverage and other benefits based on hours actually worked.

3. Temporary Employees: Temporary employees are eligible for sick leave benefits as set forth below. Temporary employees are not eligible for vacation, holiday, insurance, or any other benefits other than those mandated by law.

4. Interns: Interns are eligible for sick leave benefits as set forth below. Interns are not eligible for vacation, holiday, medical insurance, or any other benefits other than those mandated by law.

Benefits generally begin accruing at the beginning of employment except for any specified waiting periods associated with health, retirement or other insurance plans. Insurance benefits begin the first day of the month following employment start date, in accordance with the stipulations of the insurance policy. Accrued sick leave may not be taken with pay until after working for the Agency for 90 days. Promoted or reclassified employees will not be restricted to taking only sick leave.

B. Retirement

The Agency shall participate in the California Public Employees Retirement System (PERS). For purposes of calculating an employee's initial monthly service retirement benefit, "final compensation" at the time of retirement shall be as specified by the California Public Employees' Retirement Law, and the terms of the agreement between the Agency and California Public Employees' Retirement System (PERS).

EMPLOYEES HIRED BEFORE JANUARY 1, 2013, AND EMPLOYEES HIRED AFTER THIS DATE WHO QUALIFY FOR PENSION RECIPROCITY

For employees hired before January 1, 2013 as well as employees hired on or after January 1, 2013 who qualify for pension reciprocity pursuant to Government Code Section 7522.02 (c) and any related reciprocity requirements established by PERS, the Agency provides the 2 percent at age 55 retirement plan based on the highest single year of the employee's salary, under the California Public Employees' Retirement System. The Agency pays the employee contribution to PERS, which is 7%.

EMPLOYEES HIRED ON OR AFTER JANUARY 1, 2013 WHO DO NOT QUALIFY FOR PENSION RECIPROCITY

For employees hired on or after January 1, 2013 who do not qualify for pension reciprocity pursuant to Government Code Section 7522.02 (c), the Agency provides retirement coverage through the PERS retirement formula under Government Code Section 7522.20 (2% @ 62). This formula shall be based on a 3-year average salary.

These employees shall pay at least 50% of the annual actuarially determined normal cost of their

pension plan as determined by PERS. The Agency shall not pick up any portion of the required employee contribution. The Agency shall set up a qualifying plan under the IRC 414(h) (2) regulations that provides for employee contributions to be treated as employer contributions for tax purposes, thereby retaining the tax exemption for deferred compensation.

To the extent that there is any conflict between this Handbook regarding PERS retirement benefits, retirement benefits as determined by PERS and based on applicable law shall control.

C. Health Insurance

Medical, dental, life and vision insurance, and an Employee Assistance Program (EAP), shall be provided for all full-time employees, qualifying part-time employees pursuant to the terms of each policy, and their eligible dependents. The Agency's contribution to the cost of this insurance shall be 100% for full-time employees, and for part-time employees, the Agency's contribution to the cost of insurance will be based on the terms of each policy.

The maximum monthly Agency contribution for dependent benefits will equal 95% of the premium.

Eligible employees may choose to participate in a flexible spending plan at the employee's expense, allowing for payment of eligible health and daycare expenses using pre-tax earnings, pursuant to IRS Sec. 125.

D. Deferred Compensation Plan

Any full-time or part-time employee may elect to participate in a Board-approved deferred compensation plan (457-B pension plan).

E. Life Insurance

The Agency provides eligible employees a basic term life insurance policy at no cost to the eligible employee. Additionally, the Agency provides accidental death and dismemberment insurance policy at no cost to the eligible employee.

Eligible employees may purchase additional life insurance subject to the approval of the insurance provider. Continued life insurance coverage is available post-termination of employment at the covered employee's expense. An eligible employee can purchase life insurance for their dependents at their own expense. See the FASM for information about this benefit.

F. Long-term Disability

The Agency shall cover the full cost of a long-term disability program for full-time employees.

G. Holidays

The following listed days are observed as holidays by the Agency:

New Year's Day	Veteran's Day
Martin Luther King Jr. Day	Thanksgiving Day
President's Day	Day after Thanksgiving
Memorial Day	Christmas Eve

Independence Day	Christmas Day
Labor Day	New Year's Eve

If one of the above-listed holidays falls on Sunday, the following Monday shall be the holiday in lieu of the day observed. If one of the above-listed holidays falls on a Saturday, the preceding Friday shall be the holiday in lieu of the day observed. When the day on which an Agency holiday is observed falls on a worker's regularly scheduled day off, or if the GM requests said employee to work on that day, the worker shall be entitled to holiday compensatory time off on an hour-for-hour basis up to eight (8) hours. If an employee is on paid leave over a holiday, the employee will receive holiday pay and the employee's leave bank will not be charged. Part-time employees will receive compensation for holidays only if the holiday falls on the part-time employee's regularly scheduled workday for the number of hours regularly scheduled for that workday. Interns and temporary employees are not entitled to holiday pay.

In order to qualify for holiday compensation, the employee is required to be in a paid status on their last scheduled work day prior to the holiday and their first scheduled work day following the holiday. (Paid status includes paid leave of absence.)

H. Flexible Holiday

Full-time employees are entitled to one flexible holiday per calendar year. Employee request to use flexible holidays shall be approved in advance according to the same criteria as requests to use vacation leave. A flexible holiday must be used in the calendar year in which it is given and may not be carried over to a subsequent calendar year.

I. Vacation

1. Eligibility: Full-time and part-time employees are eligible for an annual vacation with full pay after six (6) months continuous employment, or as otherwise approved in writing by the GM. All vacations shall be scheduled with prior approval of the GM or designee.

2 Accrual Rate: Eligible full-time employees accrue annual vacation on the following basis:

EMPLOYEES HIRED PRIOR TO SEPTEMBER 1, 2015:

Years of Completed Full-time Continuous Service	Annual Vacation Accrual:
0 to 12 months	12 days per year
1 year up to 5 years	15 days per year
5 years up to 15 years	20 days per year
15 years and over	20 days + 1 day per additional year of service. Max of 25 days per year

EMPLOYEES HIRED AFTER SEPTEMBER 1, 2015

Years of Completed Full-time Continuous Service	Annual Vacation Accrual:
0- up to 5 years	10 days per year
5 up to 10 years	15 days per year
10 up to 15 years	20 days per year
15 years and over	20 days + 1 day per additional year of service. Max 25 days per

year.

Part-time employees accrue annual vacation on a pro-rata basis, based upon hours actually worked by each employee. No employee shall be permitted to accrue unutilized annual vacation in excess of 45 days or 360 hours.

3. Vacation Pay Out at Separation: If an employee leaves the Agency for any reason, they will be paid for any earned but unused vacation.

4. Vacation Scheduling: Employees are encouraged to utilize their entire vacation accrual on an annual basis. All employees are required to take a minimum of five consecutive vacation days each year.

   All requests for vacation usage shall be written on the leave request form and submitted as far in advance as possible to the employee's supervisor for review and approval. The supervisor will route to the GM for final approval if vacation is five days or longer. Guidelines for approval or denial of requests are as follows:

   a. Requests must be submitted in one-hour increments at least three (3) working days prior to the first day of the requested time off.
   b. When employees request similar dates for vacation leave, the Agency shall approve or deny said requests in accordance with the date the request was submitted and seniority. Requests for five or more consecutive days will be evaluated prior to requests for less than five consecutive days. Special individual circumstances will also be considered in the determination of granting or denying leave requests. The decision of the GM is final and not subject to the complaint resolution provision of this Employee Handbook.
   c. The GM will determine the maximum number of employees that may be granted time off at one time. Operational issues may necessitate temporarily reducing the maximum number that may be off in a particular work unit.

5. Cash-out Policy: Cash-out is an opportunity for an employee to cash-out accrued but unused vacation time as long as the employee maintains a minimum balance of accrued but unused vacation time of 80 hours, unless an exception is provided by the GM for special circumstances. The GM must approve in writing all such requests.

6. Illness During Vacation: An employee who becomes ill or is injured while on vacation and provides a written statement from a licensed medical practitioner to this effect may have the period of illness charged against sick leave and not vacation leave, pursuant to the written authorization of their supervisor.

J. Sick Leave Usage

All employees, regardless of full- or part-time or temporary status, are entitled to paid sick leave after having worked for the Agency for at least 30 days within one calendar year. Employees can use paid sick days upon oral or written request for use in case of diagnosis, care, or treatment of an existing health (physical or mental) condition of, or preventative care for, an employee or an employee's family member, as further specified in California Labor Code Section 246.5. A "family member" is defined as a child, parent, spouse, registered domestic partner, grandparent, grandchild, sibling, or designated person, as defined in Labor Code Section 245.5.

In accordance with California Labor Code Section 233, in any calendar year an employee may also use accrued and available sick leave, in an amount not *less than the sick leave that would be accrued during 6 months at the employee's then current rate of entitlement* to attend to the illness of or accompany a spouse or registered domestic partner, child, parent, or other person for whom the employee is a legal guardian, to medical appointments when the employee's assistance is needed by the patient. Accrued and available is defined as sick time earned and not taken as of the date the requested leave is to begin.

1. Credits, Accumulation, and Compensation: Sick leave shall be credited to every full time employee at the rate of eight hours for each month of completed service. Part-time employees shall accrue sick leave at this same rate, pro-rated in proportion to the hours they actually work, calculated on a monthly basis. All normal pay and benefits shall continue when an employee is on paid sick leave. Sick leave hours not used in a year will carry over from year to year.

   Sick leave shall be accrued not to exceed 90 days (720 hours). At the time of termination of service, an employee shall be paid in full for accrued sick leave. Retiring employees have the option of converting sick leave to service credit as provided in the PERS contract with the Agency instead of receiving payment for unused sick leave.

   For Temporary Employees and Interns: Temporary Employees and Interns are entitled to sick leave, at the rate of 1 hour for every 30 hours worked up to 24 hours of sick leave per 12 months. They are entitled to use accrued paid sick days beginning on the 90th day of employment.

2. Coordination With Disability Insurance: Sick leave can be used in conjunction with State Disability Insurance (SDI) pay to allow disabled employees to continue to receive up to 100% of their income. A pro-rata reduction will be used in such cases to determine benefits received.

1. 3. Charges: Sick leave shall be charged against an employee's credit only for regular working days and shall not be charged for time absent on holidays or other authorized days off. Maternity related absences may be charged against accrued sick leave. When sickness or injury is job-incurred, the regulations of the California Workers Compensation Law shall apply.

   Sick leave may be used by non-exempt employees for medical and dental appointments requiring the employee to be absent from the workplace for more than 15 minutes. Exempt employees shall may sick leave for any absences of two hours or more for medical and dental appointments.

4. Notification and Certification: It is the employee's responsibility to notify their supervisor or designated Agency representative if they are to be off on sick leave within one hour of the start of the time established for reporting to work. Employees may be required to file a physician's certificate with their supervisor showing the time they were under medical care and approval for their return to work if the absence lasts three (3) consecutive days or more, or if there are more than four (4) days of sick leave taken in any one thirty (30) day period. The Agency may require a "fit for duty" statement from the physician and/or a medical examination, at its expense, any time there appears to be a question regarding an employee's fitness for performing

assigned work. In cases where abuse of sick leave policy is suspected, a certificate from the physician may be required. If an abuse is substantiated, such abuse may be cause for disciplinary action up to and including termination.

K. Transferring Leave Credits to Other Employees

The Agency will set up a Catastrophic Leave bank for employees who have exhausted all leave credits and must miss work due to a prolonged illness or injury (including that of a family member). The benefit also is available to employees who are affected by a natural disaster for which the Governor has declared a State of Emergency and who have exhausted all leave credits except sick leave. Any Agency employee may transfer their leave credits (except sick leave) to the Catastrophic Leave bank for the requesting employee's use. Donations typically are irrevocable, but the Agency may make exceptions if the donated time ends up not being used.

L. Leaves of Absences

Several types of unpaid leaves of absence are available to eligible employees under the Agency's policies, as well as federal and state law. The types of leaves that are available include personal, family (includes medical), and military.

1. Family Leave: The Agency will grant employees, with at least one year of continuous service, or a minimum of 1250 hours, up to 12 weeks of unpaid leave in a 12-month period for family care responsibilities and for the employee's own serious medical condition in conjunction with Family and Medical Leave Act (FMLA) and California Family Relief Act (CFRA). Requested leaves must be submitted before the leave begins. When leaves are foreseeable, the employee must provide at least 30 days advance notice. If the leave is not foreseeable, the employee must provide notice as soon as practicable.

   Leave may be taken for one or more of the following reasons:

- The birth of the employee's child or to care for the employee's newborn child, or placement of a child with the employee for adoption or foster care (FMLA/CFRA);
- To care for the employee's parent, spouse, or child or designated person (person related by blood to the employee) who has a serious health condition (FMLA/CFRA);
- To care for the employee's registered domestic partner (CFRA only);
- For a serious health condition that makes the employee unable to perform their job (FMLA/CFRA);
- For any "qualifying exigency" (defined by federal regulation) because the employee is the spouse, son, daughter, or parent of an individual on active military duty (or has been notified of an impending call or order to active duty) in the Armed Forces in support of a contingency operation (FMLA/CFRA); or
- An employee who is the spouse, son, daughter, parent, or next of kin of a covered service member shall be entitled to a total of 26 work weeks of leave during a 12-month period to care for the service member (FMLA only).

   a. Calculating the 12-month Period

The 12-month period is measured forward from the date the leave begins. Successive 12-month periods commence on the date of an employee's first use of such leave after the preceding 12-month period has ended. Under most circumstances, leave under federal and state law will run at the same time and the eligible employee will be entitled to a total of 12 weeks of family and medical leave in the designated 12-month period. For a qualifying exigency or leave to care for a covered service member, the 12-month period begins on the first day of the leave, regardless of how the 12-month period is calculated for other leaves. Leave to care for a covered service member is for a maximum of 26 workweeks during a 12-month period.

b. Pregnancy, Childbirth, or Related Conditions

Leave because of the employee's disability for pregnancy, childbirth or related medical condition is not counted as time used under California law (CFRA). Time off because of pregnancy disability, childbirth or related medical condition does count as family and medical leave under federal law (FMLA). Employees who take time off for pregnancy disability and who are eligible for family and medical leave will also be placed on family and medical leave that runs at the same time as their pregnancy disability leave. Once a pregnant employee is no longer disabled, they may apply for leave under CFRA, for purposes of baby bonding.

Any leave taken for the birth, adoption, or foster care placement of a child does not have to be taken in one continuous period of time. CFRA leave taken for the birth or placement of a child will be granted in minimum amounts of two weeks. Any leave taken must be concluded within one year of the birth or placement of the child with the employee.

c. Leave for Employee's Own Health Condition

If an employee cites their own serious health condition as a reason for leave, the employee must provide a certification from the employee's health care provider stating: (i) the date of commencement of the serious health condition; (ii) the probable duration of the condition; and, (iii) the inability of the employee to work at all or perform any one or more of the essential functions of their position because of the serious health condition. The Agency requires the employee to provide this certification within 15 days of any request for family and medical leave under state and federal law, unless it is not practicable to do so. The Agency may require recertification from the health care provider if additional leave is required. The Agency will require certification by the employee's health care provider that the employee is fit to return to their job. If the employee does not provide medical certification in a timely manner to substantiate the need for family and medical leave, the Agency may delay approval of the leave, or continuation thereof, until certification is received. If certification is never received, the leave may not be considered family and medical leave. Failure to provide certification by the health care provider of the employee's fitness to return to work will result in denial of reinstatement for the employee until the certificate is obtained. The Agency may require, at its expense, a second opinion from a health care provider that the Agency chooses.

d. Leave to Care for Family Member/Designated Person

If the leave is needed to care for a family member including, a child, spouse, domestic partner, parent, grandparent, grandchild, sibling, designated person (individual related by blood or in a family-like relationship), as authorized by law, the employee must provide a

certification from the health care provider of the individual requiring care, stating: (i) the date of commencement of the serious health condition; (ii) the probable duration of the condition; (iii) the estimated amount of time for care by the health care provider; and (iv) confirmation that the serious health condition warrants the participation of the employee to care for the family member.

e. Leave Related to Military Service

A leave taken due to a "qualifying exigency" related to military service must be supported by a certification of its necessity. A leave taken due to the need to care for a service member shall be supported by a certification by the service member's health care provider.

f. Health and Benefit Plans

The Agency will maintain coverage under any group health plan for the duration of the leave (maximum of 12 weeks) and under the condition coverage would have been provided had the employee been employed continuously during the leave. If the employee fails to return to work at the end of the 12-week maximum leave period, the Agency has the right to collect from the employee the cost of the health benefit premiums paid during a period of unpaid leave, If the employee exceeds the maximum 12-week leave and wishes to continue health benefits, they must elect to continue them under COBRA and shall bear full responsibility for the cost of their health plan premiums thereafter. An employee who returns to work for at least 30 days is considered to have "returned to work."

g. Reinstatement

Under most circumstances, upon return from family/medical leave, an employee will be reinstated to their original job or to an equivalent job with equivalent pay, benefits, and other employment terms and conditions. The Agency may deny reinstatement to employees who are among the highest paid ten percent of all employees employed by the Agency and whose reinstatement would cause substantial and grievous economic injury to the Agency's operations. An employee has no greater right to reinstatement than if he or she had been continuously employed rather than on leave. An employee's use of family/medical leave will not result in the loss of any employment benefit that the employee earned before using family/medical leave. The Agency will comply with all applicable laws pertaining to reinstatement of employees, including where required, the reasonable accommodation of employees who have been on an approved leave.

h. Time Accrual

Employees on leave will not continue to accrue vacation, sick or management leave. If an employee is using accrued vacation or sick leave, they will continue to accrue paid time off.

i. Carryover

Leave granted under any of the reasons provided by state and federal law will be counted as family/medical leave and will be considered as part of the 12-workweek entitlement in a 12-month period pursuant to FMLA or CFRA. The 12-month period is measured forward from the date any employee's first FMLA or CFRA leave begins. Successive 12-month periods commence on the date of an employee's first use of such leave after the preceding 12-month period has ended. No carryover of unused leave from one 12-month period to the next 12-month period is permitted.

j. Intermittent Leave

Employees may take leave intermittently (in blocks of time/minimum 15 minute increments, or by reducing their normal weekly or daily work schedule) if the leave is for the serious health condition of the employee's spouse, child, parent, or registered domestic partner or of the employee, and the reduced leave schedule is medically necessary as determined by the health care provider of the person with the serious health condition.

2. Pregnancy Disability Leave: Any full or part-time employee who is disabled by pregnancy, childbirth, or a related medical condition will, upon request, be granted a pregnancy disability leave (PDL) without pay not to exceed four months.

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

   Employees who take time off for pregnancy disability leave and who are eligible for family and medical leave will also be placed on family and medical leave that runs at the same time as their pregnancy disability leave. Once the pregnant employee is no longer disabled, they may apply for leave under CFRA for purposes of baby bonding.

   Group insurance benefits ordinarily provided by the Agency will remain in effect until the end of the month in which the leave terminates. The employee is expected to pay the full costs of these coverages thereafter. The employee must notify the FASM to make arrangements for paying the cost of such coverages before the PDL leave begins.

   If the employee requires a PDL, the employee must notify the employee's manager as soon as possible. The written notice should specify the commencement date of the leave, the expected duration of the leave and be accompanied by a signed physician's statement. The FASM will provide appropriate paperwork that coincides with PDL, FMLA, and CFRA.

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

3. Personal Leaves of Absence: A leave of absence without pay may be granted by the GM for a full-time employee for a period not to exceed 90 days, when all other accrued paid time off is exhausted. Granting of such leave is dependent upon the needs of the Agency and is totally discretionary. Requests for such leaves and action thereon will be in written

form. The GM shall reply in writing to the employee's request, stating the length of time for which the leave is granted or the reason for denial.

a. The employee shall, insofar as possible, notify the Agency ninety (90) days before the leave is anticipated to begin.

b. When the leave is commenced, the employee will be placed on leave in a non-pay status. Sick leave, management leave, vacation and holiday credits cease to accrue once the leave of absence is commenced.

c. During any personal leave of absence, the Agency will maintain the employee's medical, dental, and vision insurance at the employee's expense, subject to the restrictions of the policies.

4. Medical and Family Leave's Effect on Pay: Leave under the FMLA, CFRA, and PDL are unpaid. However, employees may use accrued applicable vacation and sick leave hours while on job protected leave. Employees may also qualify for California State Disability Insurance (SDI) benefits when leave is taken for their own serious health condition. Employees also may qualify for Paid Family Leave (PFL) benefits consistent with state law to care for qualifying family members and to bond with a new child, or to participate in a qualifying event resulting from a family member's military deployment to a foreign country. PFL is a component of SDI and provides employees partial pay for absences from work up to eight weeks to eligible workers as determined under state law. ..

5. Other Disability Leaves:
In addition to medical or pregnancy-related disability leaves described above, employees may take a temporary disability leave of absence if necessary to reasonably accommodate a workplace injury or a disability under the ADA or the FEHA, or in accordance with any other applicable law.

6. Health and Benefit Plans Under FMLA/CFRA/PDL/Personal Leave

a. The Agency will maintain coverage under any group health plan for the duration of the authorized period of the applicable job protected FMLA/CFRA (maximum of 12 weeks if running concurrently, or maximum of 24 weeks if FMLA and CFRA run separately), PDL(maximum of 4 months), or Personal Leave (maximum of 90 days), to the extent coverage would have been provided had the employee been employed continuously during the applicable leave period. As long as the employee pays their portion of the health insurance premium for any dependent(s), the Agency will continue to make its usual contribution towards the premium for the employee's dependent(s) during the applicable protected FMLA/CFRA, PDL or Personal Leave periods. If the employee fails to pay for the required dependent portion of the health insurance premium, such health benefits coverage will be terminated, and the employee will be responsible for the full cost of any services they received.

b. If the employee does not return to work when the applicable FMLA/CFRA, PDL or Personal Leave period expires, the employee is no longer eligible to receive the Agency contribution towards their health insurance premium or for their dependent(s). If the employee remains on a leave of absence after the applicable protected leave period expires and wishes to continue health insurance coverage, if eligible, they may elect to continue them under the Consolidated Omnibus Budget Reconciliation Act (COBRA) health

insurance benefits. By electing COBRA, the employee shall bear full responsibility for the cost of the health plan premiums for self and/or dependent(s).

c. If the employee fails to return to work at the end of the applicable protected leave period, the Agency has the right to reimbursement and collect payment from the employee for the cost of the health benefit premiums that the Agency paid during the protected leave period. The Agency may recover its share of health plan premiums by taking deductions, to the extent permitted by law, from the employee's unpaid wages, if any, vacation/annual leave/or other pay due to the employee, or by initiating legal action The employee, however, will not be liable for the premiums if their failure to return to work is due to the continuation, recurrence or onset of the serious health condition that justified the leave, or reasons beyond the employee's control. An employee who returns to work for at least 30 days is considered to have "returned to work."

7. Health Benefits While on Unpaid Leave (Non-Protected)

If eligible, the employee will have the opportunity to continue their health benefits under the Consolidated Omnibus Budget Reconciliation Act (COBRA). By electing COBRA, the employee is required to pay the full cost of the health insurance premium for self and/or dependent(s).

8. Medical Certification.

a. Employees requesting a leave of absence for a medical reason must provide a written certification that includes a statement of the employee's eligibility to take the leave and of the medical facts supporting the need for the employee to take leave. Failure to provide required certification may result in delay or denial of leave until the certification is provided.

b. Employees are required to present a written medical certification from a health provider upon their return from a leave of absence that was taken for a medical reason stating that they are able to return to work and perform the essential functions of their job

M. Management Leave

In addition to vacation accrual, exempt management employees are entitled to ten (10) days of management leave each fiscal year.

This leave may be taken only in the fiscal year in which it is granted, and no accrual ,carry-over, or cash out of unused management leave shall be allowed.

N. Bereavement/ Special Leave

Bereavement Leave:

Up to five (5) days of bereavement leave without pay may be requested by a full-time employee upon the death of a family member. The bereavement leave must be completed within 3 months of the date of the death of the family member; the days of bereavement leave need not be

consecutive, consistent with Government Code section 12945.7. A full-time employee may use up to 3 days of paid special leave, or vacation, personal leave, accrued and available sick leave or other compensatory time off that is available to the employee for bereavement leave.

Special Leave: Up to three (3) days of leave with pay per calendar year may be requested to attend to the birth, adoption, serious health condition or the funeral or memorial service, or to take care of family matters, that are related to the death of any member of the employee's family. If an employee requires more than three (3) days, sick leave may be used. The GM has sole discretion to approve or deny the request. If an employee does not have sufficient sick leave accrued, the absence may be charged against accrued vacation or compensatory time, or future accrued leave.

A family member includes a spouse, parent or parent-in-law, child, sibling, grandparent, grandchild, step-parent, step-child, step-brother or sister, son-in-law, daughter-in-law, brother-in-law, sister-in-law, or any relative or domestic partner living in the immediate household of the employee. An employee may also request the usage of bereavement leave for individuals who have acted in Loco Parentis. The General Manager has sole discretion to make the determination of in Loco Parentis.

Notification policies shall be the same as those required for personal sick leave use.

O. Submitting Time Sheets for Absences Covered by Paid Leaves

Non-exempt employees must indicate on their time sheet the date, type and amount of paid leave used within each pay period. The minimum increment for using paid leave is 15 minutes.

Exempt employees must indicate on their time sheet the date, type and amount of leave in excess of two-hour increments used within each pay period. Any leave taken in excess of two hours shall be charged to existing leave accruals in 15 minute increments.

P. Absence for Jury Duty or Agency Witness

If an employee is called for jury duty, the Agency will pay their regular salary and benefits for the duration of service. Employees may not be paid jury fees and are instructed to fill out a Government Waiver Form that will stop the jury payment. A copy of this form is to be submitted to the FASM. Employees may still receive mileage reimbursement if provided by the court.

Unless an employee elects to take vacation or other leave while serving on a jury, they shall be excused from their regular job duties only to the extent necessary to fulfill their obligations as juror or witness. Except as provided below, no time spent as a juror shall count or be credited toward overtime eligibility, nor shall any other form of premium or extra form of compensation be paid for any time spent while serving as a juror.

If an employee is subpoenaed to testify on behalf of the Agency as a witness in connection with their official duties as an Agency employee, the time actually spent serving as a witness shall be considered work time.

Q. Worker's Compensation Disability Leave

The Agency's Workers' Compensation leave program provides compensation to employees for

work-related injuries or illnesses, including medical treatment, temporary payment of lost wages, and permanent disability payments all in accordance with state law. It is the excusive remedy for an employee injured on the job.

All injuries incurred during the course and scope of employment with the Agency must be reported to the GM or the employee's direct manager immediately. The initial doctor's visit will not be charged against sick leave. If an employee does not report the incident promptly or refuses a medical attention offer, the employee may lose their right to Workers' Compensation benefits. The employee will receive a claim form and notice of potential eligibility to the injured employee within one working day of notice or knowledge of the employee's work-related injury or illness.

Employees receiving Workers' Compensation disability payments will be considered to be in a paid status and will continue to receive sick leave, vacation, holidays, and service accrual and all insurance benefits.

While on a Worker's Compensation leave of absence, employees remain responsible for paying their portion of insurance premiums. If the leave of absence extends beyond twelve (12) weeks, employees may elect to continue their group health insurance through Consolidated Omnibus Budget Reconciliation Act (COBRA).

The Agency or its insurance carrier may not be liable for the payment of Workers' Compensation benefits for any injury which arises out of the employee's voluntary participation in any off-duty recreational, social or athletic activity which is not part of the employee's work-related status.

XI. PERFORMANCE EVALUATIONS

Employee performance evaluations are intended to provide useful tools for managers and supervisors to effectively establish goals, objectives, measure employee performance and provide information to employees regarding their job performance and performance expectations.
To provide feedback on job performance and as the basis for receiving step increases, employees will receive written performance evaluations. During the first six months of work or following a position change, employees will receive at least one written performance evaluation. Thereafter, job performance will be appraised at least annually within thirty (30) calendar days of the employee's 6-month service evaluation, when possible. The results of the evaluation shall be discussed with the employee prior to such being made a part of the employee's personnel file. Each employee shall sign for receipt of their evaluation and shall have the right to respond in writing. The response shall be kept in the employee's personnel file.

It is the policy of the Agency that fair and accurate evaluations will be made of the performance of each employee. A step increase may be granted by the GM when an employee's job performance exceeds work standards for duties assigned (see Section XI). If work performance falls below acceptable standards, the GM may but is not required, in such a case, direct the supervisor to provide a special evaluation. The special evaluation will describe perceived performance problems and actions to be taken by the employee to correct these deficiencies. The employee's work performance may be reviewed again before the next review date on a date that is mutually agreeable to the supervisor and the employee that would allow the employee sufficient time to correct the deficiencies. If a step increase

is granted at that time, the employee's original review date shall not change and they shall be eligible for the next step increase after one year on paid status from the original review date. If a step increase is denied a second time, the employee may be given specific goals needed to achieve satisfactory performance as approved by the GM and must meet those goals within ninety days (90) of the second evaluation.

The GM has the discretion to make employment decisions regardless of the employee's performance, and without the need to provide the employee with an opportunity to correct any deficiencies through an optional special evaluation, further evaluation, or other process, as all employees are "at-will". The GM is not required to engage in any progressive disciplinary procedures prior to imposing disciplinary action, including termination.

It will be the responsibility of each employee charged in any way with the handling of personnel records to ensure that they remain confidential. The Agency shall only maintain one official personnel file for each employee. Each employee or their designated representative, so authorized in writing by the employee, has the right to inspect the contents of their personnel file. To request inspection of their personnel file, the employee should obtain an authorization form from the FASM. The personnel file contents shall not be forwarded to any other person, including future employers, except by written authorization of the employee.

XII. SALARY RANGES AND ADJUSTMENTS

A. Salary Ranges

Employees covered by this Employee Handbook shall be paid according to a seven (7) step salary range established for each staff position. There is a maximum 5% increase between each step. This range, and the number of steps in this range, may be adjusted by resolution of the Board.

Employees will generally be hired at a step commensurate with their experience and will be eligible to advance to the next step upon satisfactory completion of the six month period. Thereafter, advances through the salary range shall be based upon satisfactory performance as described in Section IX. When an Agency employee is promoted to a position in a higher salary range, they will be placed at the salary step within the new range that will provide at least a 3.5% increase. If the pay range for the new position cannot accommodate a 3.5% increase, the employee will be placed at the highest step.

B. Salary Increases

An employee shall be eligible for a salary increase to the next incremental step in the range for the employee's position following six months initial satisfactory service in the position, whether the employee is new or promoted to a different position. Upon completion of subsequent twelve-month periods of satisfactory service, the GM may authorize a salary adjustment up to the next higher step in the established salary range for that employee's position in accordance with Section XI above. Performance Evaluations. An employee may be increased more than one step upon recommendation by the GM and approval by the Board of Directors. Salary increases authorized by the GM shall be effective the first day of the pay period that includes the employee's established annual review date.

All employees will receive an annual Cost of Living Adjustment (COLA) increase effective on the first day of the pay period within which July 1 occurs. The actual amount of the COLA received will be based on the average annual Consumer Price Index (CPI) for the preceding calendar year for the San Francisco, San Jose, and Oakland Urban Consumers. However, if the CPI for the prior calendar year was less than 2.5%, employees shall receive 2.5%, and, if the CPI for the prior calendar year was greater than 5% employees shall receive a maximum of 5%.

C. Special Salary Adjustments

The GM may recommend salary adjustments based on special circumstances at any appropriate time. Such recommendations will be made to the Administration & Finance Committee of the Board of Directors on a case-by-case basis. Based on the Committee's review and subsequent Board approval, special salary adjustments granted by the Board shall be effective the first day of the new pay period of the following month.

D. Bilingual Pay

Employees may receive $75 per month "bilingual pay" for being verbally conversant in Spanish and/or fluent in written Spanish. Competency will be determined by an appropriate test approved by the GM. The GM may discontinue payment of bilingual pay for fluency at any time and for any reason, including, but not limited to, reduced or limited need, interference with the employee's performance of other duties, another employee having superior written Spanish skills, or to provide another employee with the opportunity to receive written bilingual pay. Bilingual pay is not subject to any cost of living increase.

E. Distribution Certification

The Agency will continue to provide a monthly stipend of $50 for distribution certification at a D-2 level for all employees hired before January 1, 2024, who receive this certification. After January 1, 2024, only employees in the Operations Department will be eligible for the stipend.

F. On Call Policy

Only employees whose job descriptions specify the requirement to perform on call duties are subject to this on call policy.

Employees with on call duties will serve on a rotating basis, for one-week periods, commencing on Wednesday at 8 a.m. and concluding the following Wednesday at 7:59 a.m. On call employees shall be provided with a mobile or radio phone during their on call duties which the employee shall be required to carry and respond to throughout their on call service. Employees may spend their time on call as they wish so long as: (1) they do not consume alcohol and/or any controlled substance that could interfere with their ability to comply with the requirements of this policy and safely and effectively perform their job duties during a call out; and (2) are able to respond to a call out and report to the work site within one hour of receiving a call.

1. Scheduling

The GM or designee shall post all on call schedules at least four weeks in advance. To the extent possible, employees with pre-approved absence will not be required to be on call during the week of their absence. Employees may not use paid leave other than sick leave during an assigned on call week. In the GM's absence, this on call policy shall be managed by the GM's designee.

2. Procedure

The designated on call employee will be contacted via mobile or radio phone by the GM or designee, by a customer, or by a SCADA (the Agency's water monitoring system) alert. Whenever feasible and effective, the on call employee shall attempt to answer questions, provide information and otherwise respond to the needs of the caller, SCADA alert and/or Agency by phone.

Employees must substantiate all work performed during call outs in writing on a "Weekly Call-Out Form" which shall be filled out during or immediately following the call out. The employee shall indicate the time of the initial call, the time reported to the job site (if required to leave home), a short explanation of the issue and work done, the origin of the call out, and the time of completion of the work. On the Wednesday following the on call week, the employee shall turn in their Weekly Call-Out Form to the GM or designee who shall review it, sign it and forward it to payroll.

An employee's failure to comply with this on call policy may result in disciplinary action up to and including termination.

3. Compensation

Employees performing on call duty shall receive the equivalent of **fourteen (14) hours of their straight time pay for each on call week of service.** In addition, employees shall receive overtime for all hours for which they work during their call out duty.

Further, employees shall be entitled to a minimum of two (2) hours of overtime when called out, even if they actually work less than two (2) hours, subject to the following rules, restrictions and exceptions:

a. The 2-hour minimum will only apply if the employee is required to physically report to a work site. An on call employee who only responds via telephone will only receive overtime pay for the time actually spent working.

b. When physically required to report to the work site, employees will be considered working on a call out beginning once the employee arrives at the work site and until the time of physical departure from the work site.

c. Employees will not receive the 2-hour minimum for time worked immediately before or after their regular schedule, i.e. for time that is an extension of their regular shift. Rather, they will receive overtime for the actual number of hours worked.

d. Employees are only entitled to the 2-hour minimum once per 24-hour on call period. If an employee is called out a second time within 2 hours of the beginning of a previous call out, the time within 2 hours of the beginning of the previous call out shall be considered already paid. For example, if an employee is called out from 2:00 a.m. to 2:30 a.m., and again from 3:00 a.m. to 4:30 a.m., the employee will receive a total of 2.5 hours of overtime (2 hours for the time period between 2:00 a.m. and 4:00 a.m. plus .5 hours for 4:00 a.m. to 4:30 a.m.).

4. Replacements, Trades and Coverage

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a. Trades / Emergency Replacements for Whole Week: If the GM or designee confirms that an employee is unable to perform a whole week of assigned on call duty due to an illness, injury or family emergency, the employee shall trade their on duty week with the next scheduled employee in the rotation available to perform on call duties. Employees may also voluntarily trade whole on call-weeks for other reasons, but only if agreed to by both employees and with the advance approval of the GM or designee.

b. Trades / Emergency Replacements for Less Than A Week: If the GM or designee confirms that an employee is unable to perform a portion of or remainder of a week of assigned on call duty due to an illness, injury or family emergency, the employee shall trade that portion of or remainder of the on call duty week with the next scheduled employee in the rotation available to perform on call duties. Employees may also voluntarily trade a portion of or remainder of a week of assigned on call duty for other reasons, but only if agreed to by both employees and with the advance approval of the GM or designee. Employees who are in an on call status for less than a full on call week shall be paid two (2) straight time hours per day for the days on which they serve as the Agency's designated on call employee.

XIII. DISCIPLINE AND TERMINATION

Employment at the Agency is at the discretion of the GM, and accordingly, an employee may be disciplined or may be terminated without regard to cause. Nonetheless, guidelines concerning employees' behavior and job performance are necessary to promote the consistency, efficiency, safety, and decorum in the workplace.

Examples of conduct which the Agency considers to be contrary to its operational needs and which may result in discipline, including termination, are set forth below. The level of discipline to be imposed in any given circumstance depends upon the Agency's needs, the nature and severity of the misconduct or other deficiency at issue, and the employee's overall record. The list below provides examples and illustration of the kinds of conduct which, in the Agency's sole discretion, it believes warrant discipline up to and including termination. By listing the types of conduct which will result in discipline, and possibly termination, it is not to be implied that the grounds for discipline and/or termination are limited to those grounds specified herein, and it is not to be implied that termination must be for "cause."

- Incompetence, inefficiency, or dereliction in the performance of the duties of their position.
- Inability to perform assigned duties due to failure to meet or retain job qualifications (including but not limited to failure to possess required licenses, and failure to pass required tests).
- Insubordination (including, but not limited to, refusal to do assigned work).
- Carelessness or negligence in the performance of duty or in the care or use of Agency property.
- Discourteous, offensive, or abusive conduct or language toward other employees, directors, or the public.
- Dishonesty.
- Possession of or drinking of alcoholic beverages on the job or reporting for work while intoxicated.
- Possession or use of narcotics or restricted substances while on the job, or reporting to work while under the influence of a narcotic or a restricted substances.
- Personal conduct unbecoming an employee of the Agency.
- Engaging in political activity during assigned hours of employment (including, but not limited

to, campaigning on behalf of any candidate for public office, including themself, whether by speaking, soliciting funds or support, or distributing handbills), using any Agency property, equipment or facility for any political purpose during regular duty hours or after duty hours unless the use thereof is approved by law for such purposes (including, for example, use of Agency facilities that are open to the public) and the employee has obtained prior written authorization from the GM or their authorized representative.

- Conviction of any crime involving moral turpitude.
- Absence without leave or repeated tardiness.
- Abuse of sick leave privileges.
- Falsifying any information supplied to the Agency, including but not limited to, information supplied on application forms, employment records, or any other Agency records.
- Offering anything of value or offering any service in exchange for special treatment in connection with the employee's job or employment, or accepting anything of value or any service in exchange for granting any special treatment to another employee or to any member of the public.
- Abandonment of position or excessive absenteeism.
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- Theft.
- Destruction or unauthorized possession or use of Agency or customer property.
- Unauthorized disclosure of confidential information.
- Falsification of Agency records, including employment applications or employee time cards.
- Failure to follow safety standards or engaging in unsafe conduct.
- Failure to comply with Agency rules, directives, or other guidelines including this personnel manual.

When appropriate, although not required, the Agency may utilize progressive discipline to give an employee an opportunity to improve their performance.

Examples of the types of discipline that the Agency may employ include, but are not limited to:

- Written reprimand.
- Suspension with or without pay.
- Reduction in salary.
- Disciplinary demotion.
- Termination.

Nothing in this Handbook is intended to alter the at-will status of employment with the Agency. The Agency thus reserves the right to proceed directly to terminate any employment relationship, to demote and to otherwise discipline an employee without resort to the above disciplinary steps.

XIV. COMPLAINT RESOLUTION

Open Door Policy: The Agency recognizes that employees will have suggestions for improving the workplace, as well as concerns about the workplace. The most satisfactory solution to a job-related problem or concern is usually reached through a prompt discussion with an employee's supervisor. All employees should feel free to contact their supervisor with any suggestions and concerns.

If an employee does not feel comfortable contacting their supervisor or is not satisfied with the supervisor's response, the problem may be brought to the FASM or to successively higher levels of

supervision.

While the Agency provides employees with ample opportunity to communicate their views, not every concern can be resolved to every employee's satisfaction. Even so, the Agency believes that open communication is essential to a successful work environment and all employees should feel free to raise issues of concern without fear of reprisal.

XV. OTHER EMPLOYMENT

No employee shall engage in any occupation or activity which is incompatible with their employment. An employee engaging in an occupation or outside activity for compensation shall inform the GM of the time required and the nature of such activity.

An employee engaging in any occupation or outside activity for compensation, which may be incompatible with Agency employment, and who fails to inform the GM of such occupation or activity, may be subject to disciplinary action up to and including dismissal.

XVI. REIMBURSEMENT

The following expenses incurred by employees will be reimbursed upon timely submission and approval of an expense report clearly identifying the cost incurred, complete with supporting bills, receipts, etc. All employees must have approval in advance for such expenses.

A. Mileage Allowance

Any employee of the Pajaro Valley Water Management Agency, other than the GM, who is required to operate their own or a privately owned automobile for the execution of official duties shall be allowed, reimbursed, and paid mileage allowance at the IRS approved rate.

The GM shall receive a monthly travel allowance for trips within the Agency's service area and shall be paid the rate per mile which Santa Cruz County uses to reimburse mileage outside the Agency boundaries.

B. Travel Expense

In addition to the mileage allowance provided, employees shall be reimbursed for actual and necessary expenses for other transportation and for meals, lodging, and incidentals incurred as a result of travel assigned as part of their official duties upon prior authorization of the GM subject to the limits set forth in the Agency's Travel and Expense Reimbursement Policy, Appendix A.

C. Education Policy

The Agency encourages all employees to seek continuing educational experiences that will lead to professional development and career advancement. Appendix B, Education Policy, describes the process to be followed to apply for tuition assistance and Agency support. The employee must provide the required information with as much detail as possible and submit to the GM or designee at least four (4) and no more than six (6) weeks in advance of the first session. The GM retains discretion to determine if a particular course is beneficial to the Agency and therefore subject to this policy.

D. Training/Professional Seminars/Conferences/and Courses

The Agency encourages all employees to seek continuing professional experiences that will enhance their skills and ability to perform effectively in their positions. Appendix C describes the process to be followed to apply for Agency assistance to attend professional seminars, conferences and courses in accordance with this policy. The employee must provide the required information with as much detail as possible and submit to the FASM 2-3 weeks in advance, or as soon as the information is received.

E. Reimbursement for Licenses and Certificates

The Agency will reimburse an employee for the actual costs of obtaining and maintaining required special licenses, certificates, and registrations with prior approval of the GM. The Agency will not, however, pay additional fees when licenses are not renewed on time. Further, the Agency will not pay for test prep courses or exam fees when these are required to renew a license that has been allowed to lapse.

With prior approval by the GM, the Agency will reimburse for up to a two-day exam prep study course and exam fees. Also with prior approval, an Agency vehicle may be used to attend any associated training or testing. Mileage will be reimbursed when a personal vehicle is used.

Fees for California Class C driver's licenses shall not be reimbursed under this provision; however, reimbursement shall be provided for that portion of a Class A and/or B license fee and/or hazardous material endorsement fee, where such licenses and/or endorsements are required in the job description.

XVII. DRUGS AND ALCOHOL POLICY

The Agency is committed to providing a drug-free, healthy, and safe workplace. Employee compliance with the following provisions of the Agency's workplace drug and alcohol policy is a condition of employment.

A. The manufacture, possession, distribution, or purchase of alcohol or an illegal drug, or being under the influence of alcohol or an illegal drug, while on duty, by any employee while in an Agency facility, while performing Agency business, or while operating a vehicle owned or leased by the Agency, is strictly prohibited.

B. Using or being under the influence of any legally obtained drug while performing Agency business or while in an Agency facility or vehicle is prohibited to the extent that such use or influence affects job safety or efficiency.

C. "Under the influence" is defined as any measurable amount of drugs or alcohol present in any employee.

D. Employees who are under the influence of any medication, prescribed or otherwise, which may affect their work performance, are required to advise their supervisor of the potential effects of the medication.

E. Violation of this policy will result in disciplinary action, up to and including termination.

F. The Agency may order an employee suspected of being under the influence of drugs or alcohol to take a blood test or urinalysis or other drug or alcohol test, conducted by a professional

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medical staff and laboratory. The testing will be conducted, without cost to the employee, while the employee is "on the clock." Transportation will be provided to and from the medical facility. After the test, the employee will be placed on an immediate suspension from work with pay until the results are obtained. If the employee tests positive, the employee will be subject to immediate termination. Failure of any employee to consent to testing when requested to do so will be considered insubordination and may result in immediate termination.

G. The Agency shall periodically distribute the Appendix D, Drug and Alcohol Policy Notice to Employees.

The Agency reserves the right to search all work areas and Agency property at any time.

XVIII. NON-DISCRIMINATION, ANTI-HARASSMENT AND ANTI-RETALIATION POLICY

A. Purpose

The purpose of this policy is:

1. To reaffirm the Agency's commitment to prohibit and prevent unlawful discrimination, harassment, and retaliation in all workplaces of the Agency;

2. To define discrimination, harassment and retaliation prohibited under this policy; and

3. To set forth a procedure for resolving complaints of prohibited discrimination, harassment and retaliation.

This policy shall not be construed to create a private or independent right of action. Although this policy is intended to prohibit discrimination consistent with Title VII of the Civil Rights Act of 1964, as amended, the Americans with Disabilities Act, the California Fair Employment and Housing Act and California Labor Code Section 1102.1, the Agency reserves the right to interpret and apply this policy to provide greater protection than what is afforded under those laws.

B. Policy

The Agency is committed to providing an environment that is free from harassment and discrimination of any kind, including sexual harassment (which includes harassment based on sex, pregnancy, perceived pregnancy, childbirth, breastfeeding, or related medical conditions), and harassment, discrimination, and retaliation based on such factors as race, color, religion, religious creed (including religious dress and religious grooming practices), national origin, ancestry, citizenship, age (40 years and older), physical disability (including HIV and AIDS), mental disability, legally-protected medical condition or information (including genetic information), protected medical leaves (requesting or approved for leave under the Family and Medical Leave Act or the California Family Rights Act), marital status, domestic partner status, military or veteran status, service or obligation, reserve status, national guard status, gender, gender identity (including transgender identity), gender expression (including transgender expression), because an individual has transitioned (to live as the gender with which they identify), is transitioning, or is perceived to be transitioning), sex stereotyping, sexual orientation, status as a victim of domestic violence, sexual assault or stalking, enrollment in a

public assistance program, engaging in protected communications regarding employee wages or otherwise exercising rights protected under the California Fair Pay Act, requesting a reasonable accommodation on the basis of disability or bona fide religious belief or practice, or any other basis protected by local, state or federal laws. Therefore, it is important that the Agency maintain an atmosphere characterized by mutual respect in order to assure fair, courteous treatment for employees and the public.

C. Unlawful Discrimination/Harassment Prohibited

The Agency strongly disapproves of and will not tolerate unlawful harassment, discrimination, or retaliation against Agency employees, interns, volunteers, or applicants by elected officials, managers, supervisors, coworkers, consultants or contractors. The Agency also strongly disapproves of unlawful harassment, discrimination, or retaliation against employees by persons with whom the Agency has a business, service or professional relationship. Sexual harassment and illegal discrimination are considered serious acts of misconduct and shall not be tolerated. Employees who violate this policy and engage in acts of sexual harassment or illegal discrimination of any type, for any duration, shall be subject to severe disciplinary action, up to and including termination. Retaliation against individuals who complain of sexual harassment or any type of prohibited discrimination or who participate in an investigation into sexual harassment or discrimination shall not be tolerated. Employees who engage in such acts of retaliation shall be subject to serious disciplinary action, up to and including termination.

D. Definition

Prohibited discrimination, harassment, and retaliation for purposes of this policy, includes but is not limited to:

1. Verbal: Such as epithets, derogatory comments or slurs, and lewd propositions on the basis of race, sex, religion, national origin, ancestry, disability, medical condition, marital status, age, or sexual orientation. This includes, without limitation, inappropriate sex-oriented comments on appearance, including dress or physical features, and race-oriented stories and jokes.

2. Physical Acts: Such as assault, impeding or blocking movement, offensive touching, or physical interference with normal work or movement when directed at an individual on the basis of race, sex, religion, national origin, ancestry, disability, medical condition, marital status, age, military or veteran status or sexual orientation. This includes pinching, grabbing, patting, propositioning, leering, or making explicit or implied threats or promises in return for submission to physical acts.

3. Visual Insult: Such as derogatory posters, cartoons, or drawings related to race, sex, religion, national origin, ancestry, disability, medical condition, marital status, age, military or veteran status or sexual orientation.

4. Retaliation: Adverse employment actions carried out in retaliation for good faith submission of discrimination or harassment charges, or good faith participation in an investigation made pursuant to this policy.

5. Adverse employment actions carried out on account of race, sex, religion, national origin, ancestry, disability, medical condition, marital status, age, military or veteran status or sexual orientation.

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E. Harassment

Harassment on the basis of race, religion, creed, political affiliation, color, national origin, ancestry, sexual orientation, age, familial status, military or veteran status or mental or physical disability is prohibited. Verbal or physical conduct relating to these categories constitutes harassment when it:

1. Has the purpose or effect of creating an intimidating, hostile or offensive working environment;

2. Has the purpose or effect of unreasonably interfering with an individual's work performance; or

3. Otherwise adversely affects an individual's employment opportunities.

F. Sexual Harassment

Sexual harassment (which includes harassment based on sex, pregnancy, perceived pregnancy, childbirth, breastfeeding, or related medical conditions) is a form of unlawful sex discrimination and will not be tolerated by the Agency. Federal and State guidelines provide that unwelcome sexual advances, requests for sexual favors and other verbal, visual or physical conduct of a sexual nature constitute unlawful harassment when:

1. Submission to such conduct is made either explicitly or implicitly a term or condition of an individual's employment;

2. The submission to or rejection of such conduct by an individual is used as the basis for employment decisions affecting such individual; or

3. Sexual advances, requests for sexual favors or other verbal or physical conduct of a sexual nature that have the purpose or effect of reasonably interfering with an employee's work performance or of creating an intimidating, hostile, or offensive work environment.

Sexual harassment refers to conduct that is not welcome, that is offensive, that fails to respect the rights and dignity of others, that lowers morale, and that, therefore, interferes with work effectiveness. Sexually harassing conduct need not be motivated by sexual desire.

G. Reporting Unlawful Harassment or Discrimination

1. Any incidents of work-related harassment, discrimination, or retaliation, or any conduct believed to violate this policy, should be promptly reported orally or in writing to the employee's supervisor or the FASM. An employee is not required to complain first to a supervisor if that supervisor is the individual who is harassing and/or engaging in discriminatory actions against the employee. Instead, the employee may report the harassment or discrimination to any member of management.

2. Any supervisor or manager who receives a complaint of unlawful harassment/discrimination, or who observes or otherwise learns about unlawful harassing conduct, shall notify the GM immediately.

   Every reported complaint of harassment, discrimination, and retaliation is taken seriously by the Agency. Every reported complaint, including allegations of misconduct, will be investigated thoroughly and promptly by impartial and qualified personnel, and in as

confidential a manner as possible.

H. Remedial Action

1. If harassment, discrimination, or retaliation is found to have occurred in violation of this policy, the Agency shall take action to ensure or confirm that the harassment or discrimination at issue is stopped. The Agency may take whatever measures are appropriate to ensure its workplaces remain free from unlawful discrimination, harassment or retaliation.

2. Employees found to have engaged in discrimination, harassment, or retaliation covered by this policy may be subject to disciplinary action up to and including termination of employment.

3. Employees found to have been dishonest or uncooperative during an investigation into allegations of a violation of Agency policies may be subject to disciplinary action up to and including termination of employment.

I. No Retaliation

Employees should feel free to report valid claims of unlawful harassment without fear of retaliation of any kind. The Agency will not retaliate against or tolerate retaliation against employees for making any complaint of unlawful harassment in good faith, or against any employee for cooperating in an investigation.

J. DFEH and EEOC

In addition to notifying the Agency about unlawful harassment or retaliation, an affected employee may also direct their complaint to the California Department of Fair Employment and Housing ("DFEH"), which has the authority to conduct investigations of the facts. The deadline for filing complaints with the DFEH is one year from the date of the alleged unlawful conduct. You can contact the nearest DFEH office or the Fair Employment and Housing Council (FEHC) at the locations listed in the DFEH poster or by checking with the state government listings in the local telephone directory. An employee also has the right to direct their complaint to the federal Equal Employment Opportunity Commission (EEOC).

K. Dissemination of Policy

Copies of the Agency's Nondiscrimination, Harassment, and Retaliation Policy, and of these complaint procedures, shall be provided to all employees of the Agency upon issuance, and to all new employees at the time of hiring. From time to time, the Agency may also conduct training for its employees to assist them in learning how to recognize, avoid and correct discriminatory behavior.

L. Obligation of Employees

Employees are responsible for knowing the Agency's policy; refraining from discriminatory behavior, including harassment; reporting incidents of discrimination in a timely fashion; cooperating in any investigation concerning allegations of discrimination; and maintaining confidentiality concerning any investigation that is conducted. All employees are also encouraged to communicate with one another to assist co-employees to avoid harassing, discriminatory, or otherwise offensive behavior.

M. Anti-Harassment Training

In keeping with the Agency's commitment to a professional work environment free of unacceptable harassment (whether unlawful or not), the Agency requires that every employee undergo interactive sexual harassment training as follows:

- All employees shall undergo at least one (1) hour of such training within six (6) months of hiring;

- Employees hired as, or promoted to, a supervisory or management position must undergo at least two (2) hours of interactive sexual harassment training at least once every two (2) years;

- Temporary workers: If the worker is providing services to the Agency through a third-party temporary services provider, such provider is obligated to properly train the worker. Where no third-party provider is involved, temporary workers engaged for fewer than six (6) months must undergo one (1) hour of training by the Agency either (i) within the 30-calendar-day period after their hire date, or (ii) by the point when they have worked 100 hours, whichever occurs first. Among the topics addressed by the Agency's interactive sexual harassment training are the prevention of abusive conduct in the workplace and of harassment based on gender identity, gender expression, and sexual orientation.

An employee who fails to comply with this section may be subject to disciplinary action, up to and including termination of employment.

XIX. Ethics Policy

The Agency and its employees must, at all times, conduct business activities with integrity, fairness, in accordance with the highest ethical standards, and comply with all applicable laws and regulations. Employees uncertain about the application or interpretation of any legal requirements should refer the matter to their manager. The Agency expects its employees to conduct themselves in a businesslike manner and perform duties conscientiously, honestly, and in accordance with the best interests of the organization. Employees are expected to take great care when working with Agency's vendors and customers. Employees should respect the confidentiality of information acquired in the course of their work. Regardless of circumstances, if an employee senses that a course of action may involve a conflict of interest, fraud, and/or dishonesty, they should immediately communicate all facts to their manager, any Director, or the GM.

Unethical behavior which compromises the Agency or anyone within it can be cause for immediate dismissal.

XX. WORKPLACE VIOLENCE

The Agency is committed to providing a safe, violence-free workplace. The Agency strictly prohibits employees, consultants, customers, visitors, or anyone else on Agency premises or engaging in an Agency-related activity from acting or behaving in a violent or threatening manner.

Workplace violence includes, but is not limited to, the following: (1) threatening, physically aggressive, or violent behavior, and other behavior that suggests a propensity towards violence, which can include belligerent speech, excessive arguing or swearing, sabotage, or threats of sabotage of Agency property,

or a demonstrated pattern of refusal to follow Agency policies and procedures; (2) defacing Agency property or causing physical damage to the facilities; or (3) with the exception of security personnel, bringing weapons or firearms of any kind on Agency premises or while conducting Agency business. Off-site threats include but are not limited to threats made via telephone, fax, electronic or conventional mail, or any other communication medium.

If any employee observes or becomes aware of any of the above-listed actions, or behavior, or becomes aware of any restraining order in effect, or a potentially violent non-work-related situation that could result in violence in the workplace, they should notify the GM or any available management employee immediately. Should the GM be the source of concern, the employee should notify the Chair of the Board or any other available Board Member immediately. All reports of workplace violence will be taken seriously and will be investigated promptly and thoroughly. The Agency will not tolerate retaliation against any employee who reports workplace violence.

If the Agency determines that workplace violence has occurred, the Agency will take appropriate corrective action and will impose discipline on offending employees. The appropriate discipline will depend on the particular facts but may include requesting that the employee participate in counseling, either voluntarily or as a condition of continued employment, written or oral warnings, probation, reassignment of responsibilities, suspension, or termination. If the violent behavior is that of a non-employee, the Agency will take appropriate corrective action in an attempt to ensure that such behavior is not repeated.

XXI. SAFETY

A. Injury and Illness Prevention Program

The Agency greatly values the safety and health of all of its employees and is committed to providing a safe and healthful workplace. This will be accomplished through the establishment, implementation, and maintenance of an effective Injury & Illness Prevention Program (IIPP). The IIPP administrator is the Agency's Safety Program Administrator and has been delegated the authority and responsibility for administrating the provisions of this program for the Agency. The Administrator is responsible for reporting to management any safety issues or concerns and for suggesting corrective actions.

All employees at every level have the responsibility to support the safety program, know the hazards of your trade, practice safe behavior at all times, and help fellow employees to prevent accidents. Managers and supervisors are responsible for providing appropriate safety leadership, making resources available to maintain a safe work environment, providing necessary and frequent training, ensuring that all safety and health policies and procedures are clearly communicated and understood by all workers, and being good examples. Managers and supervisors are expected to enforce the safety rules fairly and uniformly and to be open to safety improvement suggestions from employees with the understanding that some suggestions may not be practical or doable.

B. Ergonomics

The Agency encourages safe and proper work procedures and requires all employees to follow safety instructions and guidelines. It is our intention to reduce exposure to ergonomic hazards through modifications to equipment and process and employee training. Any necessary and reasonable adjustments to minimize workplace repetitive motion injuries will be considered and made. If you require any adjustments to your work station or vehicle or have any concerns or questions about ergonomics, be sure to discuss the matter with your manager.

C. Bomb Threats and/or Threatening Calls

Should you receive a threatening phone call, remain calm and try to write down the exact wording of the emergency/threat. Be sure to notify a manager immediately, and if appropriate, phone 911 to report the incident to law enforcement. Should a suspicious package appear, don't touch or open it until a manager has also inspected it and determined whether it could be dangerous.

D. Driving on the Job

The Agency has established and maintains a Driving Record Review Program. As part of this program, it has enrolled in the Department of Motor Vehicles (DMV) Employer Pull Notice Program. This is a free service for public agencies that provides driver record reports on employees. To ensure uniformity in the application of recommendations to employees whose driving records are found to be unacceptable, the Agency will develop driver record review criteria. In addition, any concerns reported to management by other employees or the general public that you may be jeopardizing the Agency's integrity or exposing it to undue liability through poor driving techniques and habits will be investigated immediately and appropriate action taken to correct the problem.

If your duties require driving a vehicle, you must maintain a driving record that will not cause the Agency's insurance rate to be increased or for you to become uninsurable. Any such conditions could lead to disciplinary action.

If your duties require driving a vehicle, you must provide proof of insurance at least annually.

E. Cellular Phone Safety

The use of cellular phones while driving on Agency business is considered a dangerous distraction and is prohibited. If your job requires you to keep your cell phone turned on while driving, you must safely pull off the road and stop before conducting business. To the greatest extent possible, a driver should not initiate or answer a cellular phone call, unless appropriate Bluetooth or wired technology is used or text message while driving a vehicle on Agency time.

XXII. COMPUTER/EMAIL/INTERNET/TELEPHONE/MOBILE DEVICES POLICY

The Agency's computers, network and information systems provide access to and sharing of information and computing resources; and thus improve the way services are provided to the public. Employees are provided these technical resources as efficient and effective business tools. Modern technology provides connectivity of information, thoughts, ideas and actions. This means actions of employees using these tools can impact the Agency's public image, and the integrity and security of its electronic records, data and programs. The purpose of this policy is to establish standards for employees' use of Agency computers, mobile devices, software and communications equipment, including electronic mail and Internet access.

A. E-mail Usage

1. The Agency's local area network interconnects computers within adjacent offices and floors. The Agency network is also linked to computers throughout the world via internet. Electronic mail messages (e-mail) may be sent and received over the Agency network as

well as outside computer networks. E-mail is an important method of distributing information among employees, business contacts and the public. Employees are responsible for checking their incoming e-mail frequently, reading its contents and responding in a timely manner. All e-mail messages received at or sent from Agency computers are property of the Agency and are not private.

2. E-mail messages, text messages sent or received on Agency or personal devices relating to Agency services may constitute "public records" and accordingly, unless exempt under the provisions of the California Public Records Act, may be subject to disclosure in response to a public records request. Such records may also be subpoenaed as evidence in litigation. The Agency reserves the right to access and disclose for any lawful purpose all messages sent over its computer network, e-mail system, and on cell phones, as applicable. Messages transmitted over the Agency e-mail system and other Agency devices should be those related to Agency business activities for the accomplishment of business related tasks or any communication directly related to Agency business, administration or practices. Incidental and occasional personal use of the e-mail system is permitted, however, such messages should not interfere or conflict with assigned duties, and they are subject to the access and disclosure statements set forth in this policy.

3. Employees are responsible for the content of all text, audio or images that they place or send over the Agency computer network and e-mail system, and cell phones. Messages with fraudulent, harassing, obscene or sexually suggestive content are prohibited. Messages with derogatory or inflammatory remarks about an individual's race, age, religion, national origin, disability, physical attributes, military or veteran status or sexual orientation shall not be transmitted. Abusive, profane or offensive language will not be used in messages. Any content that is detrimental to maintaining required working relationships among employees, including supervisors and managers is prohibited. Employees must not attempt to deny access or obscure the origin of any such messages related to any request for disclosure or investigation.

B. Internet Usage

Access to the Internet may be provided for employees to research and to use available information resources in performing business related tasks. Incidental personal use of the Internet should be kept at a minimum, should be conducted only during allowed work breaks, and should not interfere or conflict with assigned duties. Agency internet should not be used for any non-work related video streaming because of the impact on the internet connection. Because the Agency's electronic address must be used to gain access to the Internet, employees are assumed to be representatives of the Agency while they are using the Internet. Therefore, each employee who uses the Internet is responsible for protecting and enhancing the Agency's public image, and must use the Internet in a productive manner. As representatives of the Agency, employees are responsible for using the Internet in an effective, ethical, and lawful manner.

C. Unacceptable Use of the Internet

Employees shall not use Agency computers to access the Internet for personal entertainment or for the purpose of soliciting non-Agency business or, to advance personal views. Any unlawful or inappropriate use of the Internet is prohibited. While it is not possible to provide a complete list, the unlawful or inappropriate uses of the Internet include but are not limited to the following purposes:

- Harassment, discrimination, and retaliation
- Offensive and defamatory conduct

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- Viewing or downloading sexual or sexually-suggestive material
- Gambling
- Infringement of trademark, copyrights or licensing stipulations
- Unauthorized access to others' software or data (i.e. hacking)
- Expression of personal opinions or views which may be construed as being those of the Agency
- Solicitation of personal business
-
- All of the limitations noted in the preceding section relating to the use of the Agency network and e-mail system.

D. Software

To prevent computer viruses from being transmitted through the computer systems, downloading or installation of any software (i.e. computer programs) and electronic storage devices shall be coordinated with and approved by the Agency in advance. All software introduced to individual employee workstation computers and/or those linked to the network must be installed and used in accordance with the copyright provisions of the software owner. Employees obtaining access to copyrighted software and material must respect all copyrights and may not copy, retrieve, modify or forward copyrighted materials, except where expressly allowed by the copyright law or with written permission from the copyright owner.

E. Security

All messages created, sent, or retrieved over the internet or Agency network and E-mail system are the property of the Agency and shall be considered public records. Transmittal or exchange of personal and confidential information should not be conducted using Agency computers. Deletion of personal e-mail or internet files from work station computers does not delete those files from backup files (refer paragraph G, "No Expectation of Privacy" below). No expectation of privacy. Communications including text and images may be reviewed by the Agency management and may be disclosed to law enforcement authorities, litigants or other third parties without prior consent of the sender or receiver. Employees should also understand that personal passwords are not an assurance of confidentiality.

F. Telephone Calls

The Agency recognizes and understands that employees may occasionally need to speak with family or tend to personal business during work hours. Such telephone calls must be kept to a minimum, must not interfere with the employee's work, and should generally be made during employees' break or mealtimes. Because telephone systems are provided by the Agency at its expense for business use, all messages sent or received on those systems are Agency property and may be accessed by the Agency or disclosed under the requirements of the California Public Records Act, in response to a subpoena, or as otherwise provide by law. Any personal confidential calls should be made on employees' own personal cell phones.

G. No Expectation of Privacy

The Agency reserves the right to monitor computer, e-mail, internet, and/or telephone usage to ensure that its information systems are being used for agency purposes and in a manner consistent with this policy. Security features, including passwords and message-delete functions, do not neutralize the Agency's ability to access usage data or messages at any time. Employees should be aware that the possibility of such monitoring always exists, and therefore employees do not have

any right of privacy in the information, material, or images contained in any agency-owned device, software, or service used in the Agency's offices or elsewhere.

H. Violations

All employees who use Agency computers and information systems resources are responsible for complying with this policy. Violation of this policy may result in disciplinary action, up to and including termination of employment.

I. Personal Mobile Devices

The use of personal mobile devices for any function, including calling, texting, Internet, social media, etc. during work hours is subject to the same restrictions as listed under Telephone Calls under Section 16F.

XXIII. AROUND THE WORK PLACE

A. Dress & Grooming Standards: While the Agency has no formal dress code, it is expected that employees will dress in a manner consistent with good business practices. Because the Agency strives to maintain a professional work environment, all employees are expected to exercise sound business judgment with regard to personal appearance, dress and grooming.

Dress, grooming, and personal cleanliness standards contribute to the morale of all employees and affect the image the Agency presents to the public. During business hours or when representing the Agency, employees are expected to present a clean and neat appearance and to dress and groom themselves in a manner that is appropriate and consistent with their job duties and job classification.

The Agency will enforce the above-stated Dress & Grooming Standards policy equally across all employees.

B. Smoking: In accordance with California State law, all buildings of the Agency are considered non-smoking areas, including use of e-cigarettes. Smoking is to be done outside where co-workers are not subjected to second hand smoke.

The Agency maintains a smoke-free work environment. In order to provide employees with a safe and healthful work environment and ensure compliance with the law, smoking is not permitted in any enclosed workplace or within twenty (20) feet of any exit or operable window of Agency facilities. In addition, smoking in any Agency vehicle is also prohibited.

The success of this policy depends on the thoughtfulness, consideration and cooperation of smokers and non-smokers. All individuals on Agency premises share in the responsibility of adhering to this policy. Likewise, all Agency employees are responsible for advising members of the public or other visitors who are observed smoking on Agency property of this policy. Smokers may be asked to refrain from smoking that violates this policy, and if the person fails to comply, the requesting staff member(s) should inform a member of the management staff.

C. Security: Security is important to everyone. Employees should not discuss the security of the Agency premises or services with any individual not employed by the Agency. Additionally,

neither the Agency nor its insurance carriers will assume any liability for your personal belongings. You are encouraged to secure personal belongings to the best of your ability.

Buildings have security system installed. You will be given a confidential code or key, not to be shared with anyone.

Since the Agency retains the right to search its property or facilities at any time (including employee-assigned desks, files and computer systems), if you have anything of a private nature that you wish not to be subjected to discovery during such searches, these items should be kept in your briefcase, purse or other personal carrying item.

D. Solicitation and Distribution: Soliciting co-workers when either of you is on paid work time is prohibited, including the use of e-mail. Distribution or posting of pamphlets, leaflets, or any other literature is not allowed except in break rooms. No material advocating a political or religious viewpoint may be distributed or promoted in the work place.

E. Tools and Equipment: All Agency issued tools and equipment are not to be removed from the workplace unless to an Agency worksite where they are necessary for completing the job. Agency-owned tools and equipment are not for personal use.

XXIV. LACTATION ACCOMODATION POLICY

The Agency will provide a reasonable amount of break time to accommodate any employee desiring to express breast milk for the employee's infant child each time the employee has a need to express milk. The break time shall, if possible, run concurrently with any break time already provided to the employee. If the employee takes lactation breaks at times other than their provided break times, then the lactation break shall be unpaid or the employee may choose to use accrued leave.

Those desiring to take a lactation break at times other than their provided break times must notify a supervisor prior to taking such a break. Breaks may be reasonably delayed if they would seriously disrupt operations. Once a lactation break has been approved, the break should not be interrupted except for emergency or exigent circumstances.

The Agency will provide a room or other appropriate location in close proximity to the employee's worksite that is not in a bathroom to express milk in private. The room or location will meet the following requirements:

- Be shielded from view and free from intrusion while being used to express milk;
- Be safe, clean, and free of hazardous materials;
- Contain a surface on which to place a breast pump and personal items;
- Contain a place to sit; and
- Have access to electricity needed to operate an electric battery-powered breast pump.

An employee occupying such private area shall either secure the door or otherwise make it clear to others through signage that the area is occupied and should not be disturbed. All other employees should avoid interrupting an employee during an authorized break under this section, except to announce an emergency or other urgent circumstance.

The Agency will provide access to a sink with running water and a refrigerator, or other cooling device, suitable for storing milk.

An employee may make a request for lactation accommodation, either orally or in writing to the FASM. Following receipt of a request for lactation accommodation, the Agency will provide a timely written response to the employee.

An employee who does not believe that the Agency is providing an appropriate lactation accommodation has the right to file a complaint with the Labor Commissioner.

XXV. LEAVING THE AGENCY

A. Resignation: When an employee decides to terminate employment with the Agency for any reason, the Agency would appreciate a written resignation giving at least two weeks' notice and the opportunity for a manager to discuss the resignation with the employee before final action is taken. This courtesy does not negate the fact that all employees are at-will and that the Agency may terminate employment at any time with or without cause, and with or without notice.

B. Property Return Agreement: All Agency property must be returned in good condition prior to departure. This includes, but is not limited to, laptops, cell phones, PDAs, equipment, keys, reports commissioned by Agency, and any other job related materials. Employees are responsible for any damage or loss of Agency property.

C. Exit Interview: Management will schedule an exit interview with an employee on their last date of employment and for arranging the return of the Agency's property. During this interview, benefit coverage and COBRA will be explained. Employees who participated in a deferred compensation program will be provided contact information for the plan carrier who will provide a complete understanding of the options. COBRA notification will be provided.

D. Final Paycheck: Resigning employees will receive a final paycheck on the next regularly scheduled pay day or earlier if prior notice has been provided in accordance with the law. Unused vacation, comp time, or sick leave which meets the eligibility criteria, will be calculated and paid in accordance with the corresponding policies. Employees who are terminated involuntarily will be paid on the day of the discharge.

XXVI. SEVERABILITY

If any section, sub-section, paragraph, sentence, clause or phrase of these personnel policies is, for any reason, held to be invalid or unconstitutional, such invalidity or unconstitutionality shall not affect the validity or constitutionality of the remaining portions of these policies, it being hereby expressly declared that these policies and each section, sub-section, paragraph, sentence, clause and phrase thereof would have been adopted irrespective of the fact that any one or more sections, sub-sections, paragraphs, sentences, clauses or phrases be declared invalid or unconstitutional.

XXVII. RIGHT TO REVISE

Pajaro Valley Water Management Agency reserves the right to modify or repeal the policies and procedures contained in this Employee Handbook after meeting and conferring with the Employees Organization.

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ACKNOWLEDGMENT OF RECEIPT OF EMPLOYEE HANDBOOK

Please return a signed acknowledgment to your supervisor within 5 business days of receipt of the Employee Handbook. A copy is valid as the original.

I have received a copy of the Agency Employee Handbook. **By signing this acknowledgement, I agree that I have read the Employee Handbook (including referenced policies) and will comply with the**

outlined policies and practices of the Agency. If I have any questions regarding the content of this Handbook, I will discuss those questions with my supervisor, FASM, or the GM.

I understand that neither the Employee Handbook nor any other communication by a management representative is intended to in any way create a contract of employment, either express or implied. Rather, I understand and agree that my employment is at-will and that the Agency and I each have the right to end our employment relationship for any reason at any time, with or without cause (a reason) and with or without notice.

I also understand that any rules, policies, and benefits described in the Employee Handbook may be modified, or rescinded by the Agency at any time, except for the rights of the parties to terminate employment at will. In addition, I understand that this Handbook supersedes any previous editions.

Date Printed Name

_____

Signature

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~~PAJARO VALLEY WATER MANAGEMENT AGENCY~~

~~EMPLOYEE HANDBOOK~~

PAJARO VALLEY WATER MANGEMENT AGENCY

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Mission

PV Water's mission is to achieve sustainable groundwater resources in the Pajaro Valley for our vibrant agricultural, commercial, industrial, and residential communities for today and future generations.~~Our Mission and Values~~

~~*Pajaro Valley Water Management Agency is dedicated to efficiently and economically manage existing and supplemental water supplies in order to prevent further increase in, and to accomplish continuing reduction of, long term overdraft and to provide and ensure sufficient water supplies for present and anticipated needs.*~~

EMPLOYEE HANDBOOK

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BOARD APPROVED
OCTOBER 21, 2015

DRAFT:
OCTOBER 30, 2023

~~**DRAFT: , 2023**~~

Contents

I. INTRODUCTION ..... 1~~1~~1

II. AT-WILL EMPLOYMENT ..... 2~~1~~1

III. EQUAL EMPLOYMENT OPPORTUNITY ..... 2~~2~~1

IV. AGENCY NON-DISCRIMINATION POLICY ..... 3~~3~~2

V. AMENDING TERMS AND CONDITIONS OF EMPLOYMENT ..... 4~~3~~2

A. Employee Representation ..... 4~~3~~2

B. Notification of Proposed Changes Affecting the Terms and Conditions of Employment ..... 5~~4~~2

C. Meetings Among Employees ..... 5~~4~~3

D. Bulletin Boards/ Email ..... 5~~4~~3

E. Release Time ..... 5~~4~~3

F. The Meet and Confer Process ..... 6~~5~~3

VI. CLASSIFICATION PLAN ..... 6~~5~~3

VII. EMPLOYEE STATUS ..... 6~~5~~4

A. Full-time ..... 6~~5~~4

B. Part-time Employee: ..... 7~~5~~4

C. Temporary Employee: ..... 7~~5~~4

D. Intern: ..... 7~~6~~4

F. Exempt Employee: ..... 7~~6~~4

G. Non-Exempt Employee: ..... 7~~6~~4

H. Volunteers: ..... 8~~6~~4

I. 8~~6~~5

VIII. WORKING HOURS ..... 8~~6~~5

A. Regular Work Week and Work Day ..... 8~~6~~5

B. Breaks ..... 9~~7~~5

C. Meal Periods ..... 9~~7~~6

D. Overtime ..... 9~~7~~6

E. Makeup Time ..... 10~~8~~6

F. Compensatory Time Off (CTO) ..... 10~~8~~6

G. Pay Periods ..... 11~~8~~7

IX. EMPLOYEE BENEFITS ..... 11~~8~~7

DRAFT

A. Eligibility 1187
B. Retirement 1297
C. Health Insurance 12108
D. Deferred Compensation Plan 13108
E. Life Insurance 13108
F. Long-term Disability 13109
G. Holidays 13109
H. Flexible Holiday 14119
I. Vacation 141110
J. Sick Leave 161211
K. Leaves of Absence 181413
L. Request for Reasonable Accommodation 241817
M. Management Leave 241817
N. Bereavement Leave 241918
O. Submitting Time Sheets for Absences Covered by Paid Leaves 251918
P. Absence for Jury Duty or Agency Witness 251918
Q. Worker's Compensation 252018
X. PERFORMANCE EVALUATIONS 262019
XI. SALARY RANGES 272120
XII. SALARY ADJUSTMENTS 282120
A. Salary Increases 282120
B. Special Salary Adjustments 282220
C. Bilingual Pay 282220
D. Distribution Certification 282221
E. On Call Policy 292221
XIII. DISCIPLINE AND TERMINATION 312423
XIV. COMPLAINT RESOLUTION 332625
A. Open Door Policy 332625
XV. OTHER EMPLOYMENT 332625
XVI. REIMBURSEMENT 342625
A. Mileage Allowance 342625
B. Travel Expense 342626
C. Education Policy 342626

DRAFT

D. Training/Professional Seminars/Conferences/and Courses 342726
E. Reimbursement for Licenses and Certificates 342726
XVII. DRUGS AND ALCOHOL POLICY 352726
XVIII. NON-DISCRIMINATION AND HARASSMENT POLICY 362827
A. Purpose 362827
B. Policy 362828
C. Unlawful Discrimination/Harassment Prohibited 362928
D. Definition 372928
E. Harassment 373029
F. Sexual Harassment 383029
I. No Retaliation 393130
J. DFEH and EEOC 393130
K. Dissemination of Policy 393131
L. Obligation of Employees 393231
M. Anti-Fraud/Ethics Policy 393231
N. Anti-Harassment Training 403231
XIThe Agency will maintain coverage under any group health plan X. ..... WORKPLACE VIOLENCE 403232
XX. SAFETY 413332
A. Injury and Illness Prevention Program 413332
B. Ergonomics 423433
C. Bomb Threats and/or Threatening Calls 423433
D. Driving on the Job 423433
E. Cellular Phone Safety 423434
XXI. COMPUTER/EMAIL/INTERNET/TELEPHONE/MOBILE DEVICES POLICY 423434
A. E-mail Usage 433534
B. Internet Usage 433535
C. Unacceptable Use of the Internet 443535
D. Software 443635
E. Security 443636
F. Telephone Calls 453636
G. No expectation of privacy 453736

DRAFT

H. Violations ..... 45~~37~~36
I. Personal Mobile Devices ..... 45~~37~~36
XXII. AROUND THE WORK PLACE ..... 45~~37~~36
A. Dress & Grooming Standards: ..... 45~~37~~36
B. Smoking: ..... 46~~37~~37
C. Security: ..... 46~~37~~37
D. Solicitation and Distribution: ..... 46~~37~~37
E. Tools and Equipment: ..... 46~~38~~37
XXIII. Lactation Accommodation Policy ..... 46~~38~~37
XXIV. LEAVING THE AGENCY ..... 47~~38~~38
A. Resignation: ..... 47~~38~~38
B. Property Return Agreement: ..... 47~~39~~38
C. Exit Interview: ..... 48~~39~~38
D. Final Paycheck: ..... 48~~39~~39
XXV. SEVERABILITY ..... 48~~39~~39
XXVI. RIGHT TO REVISE ..... 48~~39~~39
APPENDIX A ..... **Error! Bookmark not defined.**~~**Error! Bookmark not defined.**~~40
~~I. INTRODUCTION ..... 1~~
~~II. AT-WILL EMPLOYMENT ..... 1~~
~~III. EQUAL EMPLOYMENT OPPORTUNITY ..... 1~~
~~IV. AMENDING TERMS AND CONDITIONS OF EMPLOYMENT ..... 2~~
~~A. Employee Representation ..... 2~~
~~B. Notification of Proposed Changes Affecting the Terms and Conditions of Employment ..... 2~~
~~C. Meetings Among Employees ..... 2~~
~~D. Bulletin Boards/ Email ..... 2~~
~~E. Release Time ..... 2~~
~~F. The Meet and Confer Process ..... 3~~
~~V. CLASSIFICATION PLAN ..... 3~~
~~VI. EMPLOYEE STATUS ..... 3~~
~~A. Full-time Regular Employee: ..... 3~~
~~B. Part-time Regular Employee: ..... 3~~
~~C. Temporary Employee: ..... 3~~

DRAFT

D. Intern: 4
E. Introductory/Training Status: 4
F. Exempt Employee: 4
G. Non-Exempt Employee: 4
H. Volunteers: 4
VII. WORKING HOURS 4
A. Regular Work Week and Work Day 4
B. Breaks 5
C. Overtime 5
D. Compensatory Time Off (CTO) 5
VIII. EMPLOYEE BENEFITS 6
A. Eligibility 6
B. Retirement 6
C. Health Insurance 7
D. Deferred Compensation Plan 7
E. Life Insurance 7
F. Long-term Disability 7
G. Holidays 8
H. Flexible Holiday 8
I. Vacation 8
J. Paid Sick Leave 10
K. Unpaid Time Off 11
L. Request for Reasonable Accommodation 15
M. Management Leave 16
N. Bereavement Leave 16
O. Submitting Time Sheets for Absences Covered by Paid Leaves 16
P. Absence for Jury Duty or Agency Witness 17
Q. Worker's Compensation 17
IX. PERFORMANCE EVALUATIONS 17
X. SALARY RANGES 18
XI. SALARY ADJUSTMENTS 18
A. Salary Increases 18
B. Special Salary Adjustments 19

DRAFT

C. Bilingual Pay 19
D. Distribution Certification 19
E. On Call Policy 19
XII. DISCIPLINE AND TERMINATION 21
XIII. COMPLAINT RESOLUTION 23
A. Open Door Policy 23
B. Procedure for Board Review of Termination 24
XIV. OTHER EMPLOYMENT 24
XV. REIMBURSEMENT 24
A. Mileage Allowance 24
B. Travel Expense 24
C. Voluntary Educational Assistance 25
D. Training/Professional Seminars/Conferences/and Courses 25
E. Reimbursement for Licenses and Certificates 25
XVI. DRUGS AND ALCOHOL POLICY 25
XVII. NON-DISCRIMINATION AND HARASSMENT POLICY 26
A. Purpose 26
B. Policy 27
C. Unlawful Discrimination/Harassment Prohibited 27
D. Definition 27
E. Harassment 28
F. Sexual Harassment 28
I. No Retaliation 29
J. DFEH and EEOC 29
K. Dissemination of Policy 29
L. Obligation of Employees 29
M. Anti-Fraud/Ethics Policy 29
XVIII. WORKPLACE VIOLENCE 30
XIX. SAFETY 30
A. Injury and Illness Prevention Program 30
B. Ergonomics 31
C. Bomb Threats and/or Threatening Calls 31
D. Driving on the Job 31

DRAFT

E. Cellular Phone Safety 31
XX. COMPUTER/EMAIL/INTERNET/TELEPHONE/MOBILE DEVICES POLICY 32
A. E-mail Usage 32
B. Internet Usage 33
C. Unacceptable Use of the Internet 33
D. Software 33
E. Security 33
F. Telephone Calls 34
G. No expectation of privacy 34
H. Violations 34
I. Personal Mobile Devices 34
XXI. AROUND THE WORK PLACE 34
A. Dress & Grooming Standards: 34
B. Smoking: 34
C. Security: 35
D. Solicitation and Distribution: 35
E. Tools and Equipment: 35
XXII. LEAVING PVWMA 35
A. Resignation: 35
B. Property Return Agreement: 35
C. Exit Interview: 35
D. Final Paycheck: 35
XXIII. SEVERABILITY 36
XXIV. RIGHT TO REVISE 36
APPENDIX A 37
POLICY ON TRAVEL AND EXPENSE REIMBURSEMENT 37
APPENDIX B 41
REQUEST FOR VOLUNTARY EDUCATIONAL ASSISTANCE 41
APPENDIX C 42
REQUEST FOR ASSISTANCE FOR TRAINING/ PROFESSIONAL SEMINARS/ CONFERENCES/ COURSES 42
APPENDIX D 43
DRUG AND ALCOHOL POLICY NOTICE TO EMPLOYEES 43

DRAFT

~~APPENDIX E ..... 44~~

~~ACKNOWLEDGMENT OF RECEIPT OF EMPLOYEE HANDBOOK AND AT-WILL AGREEMENT ..... 44~~

DRAFT

I. INTRODUCTION

This handbook sets forth ~~the basic~~ the employment policies, procedures and guidelines ~~policies and procedures applicable to all employees~~ of the Pajaro Valley Water Management~~-~~ Agency (Agency or PV Water) for ~~the~~the Agency's employees. It is intended to provide for a fair and equitable system of Human Resource management and for efficient and economical services to the public. ~~This handbookand supersedes any previously issued manuals, handbooks, policies, benefit statements, past practices, whether written or verbal, that are inconsistent with policies in this current handbook.~~It also defines the obligations, rights, privileges, benefits and prohibitions that apply to Agency employees. This Employee Handbook supersedes and replaces any and all prior Employee Handbooks policies, benefit statements, past practices, whether written or verbal, that are inconsistent with policies in this current Employee Handbook.~~ and any inconsistent verbal or written policy statements.~~

The provisions of this Handbook have been adopted by resolution of the ~~Agency~~PV Water~~'s~~ Board of Directors, and its provisions are subject to the ultimate interpretation and application of the General Manager (GM) or designee. ~~The Agency~~PV Water reserves the right and discretion to ~~add to,~~ modify~~, or delete~~ the provisions of this Handbook by subsequent resolution of the Board of Directors at any time. Only the PV Water Board of Directors has the authority to add to, modify, or delete provisions of this Handbook and no individual has the authority to enter into any employment or any other agreement that modifies the provisions of this Handbook, unless otherwise authorized by the Board to the GM. However, this Handbook does not limit the development of internal rules and operating procedures for specific departments of PV Water~~the Agency~~, or the development of administrative procedures governing the implementation of these procedures so long as such policies, practices and procedures do not conflict with the provisions of this Handbook. ~~or any prevailing MOU~~. as set forth herein, may be amended at any time by action of the Board of Directors
~~This handbook will be updated as policies, practices and benefits change through established Agency procedures. The Agency reserves the right to make changes to the handbook and to any employment policy, practice, work rule, or benefit, at any time without prior notice.~~

This H~~h~~andbook is a guide to PV Water's ~~the Agency's~~ employment policies and procedures and is intended to be informational in nature. It does not create any contract of employment, expressed or implied, or any rights in the nature of a contract. Further, nothing contained in this Handbook shall prevent, relieve or otherwise excuse any PV Water ~~Agency~~ employee from the performance of any duty imposed by: law, this Handbook, the PV Water ~~Agency~~ Personnel Policies, or other resolutions and policies of the Board of Directors or GM, or from the rendering of services at such times and places as are necessary in order to properly perform their ~~functions of~~ employment obligations. The GM, Finance & Administrative Services Manager (FASM) and Department Heads are empowered to stagger, rearrange and adjust the hours of employment of employees in such a manner as to effectively operate~~enable the operations of the Agency open at the times required~~PV Water ~~operations~~ PV Water and fulfill its mission.

This H~~h~~andbook is the property of PV Water~~the Agency~~, and it is intended for the personal use and reference by employees of the Agency. ~~-~~Employees shall sign the acknowledgement form at the back of this H~~h~~andbook and return it to the ~~General Manager~~GM. This will provide the Agency with a record that each employee has ~~reviewed~~ received, read, and ~~received~~ reviewed this H~~h~~andbook.

~~All determinations regarding wages, hours, benefits, and other terms and conditions of employment shall be made only after an authorized Agency representative has engaged in meaningful communication with the authorized representative of affected employees. Meaningful~~

DRAFT

~~communication means that there shall be the mutual obligation to freely exchange information, opinions, and proposals; however, after engaging in such communications according to the process described in Section 5, the decision of the Board of Directors shall be final. Individual employees are encouraged to utilize the employee's supervisory chain of command and the Agency complaint resolution procedure described in Section 14 to resolve work-related issues, including the interpretation and application of the policies set forth in this handbook.~~

II. AT-WILL EMPLOYMENT

~~Notwithstanding any other provision herein,~~ Tthe ~~General Manager~~GM shall serve at the discretion of the Board. All other employees shall serve at the discretion of the ~~General Manager~~GM.

Employment of all employees of the Pajaro Valley Water Management Agency is "at-will." It is expressly understood that employment with the Agency is for no specific duration.~~, and shall continue as long as it is mutually agreeable to both the employee and the Agency.~~ Either the employee or the Agency may terminate the employment relationship at any time, with or without cause or without advance notice~~, at any time~~. ~~-~~Although the Agency may choose to end an employee's employment for ~~a~~ cause, cause is not required. ~~The Agency manages at-will employment in accordance with all legal requirements of employers and protections for employees.~~

No section of this H~~h~~andbook may be construed as establishing anything other than an at-will employment relationship;~~,~~ nor shall it limit GM's~~management's~~ discretion to manage the Agency's~~its~~ workforce and ~~direct~~ its employees. This includes the right to hire, transfer, promote, demote, reclassify, layoff, terminate, or change any term or condition of employment at any time, with or without reason and with or without notice.

~~Nothing in this handbook creates, or is intended to create, a contract, a promise or representation of continued employment for any employee. At-will employment means that both employees and the Agency have the right to terminate employment at any time, may be terminated at the will of either the employer or the employee. Employment and compensation may be terminated with or without cause and with or without notice, .at any time, by an employee or the Pajaro Valley Water Management Agency and the terms and conditions of employment, as set forth herein, may be amended at any time by action of the Board of Directors. Employees also may be demoted or disciplined and the terms of their employment may be altered at any time, with or without cause, at the discretion of the Agency.~~

III. EQUAL EMPLOYMENT OPPORTUNITY

~~The Agency is an equal opportunity employer and makes employment decisions on the basis of merit. The Agency will not unlawfully discriminate against qualified applicants or employees with respect to any terms or conditions of employment based on race, color, national origin, ancestry, sex, (including pregnancy, child birth, related medical condition, and breastfeeding), gender, gender identify, gender expression, sexual orientation, age, religion (including religious dress and grooming practices), physical or mental disability, medical condition, marital status, citizenship status, military or veteran status, genetic information, or any other basis protected by applicable federal, state, or local law. It is the Agency's policy to provide~~The Agency is committed to providing equal employment opportunity for all applicants and employees. The Agency prohibits discrimination against applicants or employees ~~does not unlawfully discriminate~~ on the basis of age, race, color, religion, religious creed (including

religious dress and religious grooming practices), sex (including pregnancy, perceived pregnancy, childbirth, breastfeeding, or related medical conditions), gender, gender identity (including transgender identity), gender expression (including transgender expression), because an individual has transitioned (to live as the gender with which they identify), is transitioning, or is perceived to be transitioning~~)~~, sex stereotyping, national origin, ancestry, citizenship, age (40 years and over), mental disability and physical disability (including HIV and AIDS), legally protected medical condition or information (including genetic information), protected medical leaves (requesting or approved for leave under the Family and Medical Leave Act or the California Family Rights Act), military and/or veteran status, service, or obligation, reserve status, national guard status, marital status, domestic partner status, sexual orientation, status as a victim of domestic violence, sexual assault or stalking, enrollment in a public assistance program, engaging in protected communications regarding employee wages or otherwise exercising rights protected under the California Fair Pay Act, requesting a reasonable accommodation on the basis of disability or bona fide religious belief or practice, or any other basis protected by local, state, or federal laws. This policy applies to all employment practices and actions, including but not limited to: hiring, recruitment advertising, examination, assignment, evaluation, promotion, transfer, demotion, layoff, discipline, termination, compensation, benefits, training, and general treatment during employment.

IV. Reasonable Accommodation

Pursuant to the California Fair Employment and Housing Act (Government Code Sec. 12940 et seq.) the Agency is committed to assuring equal employment opportunity and equal access to services, programs and activities for persons with disabilities. It is the policy of the Agency to provide reasonable accommodation to a qualified person with a disability and to enable such person to perform the essential functions of the position for which ~~he or she is~~they are applying or in which ~~he or she is~~they are employed.

Reasonable accommodation applies to all employment practices and actions, including ~~bu~~: recruitment, the job application process, examination and testing, hiring, training, disciplinary actions, rates of pay or other compensation, advancement, classification, transfers and reassignment, and promotions.

The Agency will comply with all applicable federal and state laws concerning the employment of persons with disabilities and will act in accordance with regulations issued by the Equal Employment Opportunity Commission (EEOC). Questions regarding reasonable accommodation may be directed to the Financial & Administrative Services Manager (FASM). ~~The Agency will seek to provide reasonable accommodations for disabled applicants and employees in accordance with federal and state laws.~~

The Agency will provide reasonable accommodations to otherwise qualified employees or applicants with known physical or mental disabilities, unless it would create an undue hardship. Employees who require accommodation to perform the essential functions of their job should contact the FASM and request an accommodation. Employees should specify in what way they are limited in their ability to perform the job and what accommodation they believe is needed. The Agency will review the situation with the employee to identify possible accommodations, if any, that will allow the employee to perform the essential functions of the job. If a reasonable accommodation can be identified that will not impose an undue hardship, the Agency will make the accommodation. If there is more than one possible accommodation, the Agency will decide which one will be provided.

V. ~~AGENCY NON-DISCRIMINATION POLICY~~Policy against

Harassment, Discrimination and Retaliation

~~The Agency prohibits sexual harassment and the harassment of any individual on any of the other bases listed above in the equal employment opportunity policy. The Agency also prohibits retaliation against a person who reports or assists in reporting suspected violations of this policy, cooperates in investigations or proceedings arising from a violation of this policy, or engages in other activities protected under this policy.~~It is the intent of the Agency to provide a work environment that is free of harassment, discrimination, and retaliation. This policy applies to all employees, applicants, and contractors and prohibits harassment and discrimination based upon the protected categories shown above in the Equal Employment Opportunity section of this H~~h~~andbook. The Agency ~~regularly~~ provides training related to harassment, discrimination and retaliation prevention to supervisors and managers, consistent with applicable law.

The Agency encourages individuals to immediately bring any concerns of harassment, discrimination, or retaliation to the attention of the management ~~or the HR Coordinator~~. The Agency will conduct investigations and take appropriate action as warranted to ensure that any acts of alleged harassment, discrimination, or retaliation are addressed effectively. No employee will be subject to~~, and the Agency prohibits,~~ any form of discipline or retaliation for good faith reporting of incidents of alleged unlawful discrimination, pursuing any such claim, or participating in any way in the investigation of such reports. Any form of discrimination or retaliation against employees will not be tolerated and will result in appropriate disciplinary action, up to and including termination.

If you have any concern that this~~our No Harassment~~ policy may have been violated by anyone, you must immediately report the matter. Due to the very serious nature of harassment, discrimination and retaliation, you must report your concerns to your supervisor, FASM, or the GM.

In addition, employees have the option to report harassment, discrimination or retaliation to the EEOC or the California Department of Fair Employment and Housing (DFEH). These governmental agencies offer legal remedies and a complaint process.

~~This policy applies to all areas of employment including recruitment, hiring, training, promotion, compensation, benefits, transfer, and disciplinary action. It is the responsibility of every manager and employee to conscientiously follow this policy. Any employee having any questions regarding this policy should discuss them with the General Manager.~~

Section XVIII, Non-Discrimination, ~~and~~ Harassment and Retaliation Policy, described below contains additional information.

~~IV.~~VI. AMENDING TERMS AND CONDITIONS OF EMPLOYMENT

A. Employee Representation

The Agency's Employee Organization (Employee Organization) as recognized by the Board of Directors in Resolution 95-33, and per the Meyers-Milias-Brown Act, serves to represent the full-time and part-time ~~regular~~, non-exempt employees in their relations with the Board of Directors

and the ~~General Manager~~GM.

Employees shall have the right to participate and join, or refuse to participate and join, the Employee Organization. Neither the Agency nor the Employee Organization will interfere with, intimidate, restrain, coerce, or discriminate against an employee based on ~~his or her~~their decision ~~herein~~to participate in, or refuse to participate in, the Employee Organization.

B. Notification of Proposed Changes Affecting the Terms and Conditions of Employment

Except in the case of an emergency, ~~T~~the Employee Organization shall be given reasonable ~~at least ten (10) working days~~ advance written notice of any proposed changes to the Employee Handbook or other ordinances, rules, resolutions, regulations or actions affecting the terms and conditions of employment within the scope of representation, that is proposed to be adopted by the Agency's Board of Directors. The Employee Organization shall be given the opportunity to meet and confer with the Agency representative prior to final adoption. In the case of an emergency, the Board of Directors will provide notice and opportunity to meet at the earliest available time with the Employee Organization to discuss the matter.

C. Meetings Among Employees

Any meetings of employees to discuss matters concerning Agency employment shall be during non-working hours of all attendees. Should an employee who works a conflicting shift wish to attend such a meeting, ~~s/he~~they shall obtain permission from ~~his/her~~their supervisor at least 24 hours in advance of the meeting and may either use accrued leave time or, with the supervisor's approval, adjust the work schedule for that day. Employees may use Agency facilities to hold such meetings with 24-hour prior approval from the ~~General Manager~~GM or ~~Finance/Administrative Services Manager~~FASM on the location and time scheduled for the meeting

D. Bulletin Boards/ Email

The Employee Organization will be granted adequate space on existing ~~department~~ Agency bulletin boards to post meeting notices and other announcements or information provided the material is not derogatory to the Agency, employees of the Agency, or any other employee organizations. Agency email may also be used with the same restrictions listed above. Posting materials or preparing emails shall only be done while the poster is on break or lunch or periods before or after working hours.

E. Release Time

Up to three Employee Organization ~~committee members~~ designated representatives shall be allowed to attend, without loss of ~~pay~~ compensation or other benefits, meetings scheduled with designated representatives of the Agency to meet and confer on matters within the scope of representation,~~.~~ to testify or appear as a designated representative of the Employee Organization in proceedings before the Board regarding the Employee Organization or employee wages, hours, and terms and conditions of employment, or to appear as a designated representative of the Employee Organization in matters before a personnel or merit commission. The Employee Organization shall provide reasonable notification to the Agency requesting a leave of absence without loss of compensation or other benefits.~~.~~

DRAFT

F. The Meet and Confer Process

All determinations regarding wages, hours, benefits, and other terms and conditions of employment shall be made only after an authorized Aagency representative has engaged in ~~meaningful~~ good faith communication with the designated members of the Employee Organization. ~~Meaningful~~ Good faith communication means that there shall be the mutual obligation to freely exchange information, opinions, and proposals. The Agency's representatives are obliged to share and consider the Employee Organization's concerns with the ~~General Manager~~GM and Board of Directors for their consideration. The parties will attempt to develop mutually satisfactory resolutions to issues.~~; however, the decision of the Board of Directors shall be final.~~ If after a reasonable period of time there is a failure to reach agreement, the parties may agree upon the appointment of a mediator mutually agreeable the parties and share the costs.

~~V.~~VII. CLASSIFICATION PLAN

Positions in the Agency are divided into job classes, which are grouped according to the kind of work performed, the responsibilities involved, the qualifications needed to do the work, and the salary paid.

The ~~General Manager~~GM will recommend the establishment and modification of positions to the Board. The Board may revise the classification plan at any time deemed appropriate.

Each authorized classification will have a specific title, a written description of work performed and the essential requirements for successful performance and a specified salary range. To meet changes in technology or work programs, it may be necessary to add or delete duties to the job description of a ~~regular~~ position.

VIII. EMPLOYMENT CATEGORIES~~YEE AND STATUS~~

A. Job Classifications

There are two basic classifications of employees at PV Water:

1. EXEMPT employees hold executive or management positions or professional positions. Exempt employees are not eligible for overtime pay Fair Labor Standards Act (FLSA).

2. NON-EXEMPT employees are eligible for overtime pay under the FLSA.

B. Job Categories

~~A.~~1. **Full-time ~~Regular~~ Employee:** An exempt or non-exempt employee of the Agency occupying a budgeted position ~~who is~~and is employed 40 hours per week~~, and who is not serving in an introductory/training status~~. The ~~General Manager~~GM may hire two part-time employees to fill a ~~regular~~ full-time position if the ~~General Manager~~GM determines that the duties of the position can be shared. ~~Full-time employees will receive all benefits outlined in this Employee Handbook following 6 months of employment.~~are eligible for all Agency benefits.

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2. ~~Employees appointed to full-time regular status will receive all benefits outlined in this Employee Handbook.~~

~~B.~~ Part-time ~~Regular~~ Employee: An exempt or non-exempt employee of the Agency occupying a budgeted position whose typical work week is scheduled for at least 20 hours but ~~-~~less than 40 hours a week~~, and who is not serving in an introductory/training status~~. Part-time employees may occasionally work more than their normal schedule with prior approval of the ~~General Manager~~GM, but such assignments shall be temporary in nature and do not change the employee's part-time status. ~~Regular pPart-time employees may be eligible for benefits based on the number of hours worked and other conditions~~.

3. ~~C.~~ **Temporary Employee:** An exempt or non-exempt employee hired for the purpose of filling short-term employment vacancies, vacations, sick leaves, military leave, leaves of absence, and/or to meet other short-term business demands of the Agency. Temporary employment shall typically not exceed six (6) months; however, the Board of Directors may extend a temporary appointment in circumstances where the ~~regular~~ employee holding that position has been granted a leave in excess of six (6) months with the intention of returning to the position. These employees are eligible for only those benefits required by applicable state and federal law, including but not limited to paid sick days.

4. ~~D.~~ **Intern:** Interns for the Agency work less than 20 hours per week~~,~~ and cannot exceed 960 hours per calendar year. They must adhere to agency policies, procedures, and rules governing professional behavior and are eligible for only those benefits required by applica~~p~~ble state and federal law.~~-~~ Interns are non-exempt employees.

~~E. Introductory/Training Status:~~ ~~The introductory/training period shall be used for the evaluation of any new employee. Each appointment, demotion, promotion, reclassification, re-employment, reinstatement, or transfer to a regular position shall be subject to an introductory/training period of six (6) months for full-time positions, and twelve (12) months for part-time positions. This introductory/training period is the final phase of the examination and qualification process, provided, however, satisfactory completion of the introductory/training period shall not alter the at-will character of the employment relationship.~~

~~The introductory/training period shall date from the time of initial employment in a position and shall not include time served as a temporary employee or any cumulative leave of absence exceeding three (3) days.~~

~~The General Manager may extend the introductory/training period of an employee for a period not to exceed six (6) months upon furnishing the employee with a statement of the reasons for such extension and the required standards that must be met in order for the employee to successfully complete the introductory/training period.~~

~~F. Exempt Employee:~~ ~~An employee of the Agency who is not subject to the overtime provisions of the Fair Labor Standards Act (FLSA). Exempt or non-exempt status will be denoted on each job description.~~

~~G. Non-Exempt Employee:~~ ~~An employee of the Agency who is subject to the overtime provisions~~

DRAFT

~~of the Fair Labor Standards Act (FLSA). Exempt or non-exempt status will be denoted on each job description.~~

~~H.~~ 5. **Volunteers:** Any unsalaried person authorized by the Board to perform volunteer services for the Agency shall be classified as a volunteer. Volunteers do not receive any compensation or other employment benefits and may be released at any time.

C. ~~I.~~ Job Assignment~~:~~

All e~~E~~mployees are hired to perform specific job duties and may have designated responsibilities. Employees may, however, be reassigned temporarily or permanently depending on their skills and experience, or given different responsibilities, at any time. Employees are expected to lend assistance to each other and to temporarily assume a change of duties whenever necessary to meet office demands.

~~VI.~~IX. WORKING HOURS

A. Regular Work Week and Work Day

The standard work week of the Agency shall consist of a forty~~-~~ (40) hour work week beginning 12:01 a.m. Sunday through midnight Saturday. Typical working hours for office employees are Monday-Friday, 8:00 a.m. to 5:00 p.m. with an unpaid one hour lunch break. Field employees have the same work week, but their typical hours are 7:00 a.m. to 3:30 p.m. with an unpaid 30-minute lunch break. Working hours/days may be staggered to provide sufficient coverage. The ~~General Manager~~GM or ~~employee's~~ direct supervisor may require any employee to temporarily perform service in excess of the scheduled work day when public necessity or convenience so require or for the effective conduct of Agency business. The ~~General Manager~~GM shall be responsible for the determination of offices remaining open or closed, or the maintenance of minimum staff, in any unusual circumstances such as disaster situations.

Employees not able to report to work at their assigned time must notify their direct supervisor as soon as practicable, but not less than ~~and~~ within one hour of the start of the time established for reporting to work.

B. Alternative Work Schedule

The ~~General Manager~~GM may offer an alternative work schedule under certain circumstances to an eligible, full-time employee, subject to the ~~General Manager~~GM's discretion, provided that it is feasible and in the Agency's best interest. Such alternative work schedule may allow an employee to work:

(a) forty (40) hours within four days consisting of ten hours each day; or

(b) eighty (80) hours within either nine or ten days during a two-week period, but not exceeding a 40 hour work week to avoid working overtime under the FLSA regulations.

~~The~~An alternative work schedule is subject to the employee agreeing to adhere to specified work hours in compliance with the terms of the Agency's Alternative Work Schedule Agreement, and state and federal laws. ~~The~~An approved alternative work schedule arrangement may be terminated at the sole discretion of the ~~General Manager~~GM at any time.

C. Break~~s~~ and Meal Periods

A 15-minute compensated rest period will be provided to all non-exempt employees for each consecutive four-hour period of service~~One 15-minute break shall be granted during each consecutive four hours worked. These rest periods are to be taken as scheduled within the four-hour work period and should not be used to lengthen the lunch hour or shorten the workday. If scheduled breaks are not possible due to work demands, they may be rescheduled within the same work period. There is no break entitlement if an employee works less than 3.5 hours.~~

The Agency provides employees in non-exempt positions rest and meal periods in accordance with applicable laws. Non-exempt e~~E~~mployees generally will receive an unpaid meal period of at least thirty (30) to sixty (60) minutes for a work period prior to working more than five (5) hours per day. If the total work period is no more than six (6) hours per day, the meal period may be waived upon the mutual consent of the non-exempt employee and the supervisor. Non-exempt e~~E~~mployees are also entitled to a second meal period of at least thirty (30) minutes minimum if they work more than ten (10) hours per day.

Non-exempt e~~E~~mployees may not perform any work during their meal periods and they are free to leave Agency premises. Non-exempt e~~E~~mployees are also entitled to take rest breaks during their workday. Non-exempt e~~E~~mployees will receive one paid fifteen (15) minute rest period for each four (4) hour work period or major portion thereof.

Breaks may not be combined with meal periods or taken at the beginning or end of the non-exempt employee's shift in order to shorten the workday.

~~*Meal Periods*~~

~~The Agency provides employees who work more than five hours in a day with an unpaid, uninterrupted meal period of at least 30 minutes starting no later than the end of the fifth hour of work. The Agency provides employees who work more than 10 hours in a day with a second unpaid 30-minute, uninterrupted meal period starting no later than the end of the 10th hour of work. Employees who work no more than six hours in a day may waive the first meal period. Employees who work no more than 12 hours in a day may waive the second meal period if they took their first meal period.~~

~~B.~~ D. Overtime

Exempt employees are not entitled to overtime pay. Non-exempt employees are covered by the FLSA ~~wage and hour laws~~ and entitled to overtime pay. Overtime is paid only when a non-exempt employee works more hours than the standard or alternative work schedule. Overtime shall be paid one and one-half ~~of~~ at their hourly rate for all hours worked in excess of forty hours during the non-exempt employee's standard or alternative work week ~~when such work is required/assigned by management~~. It is paid whether the work is continuous (i.e. directly following a regular shift), occurs as a result of a call-back, or occurs on a holiday.

Holidays, ~~S~~sick or vacation leave taken within the same work week does not qualify as time worked for arriving at a 40-hour work week for the purpose of determining non-exempt employees' eligibility for overtime.

~~As an alternative to overtime pay, a non-exempt employee may request, and the supervisor shall have the unrestricted discretion to approve or deny compensatory time off in lieu of pay for overtime worked. Any overtime to be converted to compensatory time off shall be converted in no less than one-half hour increments.~~

Non-exempt employees may not work overtime without the express prior approval of their supervisor or the ~~General Manager~~GM, absent an emergency. Because unauthorized overtime is against the Agency policy, employees who work unauthorized overtime may be subject to discipline up to and including termination. Overtime pay is designed to deal with unusual situations and sudden demands on staff time. It is not designed to be a routine way of dealing with an employee's regular workload. If an employee is regularly unable to finish ~~his/her~~their work in the time allotted, the situation should be discussed with the employee's immediate supervisor.

E. Makeup Work Time

Non-exempt employees may make up work time that is or would be lost as a result of personal obligations if the time is made up during the same work week in which the work time is lost. A non-exempt employee will be permitted to make up work time only if the employee submits a signed written request to make up the lost time and the employee's direct supervisor or the ~~General Manager~~GM approves the request in advance. Non-exempt employees will not be paid overtime for performing makeup work unless they work more than 11 hours in a workday or more than 40 hours in the workweek. If an employee knows in advance that ~~he or she~~they will be requesting makeup time for a personal obligation that will recur at a fixed time over a succession of weeks, the employee may request to makeup work time for up to four (4) weeks in advance; provided, however, that the makeup work must be performed in the same week that the work time was lost. ~~Non-exempt employees are not encouraged to submit requests to make up lost work time.~~

~~C.~~ Compensatory Time Off (CTO)

As an alternative to overtime pay, a non-exempt employee may request, and the supervisor shall have the unrestricted discretion to approve or deny, compensatory time off in lieu of pay for overtime worked. Any overtime to be converted to compensatory time off shall be converted in no less than one-half hour increments.

Compensatory time off shall accrue at one and one-half (1½) times the regular rate for actual hours worked that are eligible for overtime pay or in lieu holiday for holidays worked as a scheduled work day at straight time. No more than forty (40) hours of CTO may be scheduled at any one time without the approval of the ~~General Manager~~GM. The procedure for requesting to take CTO is the same as requesting vacation time. CTO will not be authorized if it creates the need to pay overtime to another employee to cover the absence or unduly disrupts the operations of the Agency.

~~Effective January 1, 2016,~~ Non-exempt employees may accrue a maximum of 80 (eighty) hours of compensatory time off as of December 31 of each year. Employees who have more than 80 hours of CTO banked shall receive pay at the overtime rate for those hours in excess of 80 and

shall not be eligible to receive and bank further CTO time that would cause the balance to exceed 80 hours. ~~If an employee takes vacation leave and has accrued CTO in excess of 80 (eighty) hours as of December 31, 2015, the employee will be charged CTO rather than accrued vacation leave to cover employee leave until the CTO balance drops below 80 (eighty) hours.~~

F. Pay Periods

Employees are paid biweekly (26 pay periods per year), on Fridays. ~~Pursuant to the Agency's ,INSERT NAME] Memorandum, dated <INSERT DATE>,~~ Employees must complete their time cards in a timely manner to ensure that they are paid for all hours worked. If a pay day falls on a holiday, employees will receive pay on the preceding workday. The expectation is that employees will update their timecards daily, either at the end of the workday or first thing the following workday. Employees will complete, approve, and submit their time card at the end of their final time worked in each pay period, and not later than 10:00 a.m. on Monday of payroll week at the latest under normal circumstances. Supervisors will work to review and approve timecards submitted by direct reports no later than 10:00 a.m. on Tuesday of payroll week, under normal circumstances.

~~VII.~~X. EMPLOYEE BENEFITS

A. Eligibility

1. ~~Regular~~ Full-Time Employees: ~~Regular~~ Full-time employees are ~~entitled~~ eligible for~~to~~ paid vacation, sick leave, holidays, medical insurance coverage and ~~other b~~benefits set forth in this section and as authorized by the Agency.

2. Part-Time ~~Regular~~ Employees: Part-time ~~regular~~ employees ~~shall accrue~~are eligible for pro-rata vacation, sick leave, holidays, medical insurance coverage and other benefits based on hours actually worked.

~~3. Temporary Employees: Temporary employees are entitled to sick leave benefits as set forth below. Temporary employees are not entitled to vacation benefits or insurance or any other benefits.~~

~~4. Interns: Interns are entitled to sick leave benefits as set forth below. Interns are not entitled to vacation, insurance, or any other benefits.~~

~~5~~3. ~~Introductory/Training~~New Employees: ~~Benefits begin accruing at the beginning of employment the introductory/training period except for any specified waiting periods associated with health, retirement or other insurance plans. While leave time is accrued for new employees, only accrued sick leave may be taken with pay during the introductory/training period after working for the Agency after 90 days of employment. These employees will begin to receive insurance benefits the first day of the month following their hire, in accordance with the stipulations of the insurance policy. Promoted or reclassified employees will not be restricted to taking only sick leave.~~

4. Temporary Employees: Temporary employees are ~~entitled to~~eligible for sick leave benefits as set forth below. Temporary employees are not ~~entitled to~~eligible for vacation, holiday,

insurance, or any other benefits other than those mandated by law.

~~4~~5. Interns: Interns are ~~entitled~~eligible for ~~to~~ sick leave benefits as set forth below. Interns are not eligible for~~entitled to~~ vacation, holiday, medical insurance, or any other benefits other than those mandated by law.

Benefits generally begin accruing at the beginning of employment except for any specified waiting periods associated with health, retirement or other insurance plans. Insurance benefits begin the first day of the month following employment start date, in accordance with the stipulations of the insurance policy. Accrued sick leave may not be taken with pay until after working for the Agency for 90 days. Promoted or reclassified employees will not be restricted to taking only sick leave.

B. Retirement

The Agency shall participate in the California Public Employees Retirement System (PERS). For purposes of calculating an employee's initial monthly service retirement benefit, "final compensation" at the time of retirement shall be as specified by the California Public Employees' Retirement Law, and the terms of the agreement between the Agency and California Public Employees' Retirement System (PERS).

EMPLOYEES HIRED BEFORE ~~FEBRUARY~~ JANUARY 1, 2013, AND EMPLOYEES HIRED AFTER THIS DATE WHO QUALIFY FOR PENSION RECIPROCITY

For employees hired before ~~February~~ January 1, 2013 as well as employees hired on or after ~~February~~ January 1, 2013 who qualify for pension reciprocity pursuant to Government Code Section 7522.02 (c) and any related reciprocity requirements established by PERS, the Agency provides the 2 percent at age 55 retirement plan based on the highest single year of the employee's salary, under the California Public Employees' Retirement System. The Agency pays the employee contribution to PERS, which is 7%.

EMPLOYEES HIRED ON OR AFTER ~~FEBRUARY~~ JANUARY 1, 2013 WHO DO NOT QUALIFY FOR PENSION RECIPROCITY

For employees hired on or after ~~February~~ January 1, 2013 who do not qualify for pension reciprocity pursuant to Government Code Section 7522.02 (c), the Agency provides retirement coverage through the PERS retirement formula under Government Code Section 7522.20 (2% @ 62). This formula shall be based on a 3-year average salary.

These employees shall pay at least 50% of the annual actuarially determined normal cost of their pension plan as determined by PERS. The Agency shall not pick up any portion of the required employee contribution. The Agency shall set up a qualifying plan under the IRC 414(h) (2) regulations that provides for employee contributions to be treated as employer contributions for tax purposes, thereby retaining the tax exemption for deferred compensation.

To the extent that there is any conflict between this Handbook regarding PERS retirement benefits, retirement benefits as determined by PERS and based on applicable law shall control.

C. Health Insurance

Medical, dental, life and vision insurance, and an Employee Assistance Program (EAP), shall be provided for all full-time ~~regular~~ employees, qualifying part-time employees pursuant to the terms of each policy, ~~and introductory/training~~new ~~employees,~~ and their eligible dependents. The Agency's contribution to the cost of this insurance shall be 100% for full-time employees, and for~~.~~ ~~For~~ part-time employees, the Agency's contribution to the cost of insurance will be based on the terms of each policy.

~~Effective July 1, 2016, t~~The maximum monthly Agency contribution for dependent benefits will equal 95% of the premium.

~~All employees shall be e~~Eligible employees may choose to participate in a flexible ~~benefits~~ spending plan at the employee's expense, allowing for payment of eligible health and daycare expenses using pre-tax ~~payments~~ earnings, ~~of allowable expenses, which shall be established~~ pursuant to ~~26 U.S.C.~~IRS Sec. 125.

D. Deferred Compensation Plan

Any ~~regular~~ full-time or part-time employee may elect to participate in a Board-approved deferred compensation plan (457-B pension plan).

E. Life Insurance

The Agency provides eligible employees a ~~fully paid~~ basic term life~~-~~ insurance policy ~~equivalent to the lesser of the employee's annual salary or of $150,000~~ at no cost to the eligible employee. Additionally, the Agency provides accidental death and dismemberment insurance policy ~~equivalent to the lesser of the employee's annual salary or of $150,000~~ at no cost to the eligible employee. ~~equal to the annual salary up to $100,000 for each employee upon gaining regular status~~after 6 months of employment~~, following an applicable waiting period.~~

Eligible e~~E~~mployees may purchase additional life insurance ~~equal to the basic amount~~ subject to the approval of the insurance provider. Continued life insurance coverage is available post~~-~~termination of employment at the covered employee's expense. An eligible employee can ~~purchase life~~purchase life insurance for ~~his/her~~their dependents at ~~his or her~~ their own expense. See the ~~Finance/Administrative Services Manager~~FASM for information about this benefit. ~~Additionally, the Agency provides accidental death coverage in the same amount as the basic life insurance. The Agency does not offers dependent life insurance, which will be paid for entirely by the employee.~~

F. Long-term Disability

The Agency shall cover the full cost of a long-term disability program for full-time employees. ~~The plan will pay 66.67% of the employee's monthly earnings~~gross wages up ~~to a maximum benefit of $7,500 per month.~~

G. Holidays

The following listed days ~~shall be~~are observed as holidays by the Agency:

New Year's Day	Veteran's Day
Martin Luther King Jr. Day	Thanksgiving Day

President's Day	Day after Thanksgiving
Memorial Day	Christmas Eve~~Day~~
Independence Day	Christmas ~~Eve~~ Day
Labor Day	New Year's Eve

If one of the above-listed holidays falls on Sunday, the following Monday shall be the holiday in lieu of the day observed. If one of the above-listed holidays falls on a Saturday, the preceding Friday shall be the holiday in lieu of the day observed. When the day on which an Agency holiday is observed falls on a worker's regularly scheduled day off, or if the ~~General Manager~~GM requests said employee to work on that day, the worker shall be entitled to holiday compensatory time off on an hour-for-hour basis up to eight (8) hours. If an employee is on paid leave over a holiday, the employee will receive holiday pay and the employee's leave ~~band~~ bank will not be charged. Part-time employees will receive compensation for holidays only if the holiday falls on the part-time employee's regularly scheduled workday for the number of hours regularly scheduled for that workday. Interns and temporary employees are not entitled to holiday pay.

In order to qualify for holiday compensation, the employee is required to be in a paid status on ~~his/her~~their last scheduled work day prior to the holiday and ~~his/her~~their first scheduled work day following the holiday. (Paid status includes paid leave of absence.)

H. Flexible Holiday

Full~~-~~-time ~~regular~~ employees ~~shall also be~~are entitled to one flexible holiday per calendar year. Employee request~~s~~ to use flexible holidays shall be approved in advance according to the same criteria as requests to use vacation leave. A flexible holiday must be used in the calendar year in which it is given and may not be carried over to a subsequent calendar year.

I. Vacation

1. Eligibility: ~~Each f~~Full-time and part-time ~~regular~~ employee~~s~~ ~~shall be~~are eligible for an annual vacation with full pay after six (6) months continuous employment, or as otherwise approved in writing by the ~~General Manager~~GM. All vacations shall be scheduled with prior approval of the ~~General Manager~~GM or designee.

2 Accrual Rate: Eligible full-time ~~regular~~ employees ~~shall~~ accrue annual vacation on the following basis:

EMPLOYEES HIRED PRIOR TO SEPTEMBER 1, 2015:

Years of Completed Full-time Continuous Service	Annual Vacation Accrual:
0 ~~-~~to 12 months	12 days per year
1 year up to 5 years	15 days per year
5 years up to 15 years	20 days per year
15 years and over	20 days + 1 day per additional year of service. Max of 25 days per year

EMPLOYEES HIRED AFTER SEPTEMBER 1, 2015

Years of Completed Full-time Continuous Service	Annual Vacation Accrual~~:~~:
0- up to 5 years	10 days per year

5 up to 10 years	15 days per year
10 up to 15 years	20 days per year
~~15~~ 15 years and over	20 days + 1 day per additional year of service. Max 25 days per year.

~~Introductory/training employees shall not be entitled to use vacation leave, unless otherwise approved by the General Manager.~~ Part-time employees ~~shall~~ accrue annual vacation on a pro-rata basis, based upon hours actually worked by each employee.

~~No~~ No employee shall be permitted to accrue unutilized annual vacation in excess of ~~45~~ days or 360 hours~~.~~.

3. Vacation Pay Out at Separation: If an employee leaves the Agency for any reason, ~~he/she~~they will be paid for any earned but unused vacation.

4. Vacation Scheduling: Employees are encouraged to utilize their entire vacation accrual on an annual basis. All employees are required to take a minimum of five consecutive vacation days each year.

   All requests for vacation usage shall be written on the leave request form and submitted as far in advance as possible to the employee's supervisor for review and approval. The supervisor will route to the ~~General Manager~~GM for final approval if vacation is five days or longer. Guidelines for approval or denial of requests are as follows:

   a. Requests must be submitted in one-hour increments at least three (3) working days prior to the first day of the requested time off.
   b. When employees request similar dates for vacation leave, the Agency shall approve or deny said requests in accordance with the date the request was submitted and seniority. Requests for five or more consecutive days will be evaluated prior to requests for less than five consecutive days. Special individual circumstances will also be considered in the determination of granting or denying leave requests. The decision of the ~~General Manager~~GM is final and not subject to the complaint resolution provision of this Employee Handbook.
   c. The ~~General Manager~~GM will determine the maximum number of employees that may be granted time off at one time. Operational issues may necessitate temporarily reducing the maximum number that may be off in a particular work unit.

5. Cash-out Policy: Cash-out is an opportunity for an employee to cash-out ~~up to 40~~ 80 ~~hours of~~ accrued but unused vacation time ~~per calendar year~~ as long as the employee maintains a minimum balance of accrued but unused vacation time of ~~80~~680 hours, unless an exception is provided by the GM for special circumstances.~~.~~ The ~~General Manager~~GM must approve in writing all such requests. ~~No more than 40 80 hours of accrued vacation time can be cashed out during any one calendar year. Minimum cash-out requests shall be 40 hours, and a minimum ending balance of 40 hours is required.~~

6. Illness During Vacation: An employee who becomes ill or is injured while on vacation and provides a written statement from a licensed medical practitioner to this effect ~~shall~~ may have the period of illness charged against sick leave and not vacation leave,

pursuant to the written authorization of their supervisor.

J. ~~Paid~~ Sick Leave Usage

~~Sick leave is to be used only in case of necessity, unless such illness or injury arises from a work for another employer related incidenti~~All employees, regardless of full- or part-time or temporary status, are entitled to paid sick leave after having worked for the Agency for at least 30 days within one calendar year. Employees can use paid sick days upon oral or written request for use in case of diagnosis, care, or treatment of an existing health (physical or mental) condition of, or preventative care for, an employee or an employee's family member, as further specified in California Labor Code Section 246.5. A "family member" is defined as a child, parent, spouse, registered domestic partner, grandparent, grandchild, sibling, or designated person, as defined in Labor Code Section 245.5.

~~In accordance with California Labor Code Section 233, in any calendar year an employee may also use accrued and available sick leave, in an amount not more than 6 days or 48 hours to attend to the illness of or accompany a spouse or registered domestic partner, child, parent, or other person for whom the employee is a legal guardian, to medical appointments when the employee's assistance is needed by the patient. Accrued and available is defined as sick time earned and not taken as of the date the requested leave is to begin.~~

~~Employees can use paid sick days upon oral or written request for the diagnosis, care, or treatment of an existing health condition of, or preventative care for, the employee or the employee's family member and for purposes described in Labor Code section 230(c) and Labor Code Section 230.1(a) for employees who are survivors of domestic violence, sexual assault, or stalking. A family member is defined as a child, parent, spouse, registered domestic partner, grandparent, grandchild, or sibling.~~

In accordance with California Labor Code Section 233, in any calendar year an employee may also use accrued and available sick leave, in an amount not *less than the sick leave that would be accrued during 6 months at the employee's then current rate of entitlement* to attend to the illness of or accompany a spouse or registered domestic partner, child, parent, or other person for whom the employee is a legal guardian, to medical appointments when the employee's assistance is needed by the patient. Accrued and available is defined as sick time earned and not taken as of the date the requested leave is to begin.

~~1.~~ 1. Credits, Accumulation, and Compensation:

~~2.~~

~~For Full-Time Regular Employees, Part-Time Regular Employees, and Introductory/Training Employees:~~ Sick leave shall be credited to every ~~regular~~ full time ~~and introductory/training~~ employee at the rate of eight hours for each month of completed service. Part-time employees shall accrue sick leave at this same rate, pro-rated in proportion to the hours they actually work, calculated on a monthly basis. All normal pay and benefits shall continue when an employee is on paid sick leave. Sick leave hours not used in a year will carry over from year to year.

Sick leave shall be accrued not to exceed 90 days (~~or~~ 720 hours). At the time of termination of service, an employee shall be paid in full for accrued sick leave. Retiring employees have the option of converting sick leave to service credit as provided in the PERS contract with the Agency instead of receiving payment for unused sick leave. ~~As of the date this Policy was~~

~~approved, the PERS contract with the Agency provides for an hour for hour conversion rate.~~

For Temporary Employees and Interns: Temporary Employees and Interns are entitled to sick leave, at the rate of 1 hour for every 30 hours worked up to 24 hours of sick leave per 12 months. They are entitled to use accrued paid sick days beginning on the 90th day of employment.~~Temporary employees and interns shall accrue sick leave at a rate of one hour for every 30 days worked, not to exceed 48 hours. Temporary employees and interns are entitled to use accrued sick leave beginning on the 90th day of employment and are limited to using 24 hours of sick leave each year. Temporary employees and interns will not be paid for accrued sick leave at the time of termination of service.~~

2. ~~In Conjunction~~ Coordination With Disability Insurance: Sick leave can be used in conjunction with State Disability Insurance (SDI) pay to allow disabled employees to continue to receive up to 100% of their income. A pro-rata reduction will be used in such cases to determine benefits received.

~~3.~~1. 3. Charges: Sick leave shall be charged against an employee's credit only for regular working days and shall not be charged for time absent on holidays or other authorized days off. Maternity related absences may be charged against accrued sick leave ~~by female employees~~. When sickness or injury is job-incurred, the regulations of the California Workers Compensation Law shall apply.

Sick leave ~~shall~~ may be used by non-exempt employees for medical and dental appointments requiring the employee to be absent from the workplace for more than 15 minutes. Exempt employees shall ~~use~~ may sick leave for any absences of two hours or more for medical and dental appointments.

4. ~~4.~~ Notification and Certification: It is the employee's responsibility to notify their supervisor or designated Agency representative if they are to be off on sick leave within one hour of the start of the time established for reporting to work. Employees may be required to file a physician's certificate with their supervisor showing the time they were under medical care and approval for their return to work if the absence lasts three (3) consecutive days or more, or if there are more than four (4) days of sick leave taken in any one thirty (30) day period. The Agency may require a "fit for duty" statement from the physician and/or a medical examination, at its expense, any time there appears to be a question regarding an employee's fitness for performing assigned work. In cases where abuse of sick leave policy is suspected, a certificate from the physician may be required. If an abuse is substantiated, such abuse ~~shall~~ may be cause for disciplinary action up to and including termination.

~~5. Sick leave can be transferred to co-workers.~~

K. Transferring Leave Credits to Other Employees

The Agency will set up a Catastrophic Leave bank for employees who have exhausted all leave credits and must miss work due to a prolonged illness or injury (including that of a family member). The benefit also is available to employees who are affected by a natural disaster for which the Governor has declared a State of Emergency and who have exhausted all leave credits except sick leave. Any Agency employee may transfer their leave credits (except sick leave) to the Catastrophic

Leave bank for the requesting employee's use. Donations typically are irrevocable, but the Agency may make exceptions if the donated time ends up not being used.

~~K.~~L. ~~Unpaid Time Off~~ Leaves of Absences

Several types of unpaid leaves of absence are available to eligible employees under the Agency's policies, as well as federal and state law. The types of leaves that are available include personal, family (includes medical), and military.

1. Family Leave: The Agency will grant employees, with at least one year of continuous service, or a minimum of 1250 hours, up to 12 weeks of unpaid leave in a 12-month period for family care responsibilities and for the employee's own serious medical condition in conjunction with Family and Medical Leave Act (FMLA) and California Family Relief Act (CFRA). Requested leaves must be submitted before the leave begins. When leaves are foreseeable, the employee must provide at least 30 days advance notice. If the leave is not foreseeable, the employee must provide notice as soon as practicable.

   Leave may be taken for one or more of the following reasons:

- The birth of the employee's child or to care for the employee's newborn child, or placement of a child with the employee for adoption or foster care (FMLA/CFRA);
- To care for the employee's parent, spouse, or child or designated person (person related by blood to the employee) who has a serious health condition (FMLA/CFRA);
- To care for the employee's registered domestic partner (CFRA only);
- For a serious health condition that makes the employee unable to perform ~~his or her~~their job (FMLA/CFRA);
- For any "qualifying exigency" (defined by federal regulation) because the employee is the spouse, son, daughter, or parent of an individual on active military duty (or has been notified of an impending call or order to active duty) in the Armed Forces in support of a contingency operation (FMLA/CFRA ~~only~~); or
- An employee who is the spouse, son, daughter, parent, or next of kin of a covered service member shall be entitled to a total of 26 work weeks of leave during a 12-month period to care for the service member (FMLA only).

   a. Calculating the 12-month Period

   The 12-month period is measured forward from the date the leave begins. Successive 12-month periods commence on the date of an employee's first use of such leave after the preceding 12-month period has ended. Under most circumstances, leave under federal and state law will run at the same time and the eligible employee will be entitled to a total of 12 weeks of family and medical leave in the designated 12-month period. For a qualifying exigency or leave to care for a covered service member, the 12-month period begins on the first day of the leave, regardless of how the 12-month period is calculated for other leaves. Leave to care for a covered service member is for a maximum of 26 workweeks during a 12-month period.

   b. Pregnancy, Childbirth, or Related Conditions

   Leave because of the employee's disability for pregnancy, childbirth or related medical condition is not counted as time used under California law (CFRA). Time off because of pregnancy disability, childbirth or related medical condition does count as family and

medical leave under federal law (FMLA). Employees who take time off for pregnancy disability and who are eligible for family and medical leave will also be placed on family and medical leave that runs at the same time as their pregnancy disability leave. Once ~~the~~ a pregnant employee is no longer disabled, ~~she~~ they may apply for leave under CFRA, for purposes of baby bonding.

Any leave taken for the birth, adoption, or foster care placement of a child does not have to be taken in one continuous period of time. CFRA leave taken for the birth or placement of a child will be granted in minimum amounts of two weeks. Any leave taken must be concluded within one year of the birth or placement of the child with the employee.

c. Leave for Employee's Own Health Condition

If an employee cites ~~his/her~~their own serious health condition as a reason for leave, the employee must provide a certification from the employee's health care provider stating: (i) the date of commencement of the serious health condition; (ii) the probable duration of the condition; and, (iii) the inability of the employee to work at all or perform any one or more of the essential functions of ~~his/her~~their position because of the serious health condition. The Agency requires the employee to provide this certification within 15 days of any request for family and medical leave under state and federal law, unless it is not practicable to do so. The Agency may require recertification from the health care provider if additional leave is required. The Agency will require certification by the employee's health care provider that the employee is fit to return to ~~his or her~~their job. If the employee does not provide medical certification in a timely manner to substantiate the need for family and medical leave, the Agency may delay approval of the leave, or continuation thereof, until certification is received. If certification is never received, the leave may not be considered family and medical leave. Failure to provide certification by the health care provider of the employee's fitness to return to work will result in denial of reinstatement for the employee until the certificate is obtained. The Agency may require, at its expense, a second opinion from a health care provider that the Agency chooses.

d. Leave to Care for ~~a~~ Family Member/Designated Person

If the leave is needed to care for a family member including, a ~~sick~~ child, spouse, domestic partner, ~~or~~ parent, grandparent, grandchild, sibling, designated person (individual related by blood or in a family-like relationship), as authorized by law, the employee must provide a certification from the health care provider of the individual requiring care, stating: (i) the date of commencement of the serious health condition; (ii) the probable duration of the condition; (iii) the estimated amount of time for care by the health care provider; and (iv) confirmation that the serious health condition warrants the participation of the employee to care for the family member. ~~If both parents are employed by the Agency and request simultaneous leave for the birth or placement for adoption or foster care for a child, the Agency will not grant more than a total of 12 workweeks family/medical leave for this reason.~~

e. Leave Related to Military Service

A leave taken due to a "qualifying exigency" related to military service must be supported by a certification of its necessity. A leave taken due to the need to care for a service member shall be supported by a certification by the service member's health care provider.

f. Health and Benefit Plans

The Agency will maintain coverage under any group health plan for the duration of the leave (maximum of 12 weeks) and under the conditions coverage would have been provided had the employee been employed continuously during the leave. If the employee fails to return to work at the end of the 12-week maximum leave period, the Agency has the right to collect from the employee the cost of the health benefit premiums paid during a period of unpaid leave, unless the employee does not return because of continuation, recurrence or onset of the serious health condition that justified the leave, or reasons beyond the employee's control. If the employee exceeds the maximum 12-week leave and wishes to continue health benefits, they must elect to continue them under COBRA and shall bear full responsibility for the cost of their health plan premiums thereafter. An employee who returns to work for at least 30 days is considered to have "returned to work."

g. Substitution of Paid Leave

FMLA, CFRA, and PDL are unpaid leaves. Employees may elect, and the Agency may require, the use of substitute accrued vacation, sick, and CTO time and other paid personal leave for all family care and medical leaves.

h.g. Reinstatement

Under most circumstances, upon return from family/medical leave, an employee will be reinstated to his/hertheir original job or to an equivalent job with equivalent pay, benefits, and other employment terms and conditions. The Agency may deny reinstatement to employees who are among the highest paid ten percent of all employees employed by the Agency and whose reinstatement would cause substantial and grievous economic injury to the Agency's operations. An employee has no greater right to reinstatement than if he or she had been continuously employed rather than on leave. An employee's use of family/medical leave will not result in the loss of any employment benefit that the employee earned before using family/medical leave. The Agency will comply with all applicable laws pertaining to reinstatement of employees, including where required, the reasonable accommodation of employees who have been on an approved leave.

i.h. Time Accrual

Employees on leave will not continue to accrue vacation, sick or management leave. If an employee is using accrued vacation or sick leave, they will continue to accrue paid time off.

j.i. Carryover

Leave granted under any of the reasons provided by state and federal law will be counted as family/medical leave and will be considered as part of the 12-workweek entitlement in

a 12-month period pursuant to FMLA or CFRA. The 12-month period is measured forward from the date any employee's first ~~Family and Medical Leave Act~~FMLA or ~~California Family Relief Act~~ CFRA leave begins. Successive 12-month periods commence on the date of an employee's first use of such leave after the preceding 12-month period has ended. No carryover of unused leave from one 12-month period to the next 12-month period is permitted.

~~k.~~j. Intermittent Leave

Employees may take leave intermittently (in blocks of time/minimum 15 minute increments, or by reducing their normal weekly or daily work schedule) if the leave is for the serious health condition of the employee's spouse, child, parent, or registered domestic partner or of the employee, and the reduced leave schedule is medically necessary as determined by the health care provider of the person with the serious health condition.

2. Pregnancy Disability Leave: Any full or part-time employee who is disabled by pregnancy, childbirth, or a related medical condition will, upon request, be granted a pregnancy disability leave (PDL) without pay not to exceed four months.

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

   Employees who take time off for pregnancy disability leave and who are eligible for family and medical leave will also be placed on family and medical leave that runs at the same time as their pregnancy disability leave. Once the pregnant employee is no longer disabled, ~~she~~ they may apply for leave under ~~the California Family Rights Act (~~CFRA~~)~~ for purposes of baby bonding.~~.~~

   Group insurance benefits ordinarily provided by the Agency will remain in effect until the end of the month in which the leave terminates. The employee is expected to pay the full costs of these coverages thereafter. The employee must notify the ~~Finance/Administrative Services Manager~~FASM to make arrangements for paying the cost of such coverages before the PDL leave begins.

   If the employee requires a PDL, the employee must notify the employee's manager as soon as possible. The written notice should specify the commencement date of the leave, the expected duration of the leave and be accompanied by a signed physician's statement. The ~~Finance/Administrative Services Manager~~FASM will provide appropriate paperwork that coincides with PDL, FMLA, and CFRA.

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

3. Personal Leaves of Absence: A leave of absence without pay may be granted by the ~~General Manager~~GM for a full-time ~~regular~~ employee for a period not to exceed 90 days, when all other accrued paid time off is exhausted. Granting of such leave is dependent upon

the needs of the Agency and is totally discretionary. Requests for such leaves and action thereon will be in written form. The ~~General Manager~~GM shall reply in writing to the employee's request, stating the length of time for which the leave is granted or the reason for denial.

a. The employee shall, insofar as possible, notify the Agency ninety (90) days before the leave is anticipated to begin.

b. When the leave is commenced, the employee will be placed on leave in a non-pay status. Sick leave, management leave, vacation and holiday credits cease to accrue once the leave of absence is commenced.

c. During any personal leave of absence, the Agency will maintain the employee's medical, dental, and vision insurance at the employee's expense, subject to the restrictions of the policies.

4. Medical and Family Leave's Effect on Pay: Leave under the FMLA, CFRA, and PDL are unpaid. However, employees may use accrued applicable vacation and sick leave hours while on job protected leave. Employees may also qualify for California State Disability Insurance (SDI) benefits when leave is taken for their own serious health condition. Employees also may qualify for Paid Family Leave (PFL) benefits consistent with state law to care for qualifying family members and to bond with a new child, or to participate in a qualifying event resulting from a family member's military deployment to a foreign country. PFL is a component of SDI and provides employees partial pay for absences from work up to eight weeks to eligible workers as determined under state law. ~~to care for a seriously ill or injured family member, or for bonding with a minor child. . An employee must use up to two weeks of any accrued but unused vacation before the employee will be eligible to receive PFL.Except to the extent that other paid leave is substituted for family care, medical, and military family leave, leave under the FMLA and the CFRA is unpaid as are personal leaves of absence. However, employees may be entitled to California State Disability Insurance (SDI) when leave is taken for their own serious health condition. Employees also may be entitled to Paid Family Leave (PFL) for up to six (6) weeks in any twelve month period during leaves to care for qualifying family members. PFL provides a partial wage replacement for absences from work to care for a seriously ill or injured family member or for bonding with a minor child within one year of the birth or placement of the child in connection with foster care or adoption. Employee contributions provide funding for this program. PFL is administered like SDI by the California Employment Development Department. PFL must be taken concurrently with family care leave and does not entitle an employee to take any additional time off. In addition, an employee must use up to two weeks of any accrued but unused vacation before the employee will be eligible to receive PFL~~.

5. Other Disability Leaves:
In addition to medical or pregnancy-related disability leaves described above, employees may take a temporary disability leave of absence if necessary to reasonably accommodate a workplace injury or a disability under the ADA or the FEHA, or in accordance with any other applicable law.

6. Health and Benefit Plans Under FMLA/CFRA/PDL/Personal Leave

a. The Agency will maintain coverage under any group health plan for the duration of the

authorized period of the applicable job protected FMLA/CFRA (maximum of 12 weeks if running concurrently, or maximum of 24 weeks if FMLA and CFRA run separately), PDL(maximum of 4 months), or Personal Leave (maximum of 90 days), to the extent coverage would have been provided had the employee been employed continuously during the applicable leave period. As long as the employee pays their portion of the health insurance premium for any dependent(s), the Agency will continue to make its usual contribution towards the premium for the employee's dependent(s) during the applicable protected FMLA/CFRA, PDL or Personal Leave periods. If the employee fails to pay for the required dependent portion of the health insurance premium, such health benefits coverage will be terminated, and the employee will be responsible for the full cost of any services they received.

b. If the employee does not return to work when the applicable FMLA/CFRA, PDL or Personal Leave period expires, the employee is no longer eligible to receive the Agency contribution towards their health insurance premium or for their dependent(s). If the employee remains on a leave of absence after the applicable protected leave period expires and wishes to continue health insurance coverage, if eligible, they may elect to continue them under the Consolidated Omnibus Budget Reconciliation Act (COBRA) health insurance benefits. By electing COBRA, the employee shall bear full responsibility for the cost of the health plan premiums for self and/or dependent(s).

c. If the employee fails to return to work at the end of the applicable protected leave period, the Agency has the right to reimbursement and collect payment from the employee for the cost of the health benefit premiums that the Agency paid during the protected leave period. The Agency may recover its share of health plan premiums by taking deductions, to the extent permitted by law, from the employee's unpaid wages, if any, vacation/annual leave/or other pay due to the employee, or by initiating legal action The employee, however, will not be liable for the premiums if their failure to return to work is due to the continuation, recurrence or onset of the serious health condition that justified the leave, or reasons beyond the employee's control. An employee who returns to work for at least 30 days is considered to have "returned to work."

7. Health Benefits While on Unpaid Leave (Non-Protected)
If eligible, the employee will have the opportunity to continue their health benefits under the Consolidated Omnibus Budget Reconciliation Act (COBRA). By electing COBRA, the employee is required to pay the full cost of the health insurance premium for self and/or dependent(s).

8. Medical Certification.

a. Employees requesting a leave of absence for a medical reason must provide a written certification that includes a statement of the employee's eligibility to take the leave and of the medical facts supporting the need for the employee to take leave. Failure to provide required certification may result in delay or denial of leave until the certification is provided.

b. Employees are required to present a written medical certification from a health provider upon their return from a leave of absence that was taken for a medical reason stating that they are able to return to work and perform the essential functions of their job

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~~**L.** *Request for Reasonable Accommodation*~~

~~The Agency will provide reasonable accommodations to otherwise qualified employees or applicants with known physical or mental disabilities, unless it would create an undue hardship. Employees who require accommodation to perform the essential functions of their job should contact Finance/Administrative Services Manager and request an accommodation. Employees should specify in what way they are limited in their ability to perform the job and what accommodation they believe is needed. The Agency will review the situation with the employee to identify possible accommodations, if any, that will allow the employee to perform the essential functions of the job. If a reasonable accommodation can be identified that will not impose an undue hardship, the Agency will make the accommodation. If there is more than one possible accommodation, the Agency will decide which one will be provided.~~

M. Management Leave

In addition to vacation accrual, ~~the following employees shall receive~~exempt management employees ~~shall receive~~are entitled to ten (10) days of management leave each fiscal year~~:~~.~~as follows:~~

- ~~General Manager – ten (10) days~~
- ~~Finance/Administrative Services Manager – ten (10) days~~
- ~~Senior Water Resources Hydrologist – ten (10) days~~

This leave may be taken only in the fiscal year in which it is granted, and no accrual~~, or~~ carry-over, or cash out of unused management leave shall be allowed.

N. Bereavement/ ~~Special~~ Special Leave

Bereavement Leave:
Up to ~~three~~five (5~~3~~) days of bereavement leave without pay ~~per year~~ may be requested by a~~n~~ full-time employee upon the death of a family member. The bereavement leave must be completed within 3 months of the date of the death of the family member; the days of bereavement leave need not be consecutive, consistent with Government Code section 12945.7. A full-time employee may use up to 3 days of paid special leave, or vacation, personal leave, accrued and available sick leave or other compensatory time off that is available to the employee for bereavement leave.

Special Leave: Up to three (3) days of leave with pay per calendar year may be requested to attend to the birth, adoption, serious health condition or the funeral or memorial service, or to take care of family matters, that are related to the death of any member of the employee's ~~immediate~~ family. If an employee requires more than three (3) days, sick leave may be used. The ~~General Manager~~GM has sole discretion to approve or deny the request. If an employee does not have sufficient sick leave accrued, the absence may be charged against accrued vacation or compensatory time, or future accrued leave.

A family m~~M~~embers ~~of the immediate family~~ includes a spouse, parent or parent-in-law, child, sibling, grandparent, grandchild, step-parent, step-child, step-brother or sister, son-in-law,

daughter-in-law, brother-in-law, sister-in-law, or any relative or domestic partner living in the immediate household of the employee. An employee may also request the usage of bereavement leave for individuals who have acted in Loco Parentise. The General Manager has sole discretion to make the determination of in Loco Parentise.

Notification policies shall be the same as those required for personal sick leave use.

O. Submitting Time Sheets for Absences Covered by Paid Leaves

Non-exempt employees must indicate on their time sheet the date, type and amount of paid leave used within each pay period. The minimum increment for using paid leave is 15 minutes.

Exempt employees must indicate on their time sheet the date, type and amount of leave in excess of two-hour increments used within each pay period. Any leave taken in excess of two hours shall be charged to existing leave accruals in 15 minute increments.

P. Absence for Jury Duty or Agency Witness

If an employee is called for jury duty, the Agency will pay their regular salary and benefits for the duration of service. Employees may not be paid jury fees and are instructed to fill out a Government Waiver Form that will stop the jury payment. A copy of this form is to be submitted to the Finance/Administrative Services ManagerFASM. Employees may still receive mileage reimbursement if provided by the court.

Unless an employee elects to take vacation or other leave while serving on a jury, they shall be excused from their regular job duties only to the extent necessary to fulfill their obligations as juror or witnesses. Except as provided below, no time spent as a juror shall count or be credited toward overtime eligibility, nor shall any other form of premium or extra form of compensation be paid for any time spent while serving as a juror.

If an employee is subpoenaed to testify on behalf of the Agency as a witness in connection with his/hertheir official duties as an Agency employee, the time actually spent serving as a witness shall be considered work time.

Q. Worker's Compensation Disability Leave

The Agency's Workers' Compensation leave program provides compensation to employees for work-related injuries or illnesses, including medical treatment, temporary payment of lost wages, and permanent disability payments all in accordance with state law. It is the excusive remedy for an employee injured on the job.

All injuries incurred during the course and scope of employment with the Agency must be reported to the GM or the employee's direct manager immediately. The initial doctor's visit will not be charged against sick leave. If an employee does not report the incident promptly or refuses a medical attention offer, the employee may lose their right to Workers' Compensation benefits. The employee will receive a claim form and notice of potential eligibility to the injured employee within one working day of notice or knowledge of the employee's work-related injury or illness.

Agency employees are covered by the California Workers' Compensation Laws. If an employee is injured or becomes ill as a result of work or working conditionsIn accordance with applicable law,

~~the Agency provides leaves of absence for employees injured during the course and scope of their employment at the Agency. Additionally as an alternative to a leave of absence, the Agency may offer employees modified work in accordance with state law. During a worker's compensation leave of absence, employees are eligible to receive wage loss and medical benefits as determined by state law, sick leave or other accrued leave may be used to make up the difference between the Workers' Compensation payment and full salary.~~

Employees receiving Workers' Compensation disability payments will be considered to be in a paid status and will continue to receive sick leave, vacation, holidays, and service accrual and all insurance benefits.

While on a ~~w~~Worker's ~~c~~Compensation leave of absence, employees ~~are~~remain responsible for paying their portion of insurance premiums. If the leave of absence extends beyond twelve (12) weeks, employees may elect to continue their group health insurance through Consolidated Omnibus Budget Reconciliation Act (COBRA). ~~Employees do not accrue vacation or sick leave or receive holiday pay while on an unpaid workers compensation leave of absence. The Agency will comply with its obligations under the California Fair Employment and Housing Act (FEHA) in its effort to return employees to work following an industrial leave of absence.~~

~~When an employee is injured or becomes ill from work related causes, the employee must report this to his/her supervisor immediately. The initial doctor's visit will not be charged against sick leave. If an employee does not report the incident promptly or refuses a medical attention offer, the employee may lose the right to Workers' Compensation benefits.~~

~~Employees receiving Workers' Compensation disability payments will be considered to be in a paid status and will continue to receive sick leave, vacation, holidays, and service accrual and all insurance benefits.~~

The Agency or its insurance carrier may not be liable for the payment of Workers' Compensation benefits for any injury which arises out of the employee's voluntary participation in any off-duty recreational, social or athletic activity which is not part of ~~your~~ the employee's work-related status.

~~VIII.~~XI. PERFORMANCE EVALUATIONS

~~Performance evaluations are an important aspect of the Agency's communication regarding goals and measure of success.~~ Employee performance evaluations are intended to provide useful tools for managers and supervisors to effectively establish goals, objectives, measure employee performance and provide information to employees regarding their job performance and performance expectations. ~~Effectively administered performance evaluations also promote an employee's ownership of job responsibilities and career growth, as well as foster mentoring/coaching relationships between managers/supervisors and employees.~~

To provide feedback on job performance and as the basis for receiving step increases, employees will receive written performance evaluations. During the first six months of work or following a position change, employees will receive at least one ~~formal~~ written performance evaluation ~~that will determine their eligibility to be placed into regular status~~. Thereafter, job performance will be appraised at least annually within thirty (30) calendar days of the employee's ~~–~~ 6-month service ~~anniversary date when~~evaluation, when possible. The results of the ~~appraisal~~ evaluation shall be discussed with the employee prior to such being made a part of the employee's personnel file. Each employee shall sign

for receipt of ~~his/her~~ their evaluation and shall have the right to respond in writing. The response shall be kept in the employee's personnel file.

It is the policy of the Agency that fair and accurate evaluations will be made of the performance of each employee. A step increase may be granted by the ~~General Manager~~GM when an employee's job performance exceeds work standards for duties assigned (see Section XI). If work performance falls below acceptable standards, the ~~General Manager~~GM may but is not required, in such a case, direct the supervisor to provide a special evaluation. The special evaluation will~~shall~~ describe perceived performance problems and actions to be taken by the employee to correct these deficiencies. The employee's work performance may~~will~~ be reviewed again before the next review date on a date that is mutually agreeable to the supervisor and the employee that would allow the employee sufficient time to correct the deficiencies. If a step increase is granted at that time, the employee's original review date shall not change and ~~she/he~~they shall be eligible for the next step increase after one year on paid status from the original review date. If a step increase is denied a second time, the employee may~~will~~ be given specific goals needed to achieve satisfactory performance as approved by the ~~General Manager~~GM and must meet those goals within ninety days (90) of the second evaluation.

The G~~C~~M has the discretion to make employment decisions regardless of the employee's performance, and without the need to provide the employee with an opportunity to correct any deficiencies through an optional special evaluation, further evaluation, or other process, as all employees are "at-will". The G~~C~~M is not required to engage in any progressive disciplinary procedures prior to imposing disciplinary action, including termination.

~~All evaluations are classified as confidential, and i~~It will be the responsibility of each employee charged in any way with the handling of personnel records to ensure that they remain confidential. The Agency shall only maintain one official personnel file for each employee. Each employee or ~~his/her~~their designated representative, so authorized in writing by the employee, has the right to inspect the contents of ~~his/her~~their personnel file. To request inspection of ~~his/her~~their personnel file, the employee should obtain an authorization form from the ~~Finance/Administrative Services Manager~~FASM. The personnel file contents shall not be forwarded to any other person, including future employers, except by written authorization of the employee.

~~IX.~~XII. SALARY RANGES AND ADJUSTMENTS

A. Salary Ranges

Employees covered by this Employee Handbook shall be paid according to a seven (7) step salary range established for each staff position. There is a maximum 5% increase between each step. This range, and the number of steps in this range, may be adjusted by resolution of the Board.

Employees will generally be hired at ~~Step 1~~a step commensurate with their experience and will be eligible to advance to ~~Step 2~~ the next s~~S~~tep upon satisfactory completion of the ~~introductory/training~~six month period. Thereafter, advances through the salary range shall be based upon satisfactory performance as described in Section IX. When an Agency employee is promoted to a position in a higher salary range, ~~he/she~~they will be placed at the salary step within the new range that will provide at least a 3.5% increase. ~~In addition, the employee will be eligible for the next salary step upon completion of~~ a six month period.~~the Introductory/Training period.~~ If the pay range for the new position cannot accommodate a 3.5% increase, the employee will be placed at the highest step.

~~X. SALARY ADJUSTMENTS~~

B. ~~A.~~ Salary Increases

An employee shall be eligible for a salary increase to the next incremental step in the range for the employee's position following six months initial satisfactory service in the position, whether the employee is new or promoted to a different position. Upon completion of subsequent twelve-month periods of satisfactory service, the ~~General Manager~~GM may authorize a salary adjustment up to the next higher step in the established salary range for that employee's position in accordance with Section ~~10~~XI above. Performance Evaluations. An employee may be increased more than one step upon recommendation by the ~~General Manager~~GM and approval by the Board of Directors. Salary increases authorized by the ~~General Manager~~GM shall be effective the first ~~work~~day of the ~~following~~pay period that includes the employee's established annual review date. ~~the employee's established annual review date.~~

All employees will receive an annual Cost of Living Adjustment (COLA) increase effective on the first day of the pay period within which July 1 ~~of each year~~occurs. The actual amount of the COLA received will be based on the average annual Consumer Price Index (CPI) for the preceding calendar year for the San Francisco, San Jose, and Oakland Urban Consumers. However, if the CPI for the prior calendar year was less than 2.5%, employees shall receive 2.5%, and, if the CPI for the prior calendar year was greater than 5% employees shall receive a maximum of 5%.

C. ~~B.~~ Special Salary Adjustments

The ~~General Manager~~GM may recommend salary adjustments based on special circumstances at any appropriate time. Such recommendations will be made to the Administration & ~~/~~Finance Committee of the Board of Directors on a case-by-case basis. Based on the Committee's review and subsequent Board approval, special salary adjustments granted by the Board shall be effective the first day of the new pay period of the following month.

D. ~~C.~~ Bilingual Pay

~~—~~Employees ~~whose job descriptions specify eligibility for "bilingual pay" shall~~may receive $75 per month "bilingual pay" for being verbally conversant in Spanish and/or fluent in written ~~in~~ Spanish. ~~Verbal C~~competency will be ~~determined~~determined by an appropriate test approved by the ~~General Manager~~GM. ~~In addition, the General Manager~~GM ~~may, in his/her discretion, approve bilingual pay of $75 per month for up to one Agency employee whom the General Manager~~GM ~~certifies is fluent in written Spanish. Written fluency shall be demonstrated by the employee passing an appropriate written test approved by the General Manager~~GM. ~~The~~ The ~~General Manager~~GM may discontinue payment of bilingual pay for ~~written~~ fluency at any time and for any reason, including, but not limited to, reduced or limited need, interference with the employee's performance of other duties, another employee having superior written Spanish skills, or to provide another employee with the opportunity to receive written bilingual pay. Bilingual pay is not subject to any cost of living increase.

E. ~~D.~~ Distribution Certification

~~As an incentive to encourage field employees in the operations department to acquire knowledge regarding the health and safety requirements for distribution systems carrying water, the~~The Agency will continue to provide a monthly stipend of $50 for distribution certification at a D-2

level for all employees hired before ~~XXXXX~~January 1, 2024, who receive this certification. After January 1, 2024, only employees in the Operations Department will be eligible for the stipend~~The stipend will, however, not be provided for employees hired after XXXXcease at such time as the position is required by the California Department of Public Health to have such certification or upon promotion or transfer to a higher classification which includes distribution certification as a requirement~~. ~~Introductory/training e~~Employees ~~are not eligible to receive a distribution certification stipend until the introductory/training period is satisfactorily~~first formal performance ~~evaluation has been completed~~ at a satisfactory level~~.~~

F. ~~E.~~ On Call Policy

Only ~~E~~employees whose job descriptions specify the requirement to perform on call duties are subject to this on call policy ~~("policy")~~.

Employees ~~will perform~~with on call duties ~~service~~ will serve on a rotating basis, for one-~~-~~week periods, commencing on Wednesday at 8 a.m. and concluding the following Wednesday at 7:59 a.m. On call employees shall be provided with a mobile or radio phone during their on call duties which the employee shall be required to carry and respond to throughout ~~his/her~~their on call service. Employees may spend their time on call as they wish so long as: (1) they do not consume alcohol and/or any controlled substance that could interfere with their ability to comply with the requirements of this policy and safely and effectively perform their job duties during a call out; and (2) are able to respond to a call out and report to the work site within one hour of receiving a call.

1. Scheduling

The ~~General Manager~~GM or designee shall post all on call schedules at least four weeks in advance. To the extent possible, employees with pre-approved absence will not be required to be on call during the week of their absence. Employees may not use paid leave other than sick leave during an assigned on call week. In the ~~General Manager~~GM's absence, this on call policy shall be managed by the ~~General Manager~~GM's designee.

2. Procedure

The designated on call employee will be contacted via mobile or radio phone by the ~~General Manager~~GM or designee, by a customer, or by a SCADA (the Agency's water monitoring system) alert. Whenever feasible and effective, the on call employee shall attempt to answer questions, provide information and otherwise respond to the needs of the caller, SCADA alert and/or Agency by phone.

Employees must substantiate all work performed during call outs in writing on a "Weekly Call-Out Form" which shall be filled out during or immediately following the call out. The employee shall indicate the time of the initial call, the time reported to the job site (if required to leave home), a short explanation of the issue and work done, the origin of the call out, and the time of completion of the work. On the Wednesday following the on call week, the employee shall turn in ~~his/her~~their Weekly Call-Out Form to the ~~General Manager~~GM or designee who shall review it, sign it and forward it to payroll.

An employee's failure to comply with this on call policy may result in disciplinary action up to and including termination.

3. Compensation

Employees performing on call duty shall receive the equivalent of **fourteen (14) hours of their straight time pay for each on call week of service.** In addition, employees shall receive overtime for all hours for which they work during their call out duty.

Further, employees shall be entitled to a minimum of two (2) hours of overtime when called out, even if they actually work less than two (2) hours, subject to the following rules, restrictions and exceptions:

a. The 2-hour minimum will only apply if the employee is required to physically report to a work site. An on call employee who only responds via telephone will only receive overtime pay for the time actually spent working.

b. When physically required to report to the work site, employees will be considered working on a call out beginning once the employee arrives at the work site and until the time of physical departure from the work site.

c. Employees will not receive the 2-hour minimum for time worked immediately before or after their regular schedule, i.e. for time that is an extension of their regular shift. Rather, they will receive overtime for the actual number of hours worked.

d. Employees are only entitled to the 2-hour minimum once per 24-hour on call period. If an employee is called out a second time within 2 hours of the beginning of a previous call out, the time within 2 hours of the beginning of the previous call out shall be considered already paid. For example, if an employee is called out from 2:00 a.m. to 2:30 a.m., and again from 3:00 a.m. to 4:30 a.m., the employee will receive a total of 2.5 hours of overtime (2 hours for the time period between 2:00 a.m. and 4:00 a.m. plus .5 hours for 4:00 a.m. to 4:30 a.m.).

4. Replacements, Trades and Coverage

a. Trades / Emergency Replacements for Whole Week: If the ~~General Manager~~GM or designee confirms that an employee is unable to perform a whole week of assigned on call duty due to an illness, injury or family emergency, the employee shall trade ~~his/her~~their on duty week with the next scheduled employee in the rotation available to perform on call duties. Employees may also voluntarily trade whole on call-weeks for other reasons, but only if agreed to by both employees and with the advance approval of the ~~General Manager~~GM or designee.

b. Trades / Emergency Replacements for Less Than A Week: If the ~~General Manager~~GM or designee confirms that an employee is unable to perform a portion of or remainder of a week of assigned on call duty due to an illness, injury or family emergency, the employee shall trade that portion of or remainder of the on call duty week with the next scheduled employee in the rotation available to perform on call duties. Employees may also voluntarily trade a portion of or remainder of a week of assigned on call duty for other reasons, but only if agreed to by both employees and with the advance approval of the ~~General Manager~~GM or designee. Employees who are in an on call status for less than a full on call week shall be paid two (2) straight time hours per day for the days on which they serve as the Agency's designated on call employee.

~~XI.~~XIII.DISCIPLINE AND TERMINATION

Employment at the Agency is at the discretion of the ~~General Manager~~GM, and accordingly, an employee may be disciplined or may be terminated without regard to cause. Nonetheless, guidelines concerning employees' behavior and job performance are necessary to promote the consistency, efficiency, safety, and decorum in the workplace.

Examples of conduct which the Agency considers to be contrary to its operational needs and which may result in discipline, including termination, are set forth below. The level of discipline to be imposed in any given circumstance depends upon the Agency's needs, the nature and severity of the misconduct or other deficiency at issue, and the employee's overall record. The list below provides examples and illustration of the kinds of conduct which, in the Agency's sole discretion, it believes warrant discipline up to and including termination. By listing the types of conduct which will result in discipline, and possibly termination, it is not to be implied that the grounds for discipline and/or termination are limited to those grounds specified herein, and it is not to be implied that termination must be for "cause."

- Incompetence, inefficiency, or dereliction in the performance of the duties of ~~his/her~~their position.
- Inability to perform assigned duties due to failure to meet or retain job qualifications (including but not limited to failure to possess required licenses, and failure to pass required tests).
- Insubordination (including, but not limited to, refusal to do assigned work).
- Carelessness or negligence in the performance of duty or in the care or use of Agency property.
- Discourteous, offensive, or abusive conduct or language toward other employees, directors, or the public.
- Dishonesty.
- Possession of or drinking of alcoholic beverages on the job or reporting for work while intoxicated.
- Possession or use of narcotics or restricted substances while on the job, or reporting to work while under the influence of a narcotic or a restricted substances.
- Personal conduct unbecoming an employee of the Agency.
- Engaging in political activity during assigned hours of employment (including, but not limited to, campaigning on behalf of any candidate for public office, including ~~himself or herself~~themself, whether by speaking, soliciting funds or support, or distributing handbills), using any Agency property, equipment or facility for any political purpose during regular duty hours or after duty hours unless the use thereof is approved by law for such purposes (including, for example, use of Agency facilities that are open to the public) and the employee has obtained prior written authorization from the ~~General Manager~~GM or ~~his/her~~their authorized representative.
- Conviction of any crime involving moral turpitude.

- Absence without leave or repeated tardiness.
- Abuse of sick leave privileges.
- Falsifying any information supplied to the Agency, including but not limited to, information supplied on application forms, employment records, or any other Agency records.
- Offering anything of value or offering any service in exchange for special treatment in connection with the employee's job or employment, or accepting anything of value or any service in exchange for granting any special treatment to another employee or to any member of the public.
- Abandonment of position or excessive absenteeism.
- ~~Physical or mental incapacity.~~
- Theft.
- Destruction or unauthorized possession or use of Agency or customer property.
- Unauthorized disclosure of confidential information.
- Falsification of Agency records, including employment applications or employee time cards.
- Failure to follow safety standards or engaging in unsafe conduct.
- Failure to comply with Agency rules, directives, or other guidelines including this personnel manual.

When appropriate, although not required, the Agency may~~will~~ utilize progressive discipline to give an employee an opportunity to improve ~~his or her~~their performance.

Examples of the types of discipline that the Agency may employ include, but are not limited to:

- Written reprimand.
- ~~Disciplinary probation.~~
- Suspension with or without pay.
- Reduction in salary.
- Disciplinary demotion.
- Termination.

Nothing in this H~~h~~andbook is intended to alter the at-will status of employment with the Agency. The Agency thus reserves the right to proceed directly to terminate any employment relationship, to demote and to otherwise discipline an employee without resort to the above disciplinary steps.

~~XII.~~XIV.COMPLAINT RESOLUTION

~~A. *Open Door Policy*~~

Open Door Policy: The Agency recognizes that employees will have suggestions for improving the workplace, as well as concerns about the workplace. The most satisfactory solution to a job-related problem or concern is usually reached through a prompt discussion with an employee's supervisor. All employees should feel free to contact their supervisor with any suggestions and concerns.

If an employee does not feel comfortable contacting ~~his or her~~their supervisor or is not satisfied with the supervisor's response, the problem may be brought to the ~~Finance/ & Administrative Services Manager~~FASM or to successively higher levels of supervision.

While the Agency provides employees with ample opportunity to communicate their views, not every concern can be resolved to every employee's satisfaction. Even so, the Agency believes that open communication is essential to a successful work environment and all employees should feel free to raise issues of concern without fear of reprisal.

~~B. *Procedure for Board Review of Termination*~~

~~Employment at the Agency is at-will, and an employee may be disciplined or may be terminated without regard to cause. Nonetheless, if an employee is terminated, he or she may choose to lodge a formal complaint to dispute his or her termination. The complaint must be in writing and must be lodged within 10 calendar days following the date that employee first received written or verbal notice of termination. The complaint must be delivered via certified mail and **not** by personal delivery. The complaint must first be lodged with the General Manager who will consider the materials presented by the employee and issue a written determination, ordinarily within 10 calendar days after reviewing the complaint.~~

~~If the employee is not satisfied with General Manager's determination, the employee may submit a request in writing to the Chair of the Board of Directors asking the Board to review the facts and circumstances of the termination. The request must be delivered via certified mail and **not** by personal delivery. The employee must do so within 30 days of receiving the decision of the General Manager. The Board may, in its sole discretion, grant or deny such a request. In the event that the Board determines to review the facts and circumstances of a termination, it may establish any reasonable procedure for doing so including holding a hearing or consideration of written materials. The decision of the Board with respect to such a determination is final.~~

~~By providing employees with a formal avenue to complain about termination decisions, it is not to be implied that termination must be for "cause," nor should it be implied that the employment relationship between the Agency and the employee is anything but "at will."~~

~~XIII.~~XV.OTHER EMPLOYMENT

No employee shall engage in any occupation or activity~~,~~ which is incompatible with ~~his/her~~their employment. An employee engaging in an occupation or outside activity for compensation shall inform the ~~General Manager~~GM of the time required and the nature of such activity.

An employee engaging in any occupation or outside activity for compensation, which may be incompatible with ~~Pajaro Valley Water Management~~ Agency employment, and who fails to inform the ~~General Manager~~GM of such occupation or activity, may be subject to disciplinary action up to and

including dismissal.

~~XIV.~~XVI.REIMBURSEMENT

The following expenses incurred by employees will be reimbursed upon timely submission and approval of an expense report clearly identifying the cost incurred, complete with supporting bills, receipts, etc. All employees must have approval in advance for such expenses.

A. Mileage Allowance

Any employee of the Pajaro Valley Water Management Agency, other than the ~~General Manager~~GM, who is required to operate ~~his/her~~their own or a privately owned automobile for the execution of official duties shall be allowed, reimbursed, and paid mileage allowance at the IRS approved rate.

The ~~General Manager~~GM shall receive a monthly travel allowance for trips within the Agency's service area and shall be paid the rate per mile which Santa Cruz County uses to reimburse mileage outside the Agency boundaries.

B. Travel Expense

In addition to the mileage allowance provided, employees shall be reimbursed for actual and necessary expenses for other transportation and for meals, lodging, and incidentals incurred as a result of travel assigned as part of ~~his/her~~their official duties upon prior authorization of the ~~General Manager~~GM subject to the limits set forth in the Agency's Travel and Expense Reimbursement Policy, Appendix A.

C. ~~Voluntary Educational Assistance~~Education Policy

The Agency encourages all employees to seek continuing educational experiences that will lead to professional development and career advancement. Appendix B, Education Policy, describes the process to be followed to apply for tuition assistance and Agency support. The employee must ~~P~~provide the required information with as much detail as possible and submit to the ~~General Manager~~GM or designee at least four (4) and no more than six (6) weeks in advance of the first session. The ~~General Manager~~GM retains discretion to determine if a particular course is beneficial to the Agency and therefore subject to this policy.

D. Training/Professional Seminars/Conferences/and Courses

The Agency encourages all employees to seek continuing professional experiences that will enhance their skills and ability to perform effectively in their positions. Appendix C describes the process to be followed to apply for Agency assistance to attend professional seminars, conferences and courses in accordance with this policy. The employee must ~~P~~provide the required information with as much detail as possible and submit to the ~~Finance/ & Administrative Services Manager~~FASM 2-3 weeks in advance, or as soon as the information is received.

E. Reimbursement for Licenses and Certificates

The Agency will reimburse an employee for the actual costs of obtaining and maintaining required special licenses, certificates, and registrations with prior approval of the ~~General Manager~~GM. The Agency will not, however, pay additional fees when licenses are not renewed on time. Further, the Agency will not pay for test prep courses or exam fees when these are required to renew a license that has been allowed to lapse.

With prior approval by the ~~General Manager~~GM, the Agency will reimburse for up to a two-day exam prep study course and exam fees. Also with prior approval, an Agency vehicle may be used to attend any associated training or testing. Mileage will be reimbursed when a personal vehicle is used.

Fees for California Class C driver's licenses shall not be reimbursed under this provision; however, reimbursement shall be provided for that portion of a Class A and/or B license fee and/or hazardous material endorsement fee, where such licenses and/or endorsements are required in the job description.

~~XV.~~XVII.DRUGS AND ALCOHOL POLICY

The Agency is committed to providing a drug-free, healthy, and safe workplace. ~~Drug and alcohol use is highly detrimentalnegatively impacts employee performance, worker safety, and the safety of the general public to the work place and to the efficiency and productivity the Agency requires. The use of drugs or alcohol, or being under their influence, jeopardizes the welfare and safety of our employees and the public.~~ Employee compliance with the following provisions of the Agency's workplace drug and alcohol policy is a condition of employment.

A. The manufacture, possession, distribution, or purchase of alcohol or an illegal drug ~~or alcohol~~, or being under the influence of alcohol or an illegal drug ~~or alcohol~~, while on duty, by any employee while in an Agency facility, while performing Agency business, or while operating a vehicle owned or leased by the Agency, is strictly prohibited.

B. Using or being under the influence of any legally obtained drug while performing Agency business or while in an Agency facility or vehicle is prohibited to the extent that such use or influence affects job safety or efficiency.

C. "Under the influence" is defined as any measurable amount of drugs or alcohol present in any employee.

D. Employees who are under the influence of any medication, prescribed or otherwise, which may affect their work performance, are required to advise their supervisor of the potential effects of the medication.

E. Violation of this policy will result in disciplinary action, up to~~,~~ and including termination.

F. The Agency may order an employee suspected of being under the influence of drugs or alcohol to take a blood test or urinalysis or other drug or alcohol test, conducted by a professional medical staff and laboratory. The testing will be conducted, without cost to the employee, while the employee is "on the clock." Transportation will be provided to and from the medical facility. After the test, the employee will be placed on an immediate suspension from work with pay until the results are obtained. If the employee tests positive, the employee will be subject to immediate termination. Failure of any employee to consent to testing when requested to do so will be considered insubordination and may result in immediate termination.

G. The Agency shall periodically distribute the ~~notice in~~ Appendix D, Drug and Alcohol Policy Notice to E~~e~~mployees.

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The Agency reserves the right to search all work areas and Agency property at any time.

~~XVI.~~XVIII. NON-DISCRIMINATION, ~~AND~~ ANTI-HARASSMENT AND ANTI-RETALIATION POLICY

A. Purpose

The purpose of this policy is:

1. To reaffirm the Agency's commitment to prohibit and prevent unlawful discrimination, ~~(including~~ harassment,~~)~~ and retaliation in all workplaces of the Agency;

2. To define discrimination ~~and~~ , harassment and retaliation prohibited under this policy; and

3. To set forth a procedure for resolving complaints of prohibited discrimination, ~~and~~ harassment and retaliation.

This policy shall not be construed to create a private or independent right of action. Although this policy is intended to prohibit discrimination consistent with Title VII of the Civil Rights Act of 1964, as amended, the Americans with Disabilities Act, the California Fair Employment and Housing Act and California Labor Code Section 1102.1, the Agency reserves the right to interpret and apply this policy to provide greater protection than what is afforded under those laws.

B. Policy

The Agency is committed to providing an environment that is free from harassment and discrimination of any kind, including sexual harassment (which includes harassment based on sex, pregnancy, perceived pregnancy, childbirth, breastfeeding, or related medical conditions), and harassment, discrimination, and retaliation based on such factors as race, color, religion, religious creed (including religious dress and religious grooming practices), national origin, ancestry, citizenship, age (40 years and older), physical disability (including HIV and AIDS), mental disability, legally-protected medical condition or information (including genetic information), protected medical leaves (requesting or approved for leave under the Family and Medical Leave Act or the California Family Rights Act), marital status, domestic partner status, ~~sexual orientation,~~ military or veteran status, service or obligation, reserve status, national guard status, gender, gender identity (including transgender identity), gender expression (including transgender expression), because an individual has transitioned (to live as the gender with which they identify), is transitioning, or is perceived to be transitioning), sex stereotyping, sexual orientation, status as a victim of domestic violence, sexual assault or stalking, enrollment in a public assistance program, engaging in protected communications regarding employee wages or otherwise exercising rights protected under the California Fair Pay Act, requesting a reasonable accommodation on the basis of disability or bona fide religious belief or practice, or any other ~~characteristic~~ basis ~~prohibited~~ protected by local, state or federal laws. Therefore, it is important that the Agency maintain an atmosphere characterized by mutual respect in order to assure fair, courteous treatment for employees and the public.

C. Unlawful Discrimination/Harassment Prohibited

The Agency strongly disapproves of and will not tolerate unlawful harassment, ~~or~~

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discrimination, or retaliation against Agency employees, interns, volunteers, or applicants by elected officials, managers, supervisors, coworkers, consultants or contractors. The Agency also strongly disapproves of unlawful harassment, discrimination, or retaliation ~~of~~ against employees by persons with whom the Agency has a business, service or professional relationship. Sexual harassment and illegal discrimination are considered serious acts of misconduct and shall not be tolerated. Employees who violate this policy and engage in acts of sexual harassment or illegal discrimination of any type, for any duration, shall be subject to severe disciplinary action, up to and including termination. Retaliation against individuals who complain of sexual harassment or any type of prohibited discrimination or who participate in an investigation into sexual harassment or discrimination shall not be tolerated. Employees who engage in such acts of retaliation shall be subject to serious disciplinary action, up to and including termination.

D. Definition

Prohibited discrimination ~~and~~, harassment, and retaliation for purposes of this policy, includes but is not limited to:

1. ~~Speech~~Verbal: Such as epithets, derogatory comments or slurs, and lewd propositions on the basis of race, sex, religion, national origin, ancestry, disability, medical condition, marital status, age, or sexual orientation. This includes, without limitation, inappropriate sex-oriented comments on appearance, including dress or physical features, and race-oriented stories and jokes.

2. Physical Acts: Such as assault, impeding or blocking movement, offensive touching, or physical interference with normal work or movement when directed at an individual on the basis of race, sex, religion, national origin, ancestry, disability, medical condition, marital status, age, military or veteran status or sexual orientation. This includes pinching, grabbing, patting, propositioning, leering, or making explicit or implied threats or promises in return for submission to physical acts.

3. Visual Insult: Such as derogatory posters, cartoons, or drawings related to race, sex, religion, national origin, ancestry, disability, medical condition, marital status, age, military or veteran status or sexual orientation.

4. Retaliation: Adverse employment actions carried out in retaliation for good faith submission of discrimination or harassment charges, or good faith participation in an investigation made pursuant to this policy.

5. Adverse employment actions carried out on account of race, sex, religion, national origin, ancestry, disability, medical condition, marital status, age, military or veteran status or sexual orientation.

E. Harassment

Harassment on the basis of race, religion, creed, political affiliation, color, national origin, ancestry, sexual orientation, age, familial status, military or veteran status or mental or physical disability is prohibited. Verbal or physical conduct relating to these categories constitutes harassment when it:

1. Has the purpose or effect of creating an intimidating, hostile or offensive working environment;

2. Has the purpose or effect of unreasonably interfering with an individual's work performance; or

3. Otherwise adversely affects an individual's employment opportunities.

F. Sexual Harassment

Sexual harassment (which includes harassment based on sex, pregnancy, perceived pregnancy, childbirth, breastfeeding, or related medical conditions) is a form of unlawful sex discrimination and will not be tolerated by the Agency. Federal and State guidelines provide that unwelcome sexual advances, requests for sexual favors and other verbal, visual or physical conduct of a sexual nature constitute unlawful harassment when:

1. Submission to such conduct is made either explicitly or implicitly a term or condition of an individual's employment;

2. The submission to or rejection of such conduct by an individual is used as the basis for employment decisions affecting such individual; or

3. Sexual advances, requests for sexual favors or other verbal or physical conduct of a sexual nature that has have the purpose or effect of reasonably interfering with an employee's work performance or of creating an intimidating, hostile, or offensive work environment.

4. Sexual harassment does not refer to occasional compliments or other behavior of a socially acceptable nature. It refers to conduct that is not welcome, that is offensive, that fails to respect the rights and dignity of others, that lowers morale, and that, therefore, interferes with work effectiveness. Sexually harassing conduct need not be motivated by sexual desire.

G. Reporting Unlawful Harassment or Discrimination

1. Any incidents of employee who believes he or she has been work-related unlawfully harassment, ed or discrimination ed, or retaliation, or any conduct believed to violate this policy, against should be promptly reported it orally or in writing to the employee's supervisor or the Finance/ & Administrative Services Manager FASM. An employee is not required to complain first to a supervisor if that person supervisor is the individual who is harassing and/or engaging in discriminatory actions against the employee. Instead, the employee may report the harassment or discrimination to any member of management.

2. Any supervisor or manager who receives a complaint of unlawful harassment/discrimination, or who observes or otherwise learns about unlawful harassing conduct, shall notify the General Manager GM immediately.

   Every reported complaint of harassment, discrimination, and retaliation is taken seriously by the Agency. Every reported complaint, including allegations of misconduct, will be investigated thoroughly and promptly by impartial and qualified personnel, and in as confidential a manner as possible.

H. Remedial Action

1. If harassment, or discrimination, or retaliation is found to have occurred in violation of

this policy, the Agency shall take action to ensure or confirm that the harassment or discrimination at issue is stopped. The Agency may take whatever measures are appropriate to ensure its workplaces remain free from unlawful discrimination, ~~or~~ harassment or retaliation.

2. Employees found to have engaged in discrimination, ~~or~~ harassment, or retaliation covered by this policy may be subject to disciplinary action up to and including termination of employment.

3. Employees found to have been dishonest or uncooperative during an investigation into allegations of a violation of Agency policies~~unlawful harassment~~ may be subject to disciplinary action up to and including termination of employment.

I. No Retaliation

Employees should feel free to report valid claims of unlawful harassment without fear of retaliation of any kind. The Agency will not retaliate against or tolerate retaliation against employees for making any complaint of unlawful harassment in good faith, or against any employee for cooperating in an investigation.

J. DFEH and EEOC

~~—~~In addition to notifying the Agency about unlawful harassment or retaliation, an affected employee may also direct ~~his or her~~their complaint to the California Department of Fair Employment and Housing ("DFEH"), which has the authority to conduct investigations of the facts. The deadline for filing complaints with the DFEH is one year from the date of the alleged unlawful conduct. You can contact the nearest DFEH office or the Fair Employment and Housing Council (FEHC) at the locations listed in the DFEH poster or by checking with the state government listings in the local telephone directory. An employee also has the right to direct ~~his or her~~their complaint to the federal Equal Employment Opportunity Commission (EEOC).

K. Dissemination of Policy

Copies of the Agency's Nondiscrimination, Harassment, and Retaliation Policy, and of these complaint procedures, shall be provided to all employees of the Agency upon issuance, and to all new employees at the time of hiring. From time to time, the Agency may also conduct training for its employees to assist them in learning how to recognize, avoid and correct discriminatory behavior.

L. Obligation of Employees

Employees are responsible for knowing the Agency's policy ~~on nondiscrimination~~; refraining from discriminatory behavior, including harassment; reporting incidents of discrimination in a timely fashion; cooperating in any investigation concerning allegations of discrimination; and maintaining confidentiality concerning any investigation that is conducted. All employees are also encouraged to communicate with one another to assist co-employees to avoid harassing, discriminatory, or otherwise offensive behavior.

~~M. Anti-Fraud/Ethics Policy~~

~~The Agency and its employees must, at all times, comply with all applicable laws and regulations. Employees uncertain about the application or interpretation of any legal requirements should refer the matter to their manager. The Agency expects its employees to conduct themselves in a businesslike manner and perform duties conscientiously, honestly, and~~

~~in accordance with the best interests of the organization. Employees are expected to take great care when working with Agency's vendors and customers. Employees should respect the confidentiality of information acquired in the course of their work. Regardless of circumstances, if an employee senses that a course of action may involve a conflict of interest, fraud, and/or dishonesty, they should immediately communicate all facts to their manager, any Director, or the General Manager~~GM.~~ ~~

~~N.~~ M. Anti-Harassment Training

In keeping with the Agency's commitment to a professional work environment free of unacceptable harassment (whether unlawful or not), the Agency requires that every employee undergo interactive sexual harassment training as follows:

- All employees shall undergo at least one (1) hour of such training within six (6) months of hiring;
- Employees hired as, or promoted to, a supervisory or management position must undergo at least two (2) hours of interactive sexual harassment training at least once every two (2) years;
- Temporary workers: If the worker is providing services to the Agency through a third-party temporary services provider, such provider is obligated to properly train the worker. Where no third-party provider is involved, temporary workers engaged for fewer than six (6) months must undergo one (1) hour of training by the Agency either (i) within the 30-calendar-day period after their hire date, or (ii) by the point when they have worked 100 hours, whichever occurs first. Among the topics addressed by the Agency's interactive ~~anti-~~sexual harassment training are the prevention of abusive conduct in the workplace and of harassment based on gender identity, gender expression, and sexual orientation.

An employee who fails to comply with this section may be subject to disciplinary action, up to and including termination of employment.

XIX. ~~-~~Ethics Policy

The Agency and its employees must, at all times, conduct business activities with integrity, fairness, in accordance with the highest ethical standards, and comply with all applicable laws and regulations. Employees uncertain about the application or interpretation of any legal requirements should refer the matter to their manager. The Agency expects its employees to conduct themselves in a businesslike manner and perform duties conscientiously, honestly, and in accordance with the best interests of the organization. Employees are expected to take great care when working with Agency's vendors and customers. Employees should respect the confidentiality of information acquired in the course of their work. Regardless of circumstances, if an employee senses that a course of action may involve a conflict of interest, fraud, and/or dishonesty, they should immediately communicate all facts to their manager, any Director, or the GM.

Unethical behavior which compromises the Agency or anyone within it can be cause for immediate dismissal.

~~XVII.~~XX.WORKPLACE VIOLENCE

The Agency is committed to providing a safe, violence-free workplace. ~~In this regard, the~~The Agency strictly prohibits employees, consultants, customers, visitors, or anyone else on Agency premises or engaging in an Agency-related activity from acting or behaving in a violent or threatening manner.

Workplace violence includes, but is not limited to, the following: (1) threatening, physically aggressive, or violent behavior, and other behavior that suggests a propensity towards violence, which can include belligerent speech, excessive arguing or swearing, sabotage, or threats of sabotage of Agency property, or a demonstrated pattern of refusal to follow Agency policies and procedures; (2) defacing Agency property or causing physical damage to the facilities; or (3) with the exception of security personnel, bringing weapons or firearms of any kind on Agency premises or while conducting Agency business. Off-site threats include but are not limited to threats made via telephone, fax, electronic or conventional mail, or any other communication medium.

If any employee observes or becomes aware of any of the above-listed actions, or behavior, or becomes aware of any restraining order in effect, or a potentially violent non-work-related situation that could result in violence in the workplace, ~~he or she~~they should notify the ~~General Manager~~GM or any available management employee immediately. Should the ~~General Manager~~GM be the source of concern, the employee should notify the Chair of the Board or any other available Board Member immediately. All reports of workplace violence will be taken seriously and will be investigated promptly and thoroughly. The Agency will not tolerate retaliation against any employee who reports workplace violence.

If the Agency determines that workplace violence has occurred, the Agency will take appropriate corrective action and will impose discipline on offending employees. The appropriate discipline will depend on the particular facts but may include ~~Agency may~~ requesting that the employee participate in counseling, either voluntarily or as a condition of continued employment, written or oral warnings, probation, reassignment of responsibilities, suspension, or termination. If the violent behavior is that of a non-employee, the Agency will take appropriate corrective action in an attempt to ensure that such behavior is not repeated.

~~XVIII.~~XXI.SAFETY

A. Injury and Illness Prevention Program

The Agency greatly values the safety and health of all of its employees and is committed to providing a safe and healthful workplace. This will be accomplished through the establishment, implementation, and maintenance of an effective Injury & Illness Prevention Program (IIPP). ~~An~~ The IIPP administrator ~~will be appointed by the General Manager~~GM is the Agency's Safety Program Administrator and has been delegated the authority and responsibility for administrating the provisions of this program for the Agency. The ~~Safety Program~~ Administrator is responsible for reporting to management any safety issues or concerns and for suggesting corrective actions.

All employees at every level have the responsibility to support the safety program, know the hazards of your trade, practice safe behavior at all times, and help fellow employees to prevent accidents. Managers and supervisors are responsible for providing appropriate safety leadership, making resources available to maintain a safe work environment, providing necessary and frequent training, ensuring that all safety and health policies and procedures are clearly communicated and understood by all workers, and being good examples. Managers and supervisors are expected to

enforce the safety rules fairly and uniformly and to be open to safety improvement suggestions from employees with the understanding that some suggestions may not be practical or doable.

B. Ergonomics

The Agency encourages safe and proper work procedures and requires all employees to follow safety instructions and guidelines. It is our intention to reduce exposure to ergonomic hazards through modifications to equipment and process and employee training. Any necessary and reasonable adjustments to minimize workplace repetitive motion injuries will be considered and made. If you require any adjustments to your work station or vehicle or have any concerns or questions about ergonomics, be sure to discuss the matter with your manager.

C. Bomb Threats and/or Threatening Calls

Should you receive a threatening phone call, remain calm and try to write down the exact wording of the emergency/threat. Be sure to notify a manager immediately, and if appropriate, phone 911 to report the incident to law enforcement. Should a suspicious package appear, don't touch or open it until a manager has also inspected it and determined whether it could be dangerous.

D. Driving on the Job

The Agency has established and maintains a Driving Record Review Program. As part of this program, it has enrolled in the Department of Motor Vehicles (DMV) Employer Pull Notice Program. This is a free service for public agencies that provides driver record reports on employees. To ensure uniformity in the application of recommendations to employees whose driving records are found to be unacceptable, the Agency will develop driver record review criteria. In addition, any concerns reported to management by other employees or ~~—~~the general public that you may be jeopardizing the Agency's integrity or exposing it to undue liability through poor driving techniques and habits will be investigated immediately and appropriate action taken to correct the problem.

If your duties require driving a vehicle, you must maintain a driving record that will not cause the Agency's insurance rate to be increased or for you to become uninsurable. Any such conditions could lead to disciplinary action.

If your duties require driving a vehicle, you must provide proof of insurance at least annually.

E. Cellular Phone Safety

The use of cellular phones while driving on Agency business is considered a dangerous distraction and is prohibited. If your job requires you to keep your cell phone turned on while driving, you must safely pull off the road and stop before conducting business. ~~Under no circumstances~~To the greatest extent possible, a driver ~~may a driver~~ should not initiate or answer a cellular phone call, unless appropriate Bluetooth or wired technology is used or text message while driving a vehicle on Agency time.

~~XIX.~~XXII. COMPUTER/EMAIL/INTERNET/TELEPHONE/MOBILE DEVICES POLICY

~~Pajaro Valley Water Management Agency ("~~The Agency's~~")~~ computers, network and information systems provide access to and sharing of information and computing resources; and thus improve

the way services are provided to the public. Employees are provided these technical resources as efficient and effective business tools. Modern technology provides connectivity of information, thoughts, ideas and actions. This means actions of employees using these tools can impact the Agency's public image, and the integrity and security of its electronic records, data and programs. The purpose of this policy is to establish standards for employees' use of Agency computers, mobile devices, software and communications equipment, including electronic mail and Internet access.

A. E-mail Usage

1. The Agency's local area network interconnects computers within adjacent offices and floors. The Agency network is also linked to computers throughout the world via internet. Electronic mail messages (e-mail) may be sent and received over the Agency network as well as outside computer networks. E-mail is an important method of distributing information among employees, business contacts and the public. Employees are responsible for checking their incoming e-mail frequently, reading its contents and responding in a timely manner. All e-mail messages received at or sent from Agency computers are property of the Agency and are not private.

2. E-mail messages, text messages sent or received on Agency or personal devices ~~or~~ relating to Agency services~~, and similarly related messages~~ may constitute "public records" and accordingly, unless exempt under the provisions of the California Public Records Act, may be subject to disclosure in response to a public records request. Such records~~E-mails~~ may also be subpoenaed as evidence in litigation. The Agency reserves the right to access and disclose for any lawful purpose all messages sent over its computer network, ~~and~~ e-mail system, and on cell phones, as applicable. Messages transmitted over the Agency e-mail system and other Agency devices should be those related to~~involved in~~ Agency business activities for the accomplishment of business related tasks or any communication directly related to Agency business, administration or practices. Incidental and occasional personal use of the e-mail system is permitted, however, such messages should not interfere or conflict with assigned duties, and they are subject to the access and disclosure statements set forth in this policy.

3. Employees are responsible for the content of all text, audio or images that they place or send over the Agency computer network and e-mail system, and cell phones. Messages with fraudulent, harassing, obscene or sexually suggestive content are prohibited. Messages with derogatory or inflammatory remarks about an individual's race, age, religion, national origin, disability, physical attributes, military or veteran status or sexual ~~preference~~ orientation shall not be transmitted. Abusive, profane or offensive language will not be used in messages. Any content~~E-mail is also prohibited~~ that is detrimental to maintaining required working relationships among employees, including supervisors and managers is prohibited. Employees ~~Users will~~must not attempt to deny access or obscure the origin of any such messages related to any request for disclosure or investigation.

B. Internet Usage

Access to the Internet may be provided for employees to research and to use available information resources in performing business related tasks. Incidental personal use of the Internet should be kept at a minimum, should be conducted only during allowed work breaks, and should not interfere or conflict with assigned duties. Agency internet should not be used for any non-work related video streaming because of the impact on the internet connection. Because the Agency's electronic

address must be used to gain access to the Internet, employees are assumed to be representatives of the Agency while they are using the Internet. Therefore, each employee who uses the Internet is responsible for protecting and enhancing the Agency's public image, and must use the Internet in a productive manner. As representatives of the Agency, employees are responsible for using the Internet in an effective, ethical, and lawful manner.

C. Unacceptable Use of the Internet

Employees shall not use Agency computers to access the Internet for personal entertainment or for the purpose of soliciting non-Agency business or, to advance personal views. Any unlawful or inappropriate use of the Internet is prohibited. While it is not possible to provide a complete list, the unlawful or inappropriate uses of the Internet include but are not limited to the following purposes:

- Harassment, ~~and~~ discrimination, and retaliation
- Offensive and defamatory conduct
- Viewing or downloading sexual or sexually-suggestive material
- Gambling
- Infringement of trademark, copyrights or licensing stipulations
- Unauthorized access to others' software or data (i.e. hacking)
- Expression of personal opinions or views which may be construed as being those of the Agency
- Solicitation of personal business
- ~~Social networking, except for express Agency outreach and engagement purposes~~
- All of the limitations noted in the preceding section relating to the use of the Agency network and e-mail system.

D. Software

To prevent computer viruses from being transmitted through the computer systems, downloading or installation of any software (i.e. computer programs) and electronic storage devices shall be coordinated with and approved by the Agency in advance. All software introduced to individual employee workstation computers and/or those linked to the network must be installed and used in accordance with the copyright provisions of the software owner. Employees obtaining access to copyrighted software and material must respect all copyrights and may not copy, retrieve, modify or forward copyrighted materials, except where expressly allowed by the copyright law or with written permission from the copyright owner.

E. Security

All messages created, sent, or retrieved over the i~~I~~nternet or Agency network and E-mail system are the property of the Agency and ~~may~~ shall be considered public records. Transmittal or exchange of personal and confidential information should not be conducted using Agency computers. Deletion of personal e-mail or i~~I~~nternet files from work station computers does not delete those files from backup files ~~which are routinely stored~~(r~~R~~efer paragraph G, "No Expectation of Privacy" below~~) to G~~. No expectation of privacy. Communications including text and images may be reviewed by the Agency management and may be disclosed to law enforcement authorities, litigants or other third parties without prior consent of the sender or receiver. Employees should also understand that personal passwords are not an assurance of confidentiality.

F. Telephone Calls

The Agency recognizes and understands that employees may occasionally need to speak with family or tend to personal business during work hours. Such telephone calls must be kept to a minimum, must not interfere with the employee's work, and should generally be made during employees' break or meal times. Because telephone systems are provided by the Agency at its expense for business use, all messages sent or received on those systems are Agency property and may be accessed by the Agency or disclosed under the requirements of the California Public Records Act, in response to a subpoena, or as otherwise provide by law. Any personal confidential calls should be made on employees' own personal cell phones.

G. No Eexpectation of pPrivacy

The Agency reserves the right to monitor computer, e-mail, internet, and/or telephone usage to ensure that its information systems are being used for agency purposes and in a manner consistent with this policy. Security features, including passwords and message-delete functions, do not neutralize the Agency's ability to access usage data or messages at any time. Employees should be aware that the possibility of such monitoring always exists, and therefore employees do not have any right of privacy in the information, material, or images contained in any agency-owned device, software, or service used in the Agency's offices or elsewhere.

H. Violations

All employees who use Agency computers and information systems resources are responsible for complying with this policy. Violation of this policy may result in disciplinary action, up to and including termination of employment.

I. Personal Mobile Devices

The use of personal mobile devices for any function, including calling, texting, Internet, social media, etc. during work hours is subject to the same restrictions as listed under Telephone Calls under Section 16F.

~~XX.~~XXIII. AROUND THE WORK PLACE

A. Dress & Grooming Standards: While the Agency has no formal dress code, it is expected that employees will dress in a manner consistent with good business practices. ~~The basic rule is "Nothing too tight, short, ragged, dirty or with obscene messages or artwork. If in doubt, don't wear it!"~~Because the Agency strives to maintain a professional work environment, all employees are expected to exercise sound business judgment with regard to personal appearance, dress and grooming.

Dress, grooming, and personal cleanliness standards contribute to the morale of all employees and affect the image the Agency presents to the public. During business hours or when representing the Agency, employees are expected to present a clean and neat appearance and to dress and groom themselves in a manner that is appropriate and consistent ~~according to the requirements of~~with their job duties and job classification~~positions~~.

~~Without unduly restricting individual tastes, the following personal appearance guidelines have been established: T-shirts, shorts and flip-flops do not constitute appropriate professional attire; visible excessive tattoos and similar body art must be covered during business hours; facial jewelry~~

~~such as eyebrow rings, nose rings and lip rings, are not professionally appropriate at the Agency and may not be worn during business hours.~~ ~~The basic rule is **"Nothing too tight, short, ragged, dirty or with obscene messages or artwork. If in doubt, don't wear it!"**~~
The Agency will enforce the above-stated Dress & Grooming Standards policy equally across all employees.

B. Smoking: In accordance with California State law, all buildings of the Agency are considered non-smoking areas, including use of e-cigarettes. Smoking is to be done outside where co-workers are not subjected to second hand smoke.

The Agency maintains a smoke-free work environment. In order to provide employees with a safe and healthful work environment and ensure compliance with the law, smoking is not permitted in any enclosed workplace or within twenty (20) feet of any exit or operable window of Agency facilities. In addition, smoking in any Agency vehicle is also prohibited.

The success of this policy depends on the thoughtfulness, consideration and cooperation of smokers and non-smokers. All individuals on Agency premises share in the responsibility of adhering to this policy. Likewise, all Agency employees are responsible for advising members of the public or other visitors who are observed smoking on Agency property of this policy. Smokers may be asked to refrain from smoking that violates this policy, and if the person fails to comply, the requesting staff member(s) should inform a member of the management staff.

C. Security: Security is important to everyone. Employees should not discuss the security of the Agency premises or services with any individual not employed by the Agency. Additionally, neither the Agency nor its insurance carriers will assume any liability for your personal belongings. You are encouraged to secure personal belongings to the best of your ability.

Buildings have security system installed. You will be given a confidential code or key, not to be shared with anyone.

Since the Agency retains the right to search its property or facilities at any time (including employee-assigned desks, files and computer systems), if you have anything of a private nature that you wish not to be subjected to discovery during such searches, these items should be kept in your briefcase, purse or other personal carrying item.

D. Solicitation and Distribution: Soliciting co-workers when either of you is on paid work time is prohibited, including the use of e-mail. Distribution or posting of pamphlets, leaflets, or any other literature is not allowed except in break rooms. No material advocating a political or religious viewpoint may be distributed or promoted in the work place.

E. Tools and Equipment: All Agency issued tools and equipment are not to be removed from the workplace unless to an Agency worksite where they are necessary for completing the job. Agency-owned tools and equipment are not for personal use.

XXIV. LACTATION ACCOMODATION POLICY

The Agency will provide a reasonable amount of break time to accommodate any employee desiring to express breast milk for the employee's infant child each time the employee has a need to express milk. The break time shall, if possible, run concurrently with any break time already provided to the

employee. If the employee takes lactation breaks at times other than their provided break times, then the lactation break shall be unpaid or the employee may choose to use accrued leave.

Those desiring to take a lactation break at times other than their provided break times must notify a supervisor prior to taking such a break. Breaks may be reasonably delayed if they would seriously disrupt operations. Once a lactation break has been approved, the break should not be interrupted except for emergency or exigent circumstances.

The Agency will provide a room or other appropriate location in close proximity to the employee's worksite that is not in a bathroom to express milk in private. The room or location will meet the following requirements:

- Be shielded from view and free from intrusion while being used to express milk;
- Be safe, clean, and free of hazardous materials;
- Contain a surface on which to place a breast pump and personal items;
- Contain a place to sit; and
- Have access to electricity needed to operate an electric battery-powered breast pump.

An employee occupying such private area shall either secure the door or otherwise make it clear to others through signage that the area is occupied and should not be disturbed. All other employees should avoid interrupting an employee during an authorized break under this section, except to announce an emergency or other urgent circumstance.

The Agency will provide access to a sink with running water and a refrigerator, or other cooling device, suitable for storing milk~~, in close proximity to the employee's work area~~.

An employee may make a request for lactation accommodation, either orally or in writing to the ~~Finance/Administrative Services Manager~~FASM. Following receipt of a request for lactation accommodation, the Agency will provide a timely written response to the employee.

An employee who does not believe that the Agency is providing an appropriate lactation accommodation ~~have~~has the right to file a complaint with the Labor Commissioner.

XXV. LEAVING ~~PVWM~~THE AGENCY

~~A~~

A. Resignation: When ~~you~~ an employee decides to terminate ~~your~~ employment with the ~~PVWMA~~ Agency for any reason, the Agency would appreciate a written resignation giving at least two weeks' notice and the opportunity for a manager to discuss the resignation with ~~your~~ the employee before final action is taken. This courtesy does not negate the fact that all employees are at-will and that the Agency may terminate employment at any time with or without cause, and with or without notice.

B. Property Return Agreement: All Agency property must be returned in good condition prior to departure. This includes, but is not limited to, laptops, cell phones, PDAs, equipment, keys, reports commissioned by Agency, and any other job related materials. Employees are responsible for any damage or loss of Agency property.

C. Exit Interview: ~~The Finance/ & Administrative Services Manager~~FASM ~~is responsible for~~Management will schedul~~ing~~ an exit interview with ~~you~~ an employee on ~~your~~ their last date of employment and for arranging the return of the Agency's property. During this interview, benefit coverage and COBRA will be explained. Employees who participated in a deferred compensation program will be provided ~~forms to complete and~~ contact information for the plan carrier who will provide a complete understanding of the options. COBRA notification will be ~~sent directly to your home~~provided. ~~You will be notified directly by CalPERS regarding your options.~~

D. Final Paycheck: Resigning employees will receive a final paycheck on the next regularly scheduled pay day or earlier if prior notice has been provided in accordance with the ~~if it is required by~~ law. Unused vacation, comp time, or sick leave which meets the eligibility criteria, will be calculated and paid in accordance with the corresponding policies. Employees who are terminated involuntarily will be paid on the day of the discharge.

~~XXI.~~XXVI. SEVERABILITY

If any section, sub-section, paragraph, sentence, clause or phrase of these personnel policies is, for any reason, held to be invalid or unconstitutional, such invalidity or unconstitutionality shall not affect the validity or constitutionality of the remaining portions of these policies, it being hereby expressly declared that these policies and each section, sub-section, paragraph, sentence, clause and phrase thereof would have been adopted irrespective of the fact that any one or more sections, sub-sections, paragraphs, sentences, clauses or phrases be declared invalid or unconstitutional.

~~XXII.~~XXVII. RIGHT TO REVISE

Pajaro Valley Water Management Agency reserves the right to modify or repeal the policies and procedures contained in this Employee Handbook after meeting and conferring with the Employees Organization.

DRAFT

ACKNOWLEDGMENT OF RECEIPT OF EMPLOYEE HANDBOOK

Please return a signed acknowledgment to your supervisor within 5 business days of receipt of the Employee Handbook. A copy is valid as the original.

I have received a copy of the Agency Employee Handbook. **By signing this acknowledgement, I agree ~~to read the~~that I have read the Employee Handbook (including referenced policies) and will comply with the outlined policies and practices of the Agency**. If I have any questions regarding the content of this ~~h~~Handbook, I will discuss those questions with my supervisor, FASM, or the GM.

I understand that neither the Employee Handbook nor any other communication by a management representative is intended to in any way create a contract of employment, either express or implied. Rather, I understand and agree that my employment is at-will and that the Agency and I each have the right to end our employment relationship for any reason at any time, with or without cause (a reason) and with or without notice ~~or cause~~.

I also understand that any rules, policies, and benefits described in the Employee Handbook may be modified, ~~or varied,~~ or rescinded by the Agency at any time, except for the rights of the parties to terminate employment at will. In addition, I understand that this H~~h~~andbook supersedes any previous editions.

Date _____ Printed Name _____

_____

Signature

MEMORANDUM

DATE: December 14, 2023
MEETING OF: December 20, 2023
TO: Board of Directors
FROM: General Manager
RE: **DISCUSSION / ACTION ITEM 11C:** Election of Officers for 2024: Chair, Vice Chair, and Treasurer

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BACKGROUND

The Pajaro Valley Water Management Agency (PV Water) Board of Directors (Board) elects new officers each year. The Board has three officers: Chair, Vice Chair, and Treasurer. Amy Newell is currently serving as Chair. Stephen Rider is serving as Vice Chair. Bob Culbertson is serving as Treasurer. Laura Taay, Administrative Analyst serves as Board Secretary.

FISCAL IMPACT

None.

STAFF RECOMMENDATION

That the Board elect Officers for 2024.

ATTACHMENTS

- None

MEMORANDUM

DATE: December 13, 2023
MEETING OF: December 20, 2023
TO: Board of Directors
FROM: General Manager
RE: **DISCUSSION / ACTION ITEM 11D:** Appoint Representatives to Serve on Standing Committees

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BACKGROUND

The Pajaro Valley Water Management Agency (PV Water) currently has two standing committees: the Administration & Finance Committee, which provides oversight of PV Water's administration and financial matters, and the Projects & Facility Operations Committee, which is to advise the Board and staff on capital projects and programs related to water supply, quality and operations of facilities identified in the Basin Management Plan, including any new technologies that might become available. The Projects & Facility Operations Committee also serves to communicate issues and concerns regarding water quality and facility operations between the Agency, landowners, and growers within PV Water's service area.

DISCUSSION

Current committee members and schedules are described below.

Administration & Finance Committee

Current Members (Three Directors):
Bob Culbertson (Chair), Stephen Rider (Vice Chair), Amy Newell
Officers:
Chair selected by the Committee after new appointments are made.
Schedule:
Monthly
Date and time:
2nd Tuesday at 3:00 pm
Location:
PV Water Warren Koenig Conference Room

Projects & Facility Operations Committee

Members:
Per the Bylaws established by Ordinance 2015-30, members of the Projects & Facility Operations Committee shall include: Three members of the Board of Directors, two growers in the Delivered Water Zone, one grower from outside the Delivered Water Zone, and one Member-at-large.
Current Members:
Directors (3): Stephen Rider (Chair), Amy Newell, Tom Broz
Growers in the Delivered Water Zone (2): Rosemarie Imazio, Stuart Kitayama
Grower outside the Delivered Water Zone (1): Sam Cooley (Vice Chair)
Member-at-large (1): Jonathan Pilch
Officers:
Chair and Vice Chair. Either the Chair or Vice Chair shall be selected from one of the Directors serving on the Committee and elected during the January meeting.

Schedule:
Monthly
Date and time:
Last Wednesday of each month at 3:00 pm, unless otherwise noted.
Location:
Water Resources Center at Recycled Water Facility or PV Water Warren Koenig Conference Room (as noticed).

The Projects & Facility Operations Committee discussed membership for 2024 during its December 13, 2023, meeting. Noting there are no requests from local interested parties to serve on the Committee, the Committee recommended retaining membership as is.

FISCAL IMPACT

Any change in the number of meetings would entail proportional cost impacts. Barring major changes, these impacts could be accommodated within PV Water's existing budget.

STAFF RECOMMENDATION

That the Board designates committee memberships (three directors per committee).

- Administration & Finance Committee

  Current members:
  Director Culbertson
  Director Rider
  Director Newell

- Projects & Facility Operations Committee

  Current members:
  Director Rider
  Director Broz
  Director Newell
  Committee Member Cooley
  Committee Member Imazio
  Committee Member Kitayama
  Committee Member Pilch

ATTACHMENTS

- None

MEMORANDUM

DATE: December 14, 2023
MEETING OF: December 20, 2023
TO: Board of Directors
FROM: General Manager
RE: **DISCUSSION / ACTION ITEM 11E:** Appoint Board Representatives to other Organizations

BACKGROUND

The Pajaro Valley Water Management Agency (PV Water) Board of Directors (Board) has the following designated representatives to other organizations.

1. **Joint Powers Insurance Authority (JPIA) – Stephen Rider**
   JPIA is PV Water's insurance carrier through the Association of California Water Agencies, and the appointee to this position may vote on JPIA matters that come before the general membership.

2. **Santa Cruz County Zone 7 Flood Control – Bob Culbertson**
   The Santa Cruz County Zone 7 Flood Control appointee is a voting member of the Zone 7 Board, which includes the Santa Cruz County Board of Supervisors, and a representative from the City of Watsonville and PV Water.

STAFF RECOMMENDATION

That the Board consider appointments as noted.

FISCAL IMPACT

None.

ATTACHMENTS

- None

Production Monthly Summary through November 30, 2023

All totals are in Acre Feet

	January	February	March	April	May	June	July	August	September	October	November	December	Individual Totals
Harkins Slough Project:													
Effluent FW to Basin	0.01	0.09	0.00	97.17	207.76								**305.02**
Coastal Distribution System (CDS):													
Well Production													
Recovery Wells Sub Total	1.22	3.56	1.00	4.38	9.81	10.01	10.40	8.51	6.99	5.71	5.15	0.00	**66.75**
Blend Wells													
SW #1	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	**0.00**
SW #2	0.12	5.55	0.00	33.47	73.02	184.91	162.25	123.09	75.70	31.77	0.00	0.00	**689.87**
Blend Wells Subtotal	0.12	5.55	0.00	33.47	73.02	184.91	162.25	123.09	75.70	31.77	0.00	0.00	**689.87**
RWF Blend (See Breakdown Below)	29.29	66.43	25.22	307.59	355.03	414.53	471.31	470.83	384.99	365.74	236.86	0.00	**3127.80**
CDS Total	30.63	75.54	26.22	345.44	437.86	609.45	643.96	602.43	467.68	403.22	242.01	0.00	**3884.43**

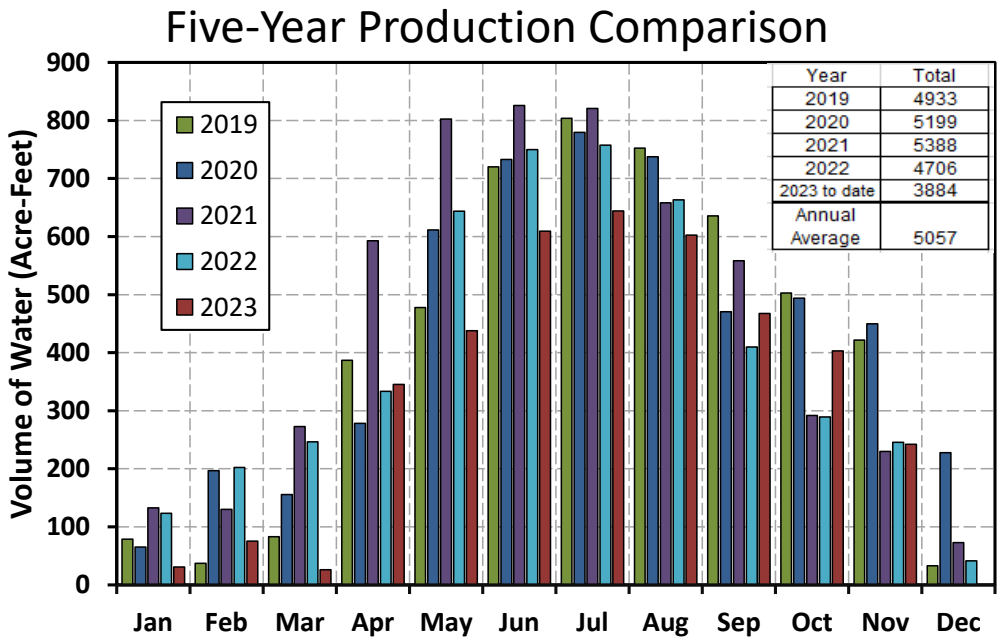
Approximate Recycled Water Blend Breakdown:

Estimated Recycled Water	29.28	63.55	24.88	260.60	290.29	323.55	372.95	369.03	303.57	321.34	201.38	0.00	2560.41
RWF No_1 (potable)	0.00	2.88	0.34	46.99	64.74	90.98	98.36	101.80	81.43	44.40	35.48	0.00	567.40

* Recycled Water Blend Breakdown is Approximate because there is always some water in the tank that may be recycled water or RWF No-1 Water, "Est Recycled Water" is the RWF Blend total, (which is measured by the RWF Distribution meter after the tanks,) MINUS the RWF No_1 total, which is measure before the No_1 water goes into the tanks to blend.

Well 860 (Harvest Dr.)	0.000	0.000											0.00

2023 Production Percentages:			
Recovery Wells	**Supplemental Wells**	**Recycled Water**	**Potable Water**
2%	**18%**	**66%**	**15%**



*Preliminary, Subject to Revision