



NORTH TAHOE PUBLIC UTILITY DISTRICT

**CONFIRMATION OF UNDERSTANDING
FOR
MANAGEMENT AND CONFIDENTIAL EMPLOYEES**

FEBRUARY 10, 2009

**CONFIRMATION OF UNDERSTANDING
BETWEEN
NORTH TAHOE PUBLIC UTILITY DISTRICT
AND
MANAGEMENT/CONFIDENTIAL EMPLOYEES**

I. PURPOSE

The purpose of this letter is to document certain terms and conditions of employment for the DISTRICT'S Management/Confidential employees in the form of a written Confirmation of Understanding (COU). Neither the understanding or the discussion surrounding it constitutes or implies that the DISTRICT has recognized or certified these employees as an appropriate bargaining unit or the exclusive representative for the DISTRICT'S Management/Confidential employees. The terms and conditions explained in this document are applicable to employees in those classifications set forth in Appendix A, commencing February 10, 2009

This Confirmation of Understanding does not create any contract, express or implied, or any rights in the nature of a contract. The purpose of this document is informational only, and is an interim reflection of established terms and conditions of employment and policies pending the completed update of the District's personnel rules and regulations.

II. NORTH TAHOE PUBLIC UTILITY DISTRICT PERSONNEL ORDINANCE AND RULES AND REGULATIONS

The District has adopted personnel rules and policies, contained in the "North Tahoe Public Utility District Personnel Ordinance and Regulations." Those rules will continue in effect, except where stated otherwise in this COU as applied to Management/Confidential employees. District Personnel Rules are in the process of being updated to reflect the contents of this informational document, as well as other unrelated changes.

III. WAGES

- A. The base wage rates for the classifications set forth in Appendix "A" will be increased annually between 1%-6% as determined by a calculation of the average of the Western States Consumer Price Index, All Urban Consumers, for the year ending May data according to the following schedule:

<u>CPI Increase Over Prior Year</u>	<u>Salary Schedule Increase Due to CPI</u>
Less than 1%	1%
1% to 6%	Actual CPI between 1% and 6%
Above 6%	6%

Annual salary adjustments are effective at the start of the first pay period that begins in July of each year.

- B. The District intends to contract with a consultant to conduct a Classification and Compensation Study for Management/ Confidential employees, with the intent that the study will be completed by May 1, 2011.
- C. In the event that changes to salaries in groups other than the Management Confidential Group create significant compaction issues, (i.e., a supervisor making less than 5% above a subordinate), the District will meet with the affected employee(s) to discuss the impact of said changes.

D. Probation

A regular employee appointed to a position in an unclassified job, excluding department heads with an at-will contract, shall serve a period of probation. The probationary period shall initially be six (6) months long, but may be extended for an additional three (3) months by the Manager/CEO. Probationary employees may be rejected at any time and for any reason and without right of appeal or hearing.

E. Merit Based Salary Increases

Upon completion of probation and annually thereafter, a regular employee will be considered for a merit step increase. If a merit step increase is available, upon request of the department head and approval of the General Manager/CEO, an employee who performs successfully (meets standards or above) as indicated on the performance evaluation will receive a merit step increase the first day of the pay period following the employee's anniversary date.

If the merit step increase is not recommended by the department head or not approved by the General Manager/CEO, the employee will be provided reasons for the determination.

Step increases following probation, demotion, promotion or reclassification will be calculated based on the time in the new classification rather than on the employee's original date of hire.

IV. VACATION, SICK LEAVE, AND PERSONAL LEAVE

A. Vacation

1. Accrual

Regular employees are entitled to accrue vacation leave on the basis of continuous years of service in accordance with the following schedule:

<u>Years of Service</u>	<u>Days Per Year</u>	<u>Hours Assigned</u>
0-2	11	88
2-3	12	96
3-4	13	104
4-5	14	112
5-6	15	120
6-10	17	136
10-11	18	144
11-12	19	152
12-13	20	160
13-14	21	168
14-20	22	176
20+	25	200

2. Vacation Accrual Limits

The number of vacation hours which can be carried over from year to year will be limited to a maximum of three (3) years vacation accrual. Employees will cease to accrue vacation time until they have reduced their vacation leave balance below their ceiling. The General Manager/CEO, at his/her discretion, will pay out an employee's accrued vacation time in excess of the three year ceiling and/or to pay out more than the 120 hour sell-back maximum, when such payment has been determined to be in the best interest of the District.

3. Vacation Sell Back Option

The maximum amount of vacation time which can be cashed out under the District's "leave plans" is one hundred and twenty (120) hours per year.

Annually prior to the end of each fiscal year, June 30th at the option of the employee, he/she may elect to sell back vacation hours to the District provided that the employee has leave balance available at the time the request is made.

B. Sick Leave

1. Accrual. Regular employees are entitled to accrue sick leave at the rate of eight (8) hours per month. Accrued sick leave will be credited to an Employee on a biweekly basis.

2. Sick Leave Use. Sick leave benefits are provided to Employees by the DISTRICT as follows:

Sick leave is defined as the absence from duty by an Employee for the following reasons:

- i. Quarantine because of exposure of a contagious disease, or when incapacitated from performance of duties because of personal illness or injury, or for medical or dental examination and/or treatment.

 - ii. Attendance upon a member of the Employee's immediate family because of illness or injury where the attendance of the Employee is definitely required for care, or to transport such individual for care. Immediate family is defined to mean spouse, registered domestic partner, child, brother, sister, parents, spouse's parents, registered domestic partner's parents or close relatives.

 - iii. Employees are allowed to use thirty two (32) hours of sick leave per year for personal leave, to be used at their discretion. Personal leave must be approved by the employee's supervisor in advance of employee's use of such leave. Personal leave may not be accrued from year to year. If an employee uses less than the 32 hours of sick leave reserved for personal leave in a given year, the unused portion reverts to sick leave to be used for purposes listed above, and does not remain in a separate personal leave bank for use the following year.
3. Sick Leave Request Process. Sick leave can be granted only by an employee's manager. Requests for sick leave shall be presented in advance for medical and dental appointments. In all cases, requests for time off for sick leave must state the reason for the sick leave request. The Manager may require evidence in the form of a physician's statement, or other documentation of the reason for an Employee's absence for medical purposes. Upon advance notification, vacation or CTO may be used to supplement available sick leave in non-recurring emergency situations at the discretion of the Manager.

4. Statement. Following an absence for illness, injury, or exposure to a contagious disease, the General Manager/CEO may require a statement by a physician, indicating that the Employee is fit to return to work.
5. Misuse of Sick Leave Prohibited. Use of sick leave for any purpose other than that defined above may be grounds for discipline, up to and including termination.
6. Supervisor Notice Required. To be eligible for sick leave, the Employee must notify his Supervisor or General Manager/CEO prior to the time set for performing the Employee's daily duties.
7. Sick Leave Reporting. If a supervisor/manager has reason to believe that an employee is not using their sick leave appropriately, e.g. unusual pattern of sick leave use, frequent use of incidental sick leave, etc., the employer may place an employee on a sick leave reporting requirement.
8. Sick Leave Payment at Separation of Employment. Upon termination, separation or retirement, an employee who has completed twelve (12) months consecutive employment will be paid as follows: 75% of accumulated sick leave will be paid to the Employee regardless of years of service. 100% of an employees accumulated sick leave balance will be paid the Employee's beneficiary in the event of death. Payments are based upon a maximum accumulation of 960 hours of sick leave.
9. Annual Sick Leave Buyout. On December 1st of each year, a review will be made of each Employee's accrued sick leave. At the Employee's option, accrued sick leave over eighty (80) hours will be bought back by the DISTRICT at a rate of 50%. The Employee may take 50% of sick leave over 80 hours in cash, as vacation, or retain the time as sick leave in the original amount.

V. BILINGUAL PAY

When the General Manager/CEO designates an assignment as requiring substantial bilingual skills, an employee in the designated assignment, who has first demonstrated proficiency in the required language by method that is acceptable to the General Manager/CEO, is eligible to receive a pay premium of seventy-five dollars (\$75.00) per month. Bilingual assignments are made at the sole discretion of the General Manager/CEO.

VI. HEALTH AND WELFARE COVERAGE

Health, Dental and Vision Insurance Program

- A. District Provided Benefits. The District pays all premiums for coverage under

the District Health Plan for providing hospitalization, prescription drugs, medical, vision, and dental plans concurrent with the MOU for general employees.

- B. Premium Continuation Program. In the event of accident, illness, or layoff of any Employee with ninety (90) days or more of employment, the DISTRICT will continue the monthly payments for the Employee and the employees' dependents for a period not to exceed six (6) months.
- C. Dependent Coverage Eligibility. Employee dependents will be covered if attending college full time and qualify for coverage as determined by the District's Medical Plan.
- D. Orthodontia Coverage. Orthodontia coverage will be provided for each employee and each dependent at 50% of charges to a maximum of \$1500 per person per lifetime.
- E. Health Reimbursement Arrangements (HRA). The District contributes \$1,500 per employee to the employee's Health Reimbursement Arrangement (HRA) account for each calendar year. Contributions will be prorated monthly, i.e., \$1,500 divided by 12 and prorated, according to the employee's insurance coverage.
- F. Opt out of Coverage. Upon presentation of coverage under another group health plan, the Employee may at his/her option, waive coverage provided by the District for a contribution to the District's IRS125 Plan or Deferred Compensation Plan (or any combination thereof) as elected by the Employee, in the amount of 75% of the premium paid by the District.

VII. CERTIFICATE PAY

Employees receiving Certificate Bonus Pay as of February 10, 2009 will continue to receive it so long as the employee remains in the same classification and the certificate continues to be relevant to the employee's job duties and responsibilities. Otherwise, Management and Confidential employees shall not be eligible to receive Certificate Bonus Pay.

VIII. ADMINISTRATIVE TIME

A. Exempt Employees

Exempt employees (as designated by the District) receive forty (40) hours of administrative time off without loss of compensation in lieu of overtime or any other compensation.

Administrative time off does not accumulate from year to year. Thus, any time not taken off prior to June 30, shall be forfeited. All administrative days off must be approved in writing by the General Manager/CEO and or Department Head or their designee, prior to their being taken.

Administrative time off will be treated the same as vacation and personal leave for scheduling and approval purposes. The General Manager/CEO at his/her discretion may authorize additional administrative time off without loss of compensation on a case by case basis, if deemed in the best interest of the District.

IX. ON-CALL MANAGER DIFFERENTIAL PAY

- A. The District has routine and regular requirement for employees to respond to emergency situations in the field on a 24-hour basis. This requires managers/supervisors to be placed on-call in order to be able to respond and provide emergency support within two hours of receiving a call.
- B. In order to meet the needs of the District the following classifications are eligible for on-call manager differential pay:
 - 1. Engineering Department: Assistant General Manager, District Engineer, and Associate Engineer.
 - 2. Operations Department: Utility Operations Manager and Utility Operations Supervisor.
 - 3. Parks and Recreation Department: Parks and Facilities Manager.
 - 4. The General Manager/CEO may designate additional positions for on-call manager differential pay as necessary to meet the service needs of the District.
- C. Employees assigned to on-call manager differential pay will be compensated \$200 per week; classifications that are exempt from FLSA overtime regulations shall not receive overtime compensation for any time worked as a result of being on standby and responding to a call.

X. COMPENSATION FOR ACTING APPOINTMENTS

Subject to the following conditions, an employee who is required on the basis of an acting appointment to serve in a class with a higher salary range than that of the class in which the employee is normally assigned, will receive the entrance salary rate of the

higher salary range or the rate of five percent (5%) higher than the employee normally receives, whichever is greater.

1. Such pay will be for all hours worked in an acting appointment which are in excess of 80 hours in any six-month period.
2. The employee must perform all the duties and assume all the responsibilities of the higher class.
3. Compensation for acting appointments is limited to the temporary filling of a vacant regular position due to termination, promotion, vacation, military or sick leave of the incumbent or the temporary filling of a newly budgeted position, where the needs of the District require that the position be filled.
4. The General Manager/CEO must approve all such appointments based upon a finding that the criteria set forth in this paragraph have been met.

XI. WORK SCHEDULE

Except in cases deemed to be an emergency by the department head involved, employees will be provided with at least 14 calendar days' prior notice in advance of any work schedule change.

XII. HOLIDAYS

The following days are observed by the DISTRICT as paid holidays:

1. New Year's Day
2. Martin Luther King's Birthday
3. President's Day
4. Memorial Day
5. Independence Day
6. Labor Day
7. Veteran's Day
8. Thanksgiving Day
9. Day after Thanksgiving
10. Christmas Eve
11. Christmas Day
12. New Year's Eve

Holidays have the same hour equivalent as the employee's regular work schedule in order that the affected employees are not required to supplement observed holidays off with paid personal leave. Example, if an employee works a 4/10 work schedule, and an observed holiday falls on a day the employee would normally have to work, the value of the holiday will be at ten hours. Likewise, if an employee works a 9/80 and an observed holiday falls on a day the employee would normally have to work 9 hours, the value of the holiday will be at 9 hours, however, if the observed holiday falls on a day the employee would normally have to work 8 hours, the value of the holiday will be 8 hours.

Exempt employees may, in the Department Head's discretion, be granted an additional administrative/floating holiday day off if they are required to work a designated District paid holiday.

A. Eligibility for Holiday Pay

In order to be eligible for a paid holiday, employees must be in a paid status both the work day before and the work day after the holiday. For example, if a holiday fell on a Monday, and the employee was on a 4/10 work schedule with Fridays off, the employee would be required to be in a paid status on the Thursday before the holiday and the Tuesday following the holiday.

XIII. RETIREMENT BENEFITS

A. Participation

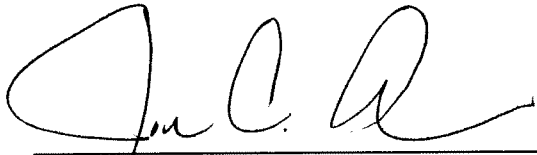
1. Effective January 1, 2010, the District will contract with the California Public Employee Retirement System (CALPERS) for the prospective retirement benefit of 2% at 55; provided, however, eligible employees must have voted to approve such benefit in accordance with CALPERS procedures.
2. The District will contribute up to fifteen percent (15%) of salary towards the CALPERS retirement benefit.
3. Individual employees employed as of December 31, 2009 will have the option of continuing in the Hartford retirement plan and not participating in the CALPERS retirement plan. Any employee who chooses to remain with the Hartford plan will have up to fifteen percent (15%) of salary contributed to the Hartford plan.
4. All employees hired after January 1, 2010 are required to participate in the CALPERS plan.

XIV. LAYOFFS

A. Seniority and Benefits Upon Reinstatement After Layoff

Employees who are reinstated to the same or equivalent classification within two (2) years after layoff shall have their seniority date restored to that prior to layoff. Probationary employees who are laid off will, upon reinstatement, be required to serve any remaining balance of their original probationary period. In addition, reinstated employees will be entitled to the restoration of personal leave accrual rates they were eligible to receive prior to layoff.

Confirmation of Understanding
February 10, 2009



Jon C. Aaron, General Manager/CEO

2-10-09

Date

NORTH TAHOE PUBLIC UTILITY DISTRICT
CONFIRMATION OF UNDERSTANDING
APPENDIX A

CLASSIFICATIONS

MANAGEMENT/DEPARTMENT HEADS (At-Will With Contract)

Assistant General Manager
Chief Financial Officer
District Engineer
Utility Operations Manager
Parks & Facilities Manager

MID-MANAGEMENT/CONFIDENTIAL

Associate Engineer (tentative)
Board & Records Secretary
Executive Assistant
Human Resources Specialist
Senior Administrative Analyst
Utility Operations Supervisor