MEMORANDUM OF UNDERSTANDING BETWEEN
THE VALLECITOS WATER DISTRICT
AND
THE VALLECITOS WATER DISTRICT EMPLOYEES' ASSOCIATION
COVERING THE EMPLOYEES' UNIT OF REPRESENTATION
FOR FY 2019/20, FY 2020/21, FY 2021/22, AND FY 2022/23

This Memorandum of Understanding (MOU) between the Vallecitos Water District (District) and the Vallecitos Water District Employees Association (Association) is made after meeting and conferring in good faith on wages, benefits and other terms and conditions of employment that cover the employees in the general employees' unit of representation excluding management and confidential employees as provided below. It is also understood that this MOU does not modify or change any previously negotiated MOU's and agreed upon benefits or items unless expressly identified and modified in this MOU.

This MOU constitutes a mutual recommendation to be submitted to the District's Board of Directors and shall not be binding upon the parties' hereto in whole or in part unless and until said Board of Directors formally approves said MOU.

IT IS AGREED BY AND BETWEEN THE PARTIES HERETO AS FOLLOWS:

I. **EFFECTIVE DATE:** The provisions of this MOU shall be effective July 1, 2019, except as otherwise specified in this MOU, and shall remain in effect until June 30, 2023.

II. **RENEGOTIATION:** In accordance with Government Code Section 3505, either party may initiate good faith negotiations of a successor MOU. Either party shall serve upon the other no sooner than November 1, 2022, its written request to commence negotiations. Upon receipt of such written notice, negotiations shall begin thereafter no later than November 15, 2022. A first written proposal shall be served upon the other no later than January 31, 2023.

III. **COST OF LIVING SALARY ADJUSTMENT (COLA):** The Cost of Living Salary Adjustment (COLA) for each fiscal year of the MOU shall be based on the San Diego Consumer Price Index for All Urban Consumers (CPI-U), percent change for the second half of the preceding calendar year, subject to the caps and terms set forth below. If the percent change of the CPI-U for Fiscal Year's 2020/21, and 2021/22, is greater than the COLA caps specified below, the percentage amount over the cap shall roll over to the next year(s) and shall be added to the CPI-U for the next year to determine the COLA, as long as the total COLA does not exceed the year's cap. The rollover shall not be limited to the next Fiscal Year and may aggregate over the term of the MOU. This provision is in effect only during the term of this MOU, and no rollover of CPI-U/COLA will occur upon the expiration of this MOU. If the designated CPI-U is not available for use during the term of the MOU, the parties agree to meet and confer over the index to be used to determine COLA.

A. **Fiscal Year 2019/20:** The District shall provide a COLA of 3.7% based on CPI-U and a one-time non-PERSable lump sum bonus in an amount equal to 8 pay periods of 3.7% of employees' salary. The FY 2019/20 COLA of 3.7% and the lump sum bonus shall be effective the beginning of the first full pay period in July 2019 and shall be paid on the pay date for that pay period.
B. Fiscal Year 2020/21: Effective the beginning of the first full pay period in July 2020, the District shall provide a COLA in an amount not to exceed 3.0%.

C. Fiscal Year 2021/22: Effective the beginning of the first full pay period in July 2021, the District shall provide a COLA in an amount not to exceed 3.0%.

D. Fiscal Year 2022/23: Effective the beginning of the first full pay period in July 2022, the District shall provide a COLA in an amount not to exceed 3.0%.

IV. BASE MEDICAL CONTRIBUTIONS: Base medical contributions shall be provided by the District for all eligible employees as shown in Table 1 below.

<table>
<thead>
<tr>
<th>Calendar Year</th>
<th>Current 2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual</td>
<td>$743</td>
<td>$799</td>
<td>$859</td>
<td>$923</td>
<td>$992</td>
</tr>
<tr>
<td>Couple</td>
<td>$1,471</td>
<td>$1,581</td>
<td>$1,700</td>
<td>$1,828</td>
<td>$1,965</td>
</tr>
<tr>
<td>Family</td>
<td>$2,075</td>
<td>$2,231</td>
<td>$2,398</td>
<td>$2,578</td>
<td>$2,771</td>
</tr>
</tbody>
</table>

The monthly contributions shown in Table 1, include an annual 7.5% escalation effective January 1 of each year through June 30, 2023, and establish the monthly maximum the District will pay on behalf of the employee. If premiums increase beyond those established in Table 1, the employee shall be responsible for the additional costs as a monthly payroll deduction.

V. FLOATING HOLIDAYS: The District shall continue to provide three (3) nine-hour floating holidays per fiscal year.

VI. CLASSIFICATION AND COMPENSATION STUDY: The results of the 2018 Classification and Compensation Study shall not be implemented and no salary adjustments from the 2018 study shall be made. A new Classification and Compensation study for 2022 shall not be required; however, the District reserves the right to conduct a study prior to January 2023, with the goal of being completed prior to initiation of negotiations for a successor MOU. The Employee Association also reserves the right to request the District to conduct a new study, which must be submitted prior to February 28, 2022, to allow the District time to budget for and conduct the study. If a new study is conducted, the salary recommendations shall be based on 103% of the market average. The results of the study shall not be required to be implemented.

VII. DEFERRED COMPENSATION MATCH: The District shall provide a matching contribution beginning the first full pay period in July 2019, as noted below for employees that participate in and contribute to a 457 Deferred Compensation Plan. The District shall provide contributing funds per pay period up to the maximum noted below:

After the required introductory employment period, the District shall contribute matching funds up to $2,000 per year during the term of this MOU for each employee that participates in...
the 457 Plan. Eligible employees must have contributed matching funds during the calendar year.

VIII. **VACATION SELL BACK:** The vacation sell back policy will be revised to comply with IRS regulations as follows: Employees shall be allowed to sell back up to 80 hours of vacation time each calendar year provided they meet the following requirements (1) the employee has used a minimum of one week's vacation (40-hours) in the 12 month period prior to the cash out, or if otherwise approved by the General Manager at his discretion, and (2) the election is made on a timely basis. Vacation sell back will occur twice a year, once in June and once in December. The election to cash out in June shall be considered timely if it is delivered to the Payroll department on or before the last day the District's Payroll department is open during December of the preceding calendar year. The election to cash out in December shall be considered timely if it is delivered to the Payroll department on or before the last day the District's Payroll department is open in June of the year in which the leave will be cashed out. The vacation time elected to be cashed out shall be included in the employee's last paycheck in June or December, depending on the designated cash out date. The amount cashed out shall be limited to the leave accrued and unused during the half of the year from which the vacation will be cashed out (January through June, or July through December), as of the date of payment. Elections do not carry-forward and must be made semi-annually.

In addition, employees may be permitted to cash out additional vacation based upon a hardship, at the General Manager's discretion and in accordance with IRS restrictions and District Policy.

IX. **OVERTIME FOR CALL OUTS:** Employees shall be paid for call outs/call backs at their overtime rate until the employee is released from work or starts their regular shift, whichever occurs first, with a minimum call back/call out pay of 2 hours. The 2-hour minimum does not apply to SCADA response at home or phone calls. Employees will be compensated for actual travel time from/to their residence, up to 30 minutes each way, which is included in the 2-hour minimum.

X. **BARGAINING UNIT MODIFICATION:** The bargaining unit is modified to exclude management and confidential positions (currently 6 managers and 4 Administrative staff – 2 secretaries, 1 HR Analyst, and 1 Financial Analyst) from the VWD Employees' Association. Employees in these positions will no longer be members of the Association effective July 1, 2019.

XI. **SICK LEAVE CAP:** New employees, and current employees with a sick leave balance of less than or equal to 1040 hours as of June 30, 2019, shall have a sick leave balance cap of 1040 hours. Employees with a sick leave balance greater than 1040 hours as of June 30, 2019, shall have their sick leave balance cap set at the number of hours accrued as of June 30, 2019. All employees will continue to accrue sick leave at the rate specified in the Employee Handbook, up to the sick leave balance cap. Once employees have reached their sick leave cap, additional sick leave accrual will automatically be cashed out at a ratio of one hour of pay for every two hours of sick leave time, based on their hourly rate at the time of cash out. The timing of the cash out will be determined by District Finance staff but in no case shall the cash out extend beyond the end of each Fiscal Year.
XII. **VACATION LEAVE CAP:** The maximum accrual of vacation leave is two times (2x) the employee's annual accrual rate or 240 hours, whichever is greater.

XIII. **VACATION LEAVE ACCRUAL:** At the discretion of the General Manager, new employees who have tenure at other public agencies may begin accrual at a higher annual rate than that for new employees, not to exceed the accrual rate at the employee's prior public employer up to a maximum of 120 hours annually.

XIV. **FLEXIBLE SPENDING ACCOUNTS:** The District shall offer Flexible Spending Accounts for employees to make pre-tax contributions for eligible medical and dependent care expenses. No District contributions shall be provided for these accounts, and a minimum number of participants may be required by the selected vendor. If the minimum number of participants is not met, the District shall not be obligated to establish or maintain this optional benefit. The District shall pay for the administrative costs of establishing and maintaining the Flexible Spending Accounts.

XV. **CONTRACT OPENER/RENEGOTIATION:** Both parties agree, in the event of a severe or potentially crippling financial situation, to re-open the MOU at the request of either party to consider modification or revision of any provision of this MOU.

XVI. **EMPLOYEE HANDBOOK:** All items directly affecting employee compensation, education reimbursement, personal protective equipment allowances or duty pay are subject to meet and confer and may not be changed without future consideration as part of a successor MOU. The employee handbook shall be updated to include conditions of this MOU as well as other required modifications and presented to the Board for consideration and approval within 90 working days from the date of approval of this MOU.

IN WITNESS WHEREOF, the parties have caused their authorized representatives to execute the Memorandum of Understanding this 19 day of June, 2019.

[Signatures]

Ingrid Stichter
Date
Employees Association Representative
VALLECITOS WATER DISTRICT
EMPLOYEES’ ASSOCIATION

Glenn Pruim
Date
Employee Relations Officer
VALLECITOS WATER DISTRICT