



# Agenda

## San Miguel Community Services District

### BOARD OF DIRECTORS

John Green, President  
Anthony Kalvans, Director

Ashley Sangster, Vic President  
Hector Palafox, Director  
Joseph Parent, Director

**THURSDAY, March 13, 2019**

**6:30 P.M. opened session**

### BOARD OF DIRECTORS SPECIAL MEETING AGENDA

**SMCSD Boardroom  
1150 Mission St.  
San Miguel, CA 93451**

**Cell Phones:** As a courtesy to others, please silence your cell phone or pager during the meeting and engage in conversations outside the Boardroom.

**Americans with Disabilities Act:** If you need special assistance to participate in this meeting, please contact the CSD Clerk at (805) 467-3388. Notification 48 hours in advance will enable the CSD to make reasonable arrangements to ensure accessibility to this meeting. Assisted listening devices are available for the hearing impaired.

**Public Comment:** Please complete a "Request to Speak" form located at the podium in the boardroom in order to address the Board of Directors on any agenda item. Comments are limited to three minutes, unless you have registered your organization with CSD Clerk prior to the meeting. If you wish to speak on an item not on the agenda, you may do so under "Oral Communications." Any member of the public may address the Board of Directors on items on the Consent Calendar. Please complete a "Request to Speak" form as noted above and mark which item number you wish to address.

**Meeting Schedule:** Regular Board of Director meetings are generally held in the SMCSD Boardroom on the fourth Thursday of each month at 7:00 P.M. Agendas are also posted at: [www.sanmiguelcsd.org](http://www.sanmiguelcsd.org)

**Agendas:** Agenda packets are available for public inspection 72 hours prior to the scheduled meeting at the Counter/ San Miguel CSD office located at 1150 Mission St., San Miguel, during normal business hours. Any agenda-related writings or documents provided to a majority of the Board of Directors after distribution of the agenda packet are available for public inspection at the same time at the counter/ San Miguel CSD office at 1150 Mission St., San Miguel, during normal business hours.

- I. **Call to Order:** **6:30 PM**
- II. **Pledge of Allegiance:** \_\_\_\_\_
- III. **Roll Call:** *Green*\_\_\_ *Parent*\_\_\_ *Palafox*\_\_\_ *Kalvans*\_\_\_ *Sangster*\_\_\_
- IV. **Approval of Regular Meeting Agenda:**

M\_\_\_\_\_ S\_\_\_\_\_ V\_\_\_\_\_

- V. **ADJOURN TO CLOSED SESSION:** (Public Comment for items on closed session agenda)

- A. **CLOSED SESSION AGENDA:** None

- VI. **Call to Order for Regular Board Meeting/Report out of Closed Session:** None

- VII. **Public Comment and Communications for items not on the Agenda:** None

Persons wishing to speak on a matter not on the agenda may be heard at this time; however, no action will be taken until placed on a future agenda. Speakers are limited to three minutes. Please complete a "Request to Speak" form and place in basket provided.

- VIII. **Special Presentations/Public Hearings/Other:** None

- IX. **Staff & Committee Reports – Receive & File:** None

- X. **CONSENT CALENDAR:** None

The items listed below are scheduled for consideration as a group and one vote. Any Director or a member of the public may request an item be withdrawn from the Consent Agenda to discuss or to change the recommended course of action. Unless an item is pulled for separate consideration by the Board, the following items are recommended for approval without further discussion.

- XI. **BOARD ACTION ITEMS:**

- 1. **Review and discuss approving Resolution 2019-09 accepting and approving of the FY 2017-18 financial audit report by Moss Levy Hartzheim (Roberson)**

**RECOMMENDATION:** Approve Resolution 2019-09 accepting and approving the FY 2017-18 independent audit report and authorize the filing of the report to the State of California and County of San Luis Obispo County Clerk’s office.

**Public Comments:** (Hear public comments prior to Board Action)

M\_\_\_\_\_ S\_\_\_\_\_ V\_\_\_\_\_

- 2. **Review and Approve the fireworks fees, sales duration and use of “Safe and Sane” Fireworks for the 2019 calendar year and adopt RESOLUTION 2019-08.**

**Recommendation:** Approve Resolution 2019-08 approving fireworks fees and sales dates for 2019

**Public Comments:** (Hear public comments prior to Board Action)

M\_\_\_\_\_ S\_\_\_\_\_ V\_\_\_\_\_

3. **Review and Discuss changes recommended by the Ad-Hoc Personnel Committee of the District Personnel Guidelines & Policy Manual, previously adopted by the Board September 15, 2016 and hear any Board recommendations.** (Roberson/ Seikaly)

**Recommendation:** Review and discuss changes recommended by the Ad-Hoc Personnel Committee of the current District Personnel Guidelines & Policy Manual.

**Public Comments:** (Hear public comments prior to Board Action)

**XII. BOARD COMMENT:**

This section is intended as an opportunity for Board members to make brief announcements, request information from staff, request future agenda item(s) and/or report on their own activities related to District business. No action is to be taken until an item is placed on a future agenda.

**XIII. ADJOURNMENT TO NEXT REGULAR MEETING OF 03-28-2019**

ATTEST:

STATE OF CALIFORNIA )  
COUNTY OF SAN LUIS OBISPO ) ss.  
COMMUNITY OF SAN MIGUEL )

I, Tamara Parent, Board Clerk/Accounts Manager of San Miguel Community Services District, hereby certify that I caused the posting of this agenda at the SMCSD office on March 8, 2019

Date: March

Approved by: Rob Roberson, Fire Chief/Interim General Manager  
John Green, Board President- special meeting not  
Tamara Parent, Board Clerk/ Accounts Manager



## San Miguel Community Services District Board of Directors

### Staff Report

March 13, 2019

**AGENDA ITEM: XI.1**

**SUBJECT:** Review and Discuss **Resolution No. 2019-09** accepting and approving the Independent Auditor's report and Financial Statements for FY 2017-18

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**RECOMMENDATION:**

Approve **Resolution No. 2019-09** accepting and approving the Independent Auditor's report and Financial Statements for FY 2017-18

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**BACKGROUND:**

Moss Levy was hired, through an RFP to complete the FY 2015-16, FY 2016-17 and FY2017-18 audits, as the District's Independent Auditor to prepare annual audit report and financial statements.

After the approval of the FY2016-17 audit on 10-25-2018 the district was able to start and complete the FY2017-18 final audit.

**FISCAL IMPACT:**

As Moss Levy is currently under contract to perform audit services for the FY 2015-16, FY 2016-17 and FY2017-18 audits, there is no additional cost associated with approving this audit over the contracted amount.

**STAFF RECOMMENDATION:**

The Board should approve Resolution 2019-09 that accepting and approving the FY 2017-18 Independent Audit Report and authorize the filing of the report to the State and County of San Luis Obispo County Clerk's office.

**PREPARED BY:**

*Rob Roberson*

Interim General Manager

Attachment:

1. FY 2017-18 Independent Auditor's Report of District Financial Statements
2. Resolution 2019-09

**SAN MIGUEL COMMUNITY SERVICES DISTRICT**

**FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2018**



**SAN MIGUEL COMMUNITY SERVICES DISTRICT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**FINANCIAL SECTION**





## INDEPENDENT AUDITORS' REPORT

Board of Directors of San Miguel Community Services District  
San Miguel, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the San Miguel Community Services District (District), as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of San Miguel Community Services District, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

*Changes in Accounting Principles*

As discussed in Note 1 to the basic financial statements effective July 1, 2017, the San Miguel Community Services District adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Our opinion is not modified with respect to this matter.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 33 and 34, the schedule of changes in OPEB liability on page 35, the schedule of OPEB contributions on page 36, the schedule of proportionate share of net pension liability on pages 37, and the schedule of pension contributions on pages 38 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries of the basis financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United State of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2019, on our consideration of the San Miguel Community Services District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Moss, Levy & Halzheim LLP*

Santa Maria, California  
March 7, 2019

**SAN MIGUEL COMMUNITY SERVICES DISTRICT**  
**STATEMENT OF NET POSITION**  
June 30, 2018

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and investments	\$ 933,888	\$ 751,716	\$ 1,685,604
Accounts receivable, net	24,531	64,662	89,193
Internal balances	(8,263)	8,263	
Capital assets:			
Non Depreciable:			
Land	76,926	301,889	378,815
Construction in progress	4,378	32,495	36,873
Depreciable:			
Buildings, structures, and improvements	643,360	8,167,463	8,810,823
Equipment	1,306,182	652,892	1,959,074
Accumulated depreciation	(1,265,746)	(3,208,001)	(4,473,747)
Total assets	<u>1,715,256</u>	<u>6,771,379</u>	<u>8,486,635</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Deferred pensions	15,562	62,246	77,808
Deferred OPEB	782	3,122	3,904
Total deferred outflow or resources	<u>16,344</u>	<u>65,368</u>	<u>81,712</u>
<b>LIABILITIES</b>			
Accounts payable	30,510	131,856	162,366
Accrued liabilities	16,439	18,797	35,236
Accrued interest payable		24,650	24,650
Deposits	3,000	21,375	24,375
Noncurrent liabilities:			
Due within one year		97,864	97,864
Due in more than one year	67,123	1,687,359	1,754,482
Total liabilities	<u>117,072</u>	<u>1,981,901</u>	<u>2,098,973</u>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Deferred pensions	2,395	9,580	11,975
Total deferred inflow or resources	<u>2,395</u>	<u>9,580</u>	<u>11,975</u>
<b>NET POSITION</b>			
Net investment in capital assets	765,100	4,433,334	5,198,434
Restricted for:			
Fire and emergency services	491,341		491,341
Street lighting	408,866		408,866
Capital expansion		1,062,527	1,062,527
Debt service		139,570	139,570
Unrestricted	(53,174)	(790,165)	(843,339)
Total net position	<u>\$ 1,612,133</u>	<u>\$ 4,845,266</u>	<u>\$ 6,457,399</u>

The notes to basic financial statements are an integral part of this statement.

**SAN MIGUEL COMMUNITY SERVICES DISTRICT**  
**STATEMENT OF ACTIVITIES**  
For the Fiscal Year Ended June 30, 2018

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues Operating Contributions and Grants</u>
Governmental activities:			
Public safety	\$ 429,389	\$ 37,004	\$ 149,087
Street lighting	34,844		
Depreciation (unallocated)	79,290		
Total governmental activities	<u>543,523</u>	<u>37,004</u>	<u>149,087</u>
Business-type activities:			
Water	1,030,174	414,320	
Wastewater treatment project	586,205	403,955	
Total business-type activities	<u>1,616,379</u>	<u>818,275</u>	
Total governmental	<u>\$ 2,159,902</u>	<u>\$ 855,279</u>	<u>\$ 149,087</u>

General Revenues:

Taxes:

Property

Investment income

Other general revenues

Total general revenues

Change in net position

Net position - beginning of fiscal year

Prior period adjustments

Net position - beginning of fiscal year, restated

Net position - end of fiscal year

The notes to basic financial statements are an integral part of this statement.



Capital Contributions and Grants	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
\$ -	\$ (243,298)	\$ -	\$ (243,298)
	(34,844)		(34,844)
	(79,290)		(79,290)
	(357,432)		(357,432)
320,939		(294,915)	(294,915)
191,636		9,386	9,386
512,575		(285,529)	(285,529)
<u>\$ 512,575</u>	<u>(357,432)</u>	<u>(285,529)</u>	<u>(642,961)</u>
	442,015	142,763	584,778
	530	4,628	5,158
	2,852	6,981	9,833
	445,397	154,372	599,769
	87,965	(131,157)	(43,192)
	1,543,556	5,053,971	6,597,527
	(19,388)	(77,548)	(96,936)
	1,524,168	4,976,423	6,500,591
	<u>\$ 1,612,133</u>	<u>\$ 4,845,266</u>	<u>\$ 6,457,399</u>

**SAN MIGUEL COMMUNITY SERVICES DISTRICT**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET**  
June 30, 2018

	<u>Fire Fund</u>	<u>Street Lighting Fund</u>	<u>Totals</u>
<b>ASSETS</b>			
Cash and investments	\$ 524,765	\$ 409,123	\$ 933,888
Accounts receivable	20,833	3,535	24,368
Interest receivable	134	29	163
	<u>134</u>	<u>29</u>	<u>163</u>
Total assets	<u>\$ 545,732</u>	<u>\$ 412,687</u>	<u>\$ 958,419</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 27,308	\$ 3,202	\$ 30,510
Accrued liabilities	15,820	619	16,439
Deposits	3,000		3,000
Due to other funds	8,263		8,263
	<u>8,263</u>	<u></u>	<u>8,263</u>
Total liabilities	<u>54,391</u>	<u>3,821</u>	<u>58,212</u>
Fund Balances:			
Restricted:			
Fire and emergency services	491,341		491,341
Street lighting		408,866	408,866
	<u>491,341</u>	<u>408,866</u>	<u>900,207</u>
Total fund balances	<u>491,341</u>	<u>408,866</u>	<u>900,207</u>
Total liabilities and fund balances	<u>\$ 545,732</u>	<u>\$ 412,687</u>	<u>\$ 958,419</u>

The notes to basic financial statements are an integral part of this statement.

**SAN MIGUEL COMMUNITY SERVICES DISTRICT**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS - BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
 June 30, 2018

Total fund balances - governmental funds \$ 900,207

In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation.

Capital assets at historical cost	\$	2,030,846
Accumulated depreciation		<u>(1,265,746)</u>

Net 765,100

Long-term liabilities: In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

Compensated absences payable	\$	2,538
Other post employment benefits obligation		26,641
Net pension liability		<u>37,944</u>

Total (67,123)

Deferred outflows and inflows relating to pensions and OPEB: In governmental funds, deferred outflows and inflows of resources relating to pensions and OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions and OPEB are reported.

Deferred inflows of resources relating to pensions	\$	(2,395)
Deferred outflows of resources relating to pensions		15,562
Deferred outflows of resources relating to OPEB		<u>782</u>

13,949

Total net position - governmental activities

\$ 1,612,133

The notes to basic financial statements are an integral part of this statement.

**SAN MIGUEL COMMUNITY SERVICES DISTRICT**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
For the Fiscal Year Ended June 30, 2018

	<u>Fire Fund</u>	<u>Street Lighting Fund</u>	<u>Totals</u>
<b>Revenues:</b>			
Property taxes	\$ 344,348	\$ 97,667	\$ 442,015
Service charges and fees	14,222		14,222
Public facilities fees and assessments	22,782		22,782
Mutual aid	149,087		149,087
Investment income	409	121	530
Miscellaneous income	2,069	783	2,852
	<u>532,917</u>	<u>98,571</u>	<u>631,488</u>
<b>Total revenues</b>			
	532,917	98,571	631,488
<b>Expenditures:</b>			
Salaries and wages	201,233	7,876	209,109
Payroll taxes and benefits	26,899	1,775	28,674
Workers compensation	1,103	7	1,110
Maintenance and repairs	45,106	455	45,561
Miscellaneous	9,516	105	9,621
Office supplies and expense	2,029	341	2,370
Supplies	74,729		74,729
Professional services	20,225	3,274	23,499
Dues, permits and fees	7,024	311	7,335
Communications	18,341	177	18,518
Employee travel and training	1,380	31	1,411
Utilities	4,057	18,473	22,530
Bank fees	4	1	5
Capital outlay	212,737	1,025	213,762
	<u>624,383</u>	<u>33,851</u>	<u>658,234</u>
<b>Total expenditures</b>			
	624,383	33,851	658,234
<b>Excess of revenues over (under) expenditures</b>	(91,466)	64,720	(26,746)
<b>Fund balances - July 1</b>	<u>582,807</u>	<u>344,146</u>	<u>926,953</u>
<b>Fund balances - June 30</b>	<u>\$ 491,341</u>	<u>\$ 408,866</u>	<u>\$ 900,207</u>

The notes to basic financial statements are an integral part of this statement.

**SAN MIGUEL COMMUNITY SERVICES DISTRICT**  
**RECONCILIATION OF THE STATEMENT OF**  
**REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
For the Fiscal Year Ended June 30, 2018

Total net change in fund balances - governmental funds	\$ (26,746)
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which additions to capital outlay of \$199,673 is less than depreciation expense \$(79,290) in the period.	120,383
In the statement of activities, compensated absences are measured by the amounts earned during the fiscal year. In governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially the amounts paid). This fiscal year, vacation earned exceeded the amounts used by \$653.	(653)
In the statement of activities, postemployment benefits are measured by the amounts earned during the fiscal year. In governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially the amounts paid). This fiscal year, the difference between accrual-basis postemployment benefit costs and actual employer contributions was:	(2,643)
In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was:	<u>(2,376)</u>
Changes in net position - governmental activities	<u>\$ 87,965</u>

The notes to basic financial statements are an integral part of this statement.

**SAN MIGUEL COMMUNITY SERVICES DISTRICT**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET POSITION**  
June 30, 2018

	Wastewater Fund	Water Fund	Totals
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 454,458	\$ 297,258	\$ 751,716
Accounts receivable, net	32,987	31,023	64,010
Interest receivable	326	326	652
Due from other funds	52,932		52,932
Total current assets	<u>540,703</u>	<u>328,607</u>	<u>869,310</u>
Noncurrent assets:			
Capital assets, net of accumulated depreciation	1,505,597	4,441,141	5,946,738
Total noncurrent assets	<u>1,505,597</u>	<u>4,441,141</u>	<u>5,946,738</u>
Total assets	<u>2,046,300</u>	<u>4,769,748</u>	<u>6,816,048</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred pensions	31,123	31,123	62,246
Deferred OPEB	1,561	1,561	3,122
Total deferred outflows of resources	<u>32,684</u>	<u>32,684</u>	<u>65,368</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	39,224	92,632	131,856
Accrued liabilities	9,450	9,347	18,797
Accrued interest payable	1,941	22,709	24,650
Deposits payable	7,645	13,730	21,375
Due to other funds		44,669	44,669
Note payable - current portion		40,172	40,172
Bond payable - current portion	40,000	17,692	57,692
Total current liabilities	<u>98,260</u>	<u>240,951</u>	<u>339,211</u>
Noncurrent liabilities:			
Compensated absences	6,774	6,709	13,483
Note payable		267,557	267,557
OPEB payable	53,281	53,281	106,562
Bond payable	45,000	1,102,983	1,147,983
Net pension liability	75,887	75,887	151,774
Total noncurrent liabilities	<u>180,942</u>	<u>1,506,417</u>	<u>1,687,359</u>
Total liabilities	<u>279,202</u>	<u>1,747,368</u>	<u>2,026,570</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred pensions	4,790	4,790	9,580
Total deferred inflows of resources	<u>4,790</u>	<u>4,790</u>	<u>9,580</u>
<b>NET POSITION</b>			
Net investment in capital assets	1,420,597	3,012,737	4,433,334
Restricted for debt service	95,000	44,570	139,570
Restricted for capital expansion	483,626	578,901	1,062,527
Unrestricted (deficit)	(204,231)	(585,934)	(790,165)
Total net position	<u>\$ 1,794,992</u>	<u>\$ 3,050,274</u>	<u>\$ 4,845,266</u>

The notes to basic financial statements are an integral part of this statement.

**SAN MIGUEL COMMUNITY SERVICES DISTRICT**  
**PROPRIETARY FUNDS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
For the Fiscal Year Ended June 30, 2018

	Wastewater Fund	Water Fund	Totals
<b>Operating Revenues:</b>			
Utility	\$ 403,955	\$ 414,320	\$ 818,275
Total operating revenues	<u>403,955</u>	<u>414,320</u>	<u>818,275</u>
<b>Operating Expenses:</b>			
Salaries and wages	154,765	168,171	322,936
Payroll taxes and benefits	56,696	60,473	117,169
Contract labor	2,650	2,895	5,545
Workers compensation	448	866	1,314
Maintenance and repairs	87,100	123,481	210,581
Miscellaneous	3,163	2,920	6,083
Office supplies and expense	9,745	10,169	19,914
Supplies	18,662	30,406	49,068
Professional services	85,394	330,035	415,429
Dues, permits and fees	25,060	14,741	39,801
Communications	2,720	2,721	5,441
Employee travel and training	599	1,605	2,204
Utilities	67,576	42,735	110,311
Bank fees	10	75	85
Depreciation	65,341	180,113	245,454
Total operating expenses	<u>579,929</u>	<u>971,406</u>	<u>1,551,335</u>
Operating (loss)	<u>(175,974)</u>	<u>(557,086)</u>	<u>(733,060)</u>
<b>Non-Operating Revenues (Expenses):</b>			
Property taxes and assessments	93,776	48,987	142,763
Investment income	2,772	1,856	4,628
Other non-operating revenue	2,945	4,036	6,981
Interest expense	(6,276)	(58,768)	(65,044)
Total non-operating revenues (expenses)	<u>93,217</u>	<u>(3,889)</u>	<u>89,328</u>
<b>Capital Contributions:</b>			
Intergovernmental revenues		135,679	135,679
Connection fees	191,636	185,260	376,896
Total capital contributions	<u>191,636</u>	<u>320,939</u>	<u>512,575</u>
Change in net position	<u>108,879</u>	<u>(240,036)</u>	<u>(131,157)</u>
Net position - July 1	1,724,887	3,329,084	5,053,971
Prior period adjustments	(38,774)	(38,774)	(77,548)
Net position - July 1, restated	<u>1,686,113</u>	<u>3,290,310</u>	<u>4,976,423</u>
Net position - June 30	<u>\$ 1,794,992</u>	<u>\$ 3,050,274</u>	<u>\$ 4,845,266</u>

The notes to basic financial statements are an integral part of this statement.

**SAN MIGUEL COMMUNITY SERVICES DISTRICT**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**  
For the Fiscal Year Ended June 30, 2018

	Wastewater Fund	Water Fund	Totals
<b>Cash Flows From Operating Activities:</b>			
Receipts from customers	\$ 404,380	\$ 413,461	\$ 817,841
Payments to suppliers	(373,166)	(608,487)	(981,653)
Payments to employees	(138,623)	(152,197)	(290,820)
Net cash provided (used) by operating activities	<u>(107,409)</u>	<u>(347,223)</u>	<u>(454,632)</u>
<b>Cash Flows From Capital and Related Financing Activities:</b>			
Acquisition of capital assets	(279,566)	(221,825)	(501,391)
Capital contributions	191,636	320,939	512,575
Principal paid on capital debt	(40,000)	(55,960)	(95,960)
Interest paid on capital debt	(7,183)	(59,365)	(66,548)
Net cash provided (used) by capital and related financing activities	<u>(135,113)</u>	<u>(16,211)</u>	<u>(151,324)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>			
Property taxes and assessments	93,776	48,987	142,763
Other revenue	2,945	4,036	6,981
Net cash provided (used) by noncapital financing activities	<u>96,721</u>	<u>53,023</u>	<u>149,744</u>
<b>Cash Flows From Investing Activities:</b>			
Interest income	2,772	1,856	4,628
Net cash provided (used) by investing activities	<u>2,772</u>	<u>1,856</u>	<u>4,628</u>
Net increase (decrease) in cash and cash equivalents	(143,029)	(308,555)	(451,584)
Cash and cash equivalents - July 1	597,487	605,813	1,203,300
Cash and cash equivalents - June 30	<u>\$ 454,458</u>	<u>\$ 297,258</u>	<u>\$ 751,716</u>
<b>Reconciliation to Statement of Net Position:</b>			
Cash and investments	<u>\$ 454,458</u>	<u>\$ 297,258</u>	<u>\$ 751,716</u>

(Continued)

The notes to basic financial statements are an integral part of this statement.



**SAN MIGUEL COMMUNITY SERVICES DISTRICT**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS (Continued)**  
**For the Fiscal Year Ended June 30, 2018**

	Wastewater Fund	Water Fund	Totals
<b>Reconciliation of operating (loss) to net cash provided (used) by operating activities:</b>			
Operating (loss)	\$ (175,974)	\$ (557,086)	\$ (733,060)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation expense	65,341	180,113	245,454
Change in assets, liabilities, deferred inflows of resources, and deferred outflows of resources:			
Receivables, net	(470)	(2,535)	(3,005)
Deferred outflows- pension	2,582	2,582	5,164
Deferred outflows- OPEB	(536)	(536)	(1,072)
Accounts payable	(13,343)	14,635	1,292
Accrued liabilities	3,093	2,990	6,083
Deposits	895	1,676	2,571
Compensated absences	3,006	2,941	5,947
OPEB payable	5,826	5,826	11,652
Net pension liability	6,581	6,581	13,162
Deferred inflows	(4,410)	(4,410)	(8,820)
Net cash provided (used) by operating activities	<u>\$ (107,409)</u>	<u>\$ (347,223)</u>	<u>\$ (454,632)</u>

The notes to basic financial statements are an integral part of this statement.

**SAN MIGUEL COMMUNITY SERVICES DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. The Financial Reporting Entity

The San Miguel Community Services District (District) is a multi-purpose special district established on February 1, 2000, by the consolidation of the San Miguel Fire Protection District, which was established in 1941, the Water Works District #1, and the San Miguel Lighting District. The San Miguel Sanitation District was dissolved in April 2001 and incorporated into the San Miguel Community Services District. The District is a political subdivision of the State of California and operates under a Board of Directors- Manager form of government. The District provides fire protection, street lighting, water, wastewater, solid waste, and general administrative services.

There are no component units included in this report which meet the criteria of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statements No. 39, No. 61, and No. 80.

B. Basis of Presentation

*Fund Financial Statements:*

The fund financial statements provide information about the District's funds. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. An emphasis is placed on major funds within the governmental and proprietary categories with each major fund displayed in a separate column.

**Major Funds**

The District reported the following major governmental funds in the accompanying financial statements:

Fire Fund - This fund accounts for activities of the Fire Station. The fire department provides fire suppression, emergency paramedic services, and fire prevention including public education.

Street Lighting Fund – The fund accounts for activities for the maintenance of the street lights in San Miguel.

The District reports the following major proprietary funds in the accompanying financial statements:

Water Fund - This fund accounts for the operation and maintenance of the District's water distribution system. The water department is responsible for the operation and maintenance of five groundwater supply wells providing treatment, monitoring, and distribution services.

Wastewater Fund – This fund accounts for the operation and maintenance of the District's wastewater system.

C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements regardless of the measurement focus applied.

Measurement Focus

On the government-wide statement of net position and the statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item "b" below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental funds are accounted for using a "current financial resources" measurement focus. With this measurement focus, only current assets and current liabilities generally are included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. All proprietary funds utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and all liabilities (whether current or non-current) associated with the operation of these funds are reported. Proprietary fund equity is classified as net position.

**SAN MIGUEL COMMUNITY SERVICES DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

C. Measurement Focus and Basis of Accounting (Continued)

Basis of Accounting

In the government-wide statement of net position and statement of activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The District defines available to be within 60 days of fiscal year-end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for principal and interest on long term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent that they have matured. Governmental capital asset acquisitions are reported as expenditures in governmental funds. Proceeds for governmental long-term debt and acquisitions under capital leases are reported as other financing sources.

Those revenues susceptible to accrual include taxes, intergovernmental revenues, interest, and charges for services. Certain indirect costs are included in program expenses reported for individual functions and activities.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal revenues and expenses. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Property Taxes

The County levies, bills, and collects property taxes and special assessments for the District. Property taxes levied are recorded as revenue in the fiscal year of levy, due to the adoption of the "alternate method of property tax distribution," known as the Teeter Plan, by the District and the County. The Teeter Plan authorizes the Auditor/Controller of the County to allocate 100% of the secured property taxes billed, excluding unitary tax (whether paid or unpaid). The County remits tax monies to the District every month and twice a month in December and April. The final amount which is "teetered" is remitted in August each year.

Tax collections are the responsibility of the County Tax Collector. Taxes and assessments on secured and utility rolls, which constitute a lien against the property, may be paid in two installments; the first is due November 1 of the fiscal year and is delinquent if not paid by December 10; and the second is due on March 1 of the fiscal year and is delinquent if not paid by April 10. Unsecured personal property taxes do not constitute a lien against real property unless the tax becomes delinquent. Payment must be made in one installment, which is delinquent if not paid by August 31 of the fiscal year. Significant penalties are imposed by the County for late payment.

Property valuations are established by the Assessor of the County for the secured and unsecured property tax rolls. Under the provisions of Article XIII A of the State Constitution, properties are assessed at 100% of purchase price or value in 1978 whichever is later. From this base assessment, subsequent annual increases in valuation are limited to a maximum of 2 percent. However, increases to full value are allowed for property improvements or upon change in ownership. Personal property is excluded from these limitations, and is subject to annual reappraisal.

Tax levy dates are attached annually on January 1 preceding the fiscal year for which the taxes are levied. The fiscal year begins July 1 and ends June 30 of the following year. Taxes are levied on both real and unsecured personal property, as it exists at that time. Liens against real estate, as well as the tax on personal property, are not relieved by subsequent renewal or change in ownership.

**SAN MIGUEL COMMUNITY SERVICES DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

E. Cash and Investments

The District pools the cash of all funds, except for monies that are reserved for specific purposes. The cash and investments balance in each fund represents that fund's equity share of the District's cash and investment pool.

Interest income earned on pooled cash and investments is allocated quarterly to the various funds based on month-end balances. Interest income on restricted cash and investments with fiscal agents is credited directly to the related fund.

The District's investments are carried at fair value. The fair value of equity and debt securities is determined based on sales prices or bid-and-asked quotations from Securities and Exchange Commission (SEC) registered securities exchanges or NASDAQ dealers. The County Treasurer of San Luis Obispo County determines the fair value of their portfolio quarterly and reports a factor to the District. Changes in fair value are allocated to each participating fund.

For purposes of the statement of cash flows, the District has defined cash and cash equivalents to be change and petty cash funds, equity in the District's cash and investment pool, and restricted non-pooled investments with initial maturities of three months or less.

F. Accounts and Interest Receivable

In the government-wide statements, receivables consist of all revenues earned at fiscal year-end and not yet received. Receivables are recorded in the financial statements net of any allowance for doubtful accounts if applicable, and estimated refunds due. Major receivable balances for the governmental activities may include sales taxes, property taxes, grants, and other fees, if any. Business-type activities report utilities as their major receivables.

In the fund financial statements, material receivables in governmental funds may include revenue accruals such as franchise tax, grants, service charges and other similar intergovernmental revenues that are both measurable and available. Non-exchange transactions collectible but not available are deferred in the fund financial statements in accordance with the modified accrual basis of accounting, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned and if paid within 60 days since they would be considered both measurable and available. Proprietary fund material receivables consist of all revenues earned at fiscal year-end and not yet received. Utility accounts receivable and interest earnings comprise the majority of proprietary fund receivables. The fiduciary fund receivables primarily consist of tax assessments.

G. Prepaid Expenses

Payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid items in both government-wide and fund financial statements.

H. Restricted Assets

Funds that are under the control of external parties are restricted.

I. Capital Assets

The accounting treatment over property, plant, and equipment depends on whether the assets are used in governmental fund operations or proprietary fund operations. The presentation and recording of governmental assets are described below.

*Government-Wide Statements*

In the government-wide financial statements, capital assets with a historical cost of \$5,000 or more are accounted for as capital assets. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets, if any, which are recorded at their estimated fair value at the date of donation. Estimated historical cost was used to value the majority of the assets.

**SAN MIGUEL COMMUNITY SERVICES DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

I. Capital Assets (Continued)

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	40 years
Improvements other than buildings	5-25 years
Equipment and systems	5-30 years

*Fund Financial Statements*

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are capitalized when purchased.

J. Accumulated Compensated Absences

Compensated absences comprise unused vacation leave, sick leave, and compensatory time off, which are accrued as earned. Vacation can accrue no more than a maximum of two times their annual entitlement to vacation pay. Upon termination, all accumulated vacation hours can be paid for the regular employees. The District's liability for the current and long-term portions of compensated absences is shown in the government-wide Statement of Net Position for both governmental funds and proprietary funds. Only proprietary funds reflect the long-term portion in the fund financials report, the Statement of Net Position. The short-term portion is reflected for both governmental and proprietary funds in the fund financial statements. Computation was based on rates in effect as of the fiscal year-end.

K. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. In the fund financial statements, governmental fund types report the face amount of debt issued as other financing source, and the proprietary fund types report long-term debt and other long-term obligations as liabilities.

L. Deferred Outflows and Inflows of Resources

Pursuant to GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, the District recognizes deferred outflows and inflows of resources.

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period. The District has two items which qualify for reporting in this category, refer to Note 8 and Note 9 for a detailed listing of the deferred outflows of resources the District has recognized.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. A deferred inflow of resources is defined as an acquisition of net position by the District that is applicable to a future reporting period. The District has one item which qualifies for reporting in this category; refer to Note 8 for a detailed listing of the deferred inflows of resources the District has recognized.

M. Interfund Transactions

Following is a description of the three basic types of interfund transactions that can be made during the fiscal year and the related accounting policies:

1. Interfund services provided and used - transactions for services rendered or facilities provided. These transactions are recorded as revenues in the receiving fund and expenditures in the disbursing fund.
2. Reimbursements (expenditure transfers) - transactions to reimburse a fund for specific expenditures incurred for the benefit of another fund. These transactions are recorded as expenditures in the disbursing fund and a reduction of expenditures in the receiving fund.
3. Transfers - all interfund transactions which allocate resources from one fund to another fund. These transactions are recorded as transfers in and out.

**SAN MIGUEL COMMUNITY SERVICES DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

N. Equity Classifications

*Government-Wide Statements*

GASB Statement No. 63 requires that the difference between assets and the deferred outflows of resources and liabilities added to the deferred inflows of resources be reported as net position. Net position is classified as either net investment in capital assets, restricted, or unrestricted.

Net position that is *net investment in capital assets* consist of capital assets, net of accumulated depreciation, and reduced by the outstanding principal of related debt. *Restricted net position* is the portion of the net position that has external constraints placed on it by creditors, grantors, contributors, laws, or regulations of other governments, or through constitutional provisions or enabling legislation. *Unrestricted net position* consists of net position that does not meet the definition of net investments in capital assets or restricted net position.

O. Fund Balances

Fund balance of the governmental fund is classified as follows:

Nonspendable Fund Balance – represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance – represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance – represents amounts that can only be used for a specific purpose because of a formal action by the District's governing board. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the governing board. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance – represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the governing board or by an official or body to which the governing board delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purpose of the District.

Unassigned Fund Balance – represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

**SAN MIGUEL COMMUNITY SERVICES DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

P. Future Accounting Pronouncements

GASB Statements listed below will be implemented in future financial statements:

Statement No. 83 "Certain Asset Retirement Obligations"	The provisions of this statement are effective for fiscal years beginning after June 15, 2018.
Statement No. 84 "Fiduciary Activities"	The provisions of this statement are effective for fiscal years beginning after December 15, 2018.
Statement No. 87 "Leases"	The provisions of this statement are effective for fiscal years beginning after December 15, 2019.
Statement No. 88 "Certain Disclosures Related to Debt, included Direct Borrowings and Direct Placements"	The provisions of this statement are effective for fiscal years beginning after June 15, 2018.
Statement No. 89 "Accounting for Interest Cost Incurred before the End of a Construction Period"	The provisions of this statement are effective for fiscal years beginning after December 15, 2019.
Statement No. 90 "Majority Equity Interests-an Amendment of GASB Statements No. 14 and No. 61"	The provisions of this statement are effective for fiscal years beginning after December 15, 2018.

Q. Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California Public Employees' Retirement System (CALPERS) (Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CALPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

R. Use of Estimates

The financial statements have been prepared in accordance with principles generally accepted in the United States of America and necessarily include amounts based on estimates and assumptions by Management. Actual results could differ from these amounts.

S. Other Postemployment Benefits (OPEB)

For the purposes of measuring the net OPEB liability and deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's plan (OPEB Plan) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

T. New Accounting Pronouncements

For the fiscal year ended June 30, 2018, the District implemented Governmental Accounting Standards Board (GASB) Statement No.75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions." This Statement is effective for periods beginning after June 15, 2017. The objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pension. Implementation of the GASB Statements No. 75 and the impact on the District's financial statements are explained in Note 9 – Other Postemployment Benefits and Note 13 – Restatements.

**SAN MIGUEL COMMUNITY SERVICES DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 2 – CASH AND INVESTMENTS**

Investments are carried at fair value in accordance with GASB Statement No. 31. On June 30, 2018, the District had the following cash and investments on hand:

Cash in checking accounts	\$ 959,263
Cash in savings account	46,507
Cash in money market account	376,596
Cash and investments with County of San Luis Obispo	164,220
Investments	139,018
Total	<u>\$ 1,685,604</u>

Cash and investments listed above are presented on the accompanying basic financial statements, as follows:

Cash and investments	\$ 1,685,604
Total	<u>\$ 1,685,604</u>

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. These principles recognize a three-tiered fair value hierarchy. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District had investments in the San Luis Obispo County Investment Pool, however, that external pool is not measured under Level 1, 2, or 3.

The District has the following recurring fair value measurements as of June 30, 2018:

Investments by fair value level	Fair Value Measurement Using		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Negotiable certificate of deposit	\$ 133,787	\$ 133,787	\$ -
Mutual funds	5,231	5,231	-
Total investments measured at fair value	<u>\$ 139,018</u>	<u>\$ 139,018</u>	<u>\$ -</u>

Investments of the District are governed by the California Government Code and by the District's investment policy. The General Manager of the District acts as the District Finance Officer and Treasurer who is tasked to perform investment functions in accordance with the investment policy. The objectives of the policy are safety, liquidity, yield, and compliance with State and Federal laws and regulations.

Investments of the District as of June 30, 2018

The table below identifies the investment types the District has that are authorized for the District by the California Government Code or the District's investment policy, where more restrictive, that addresses interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds	5 years	25%	None
U.S. Treasury Obligations	5 years	70%	None
Federal Agency Securities	5 years	60%	20%
Commercial Paper	270 days	20%	25%
Negotiable Certificates of Deposit	4 years	20%	25%
Repurchase and Reserve Repurchase Agreements	1 year	20% of base value	25%
Medium-Term Notes	4 years	20%	25%
Mutual Funds	N/A	15%	25%
Money Market Mutual Funds	N/A	None	None
County Pooled Investment Fund	N/A	40%	None
Local Agency Investment Fund	N/A	60%	None



**SAN MIGUEL COMMUNITY SERVICES DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 2 – CASH AND INVESTMENTS (Continued)**

Disclosure Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment is, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District's interest rate risk is mitigated is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the District's investments to market rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity as of June 30, 2018:

Investment Type	Carrying Amount	Remaining Maturity (in Months)			
		12 Months or Less	13-24 Months	25-60 Months	More than 60 Months
Negotiable certificates of deposit	\$ 133,787	\$ 69,757	\$ 64,030	\$ -	\$ -
Mutual funds	5,231	5,231			
San Luis Obispo County Investment Pool	164,220	164,220			
	<u>\$ 303,238</u>	<u>\$ 239,208</u>	<u>\$ 64,030</u>	<u>\$ -</u>	<u>\$ -</u>

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The District has no investments that are highly sensitive to interest rate fluctuations.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by nationally recognized statistical rating organizations. Presented below is the minimum rating required by (where applicable) the California Government Code, the investment policy, or debt agreements, and the actual rating as of the fiscal year ended June 30, 2018 for each investment type.

Investment Type	Carrying Amount	Minimum Legal Rating	Rating as of Fiscal Year End			
			AAA	AA+	AA-	Not Rated
Negotiable certificates of deposit	\$ 133,787	N/A	\$ -	\$ -	\$ -	\$ 133,787
Mutual funds	5,231	N/A				5,231
San Luis Obispo County Investment Pool	164,220	N/A				164,220
	<u>\$ 303,238</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 303,238</u>

Concentration of Credit Risk

The investment policy of the District contains limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than U.S Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total District investments is as follows:

>5% issuer:

Investment Type	Reported Amount
Negotiable certificates of deposit *	\$ 133,787

\*- The percentage did not adhere to the District's investment policy.

**SAN MIGUEL COMMUNITY SERVICES DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 2 – CASH AND INVESTMENTS (Continued)**

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the District investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the government unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. Deposits are insured up to \$250,000.

At June 30, 2018, none of the District's deposits with financial institutions in excess of Federal depository insurance limits were held in uncollateralized accounts.

**NOTE 3 – INTERFUND TRANSACTIONS**

Interfund transactions are reported as either loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables, as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers among governmental funds or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Due From/Due to Other Funds

Individual fund interfund receivable and payable balances at June 30, 2018, are as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Governmental Fund:		
Fire Fund	\$ -	\$ 8,263
Proprietary Funds:		
Wastewater Fund	52,932	
Water Fund		44,669
Totals	<u>\$ 52,932</u>	<u>\$ 52,932</u>

**SAN MIGUEL COMMUNITY SERVICES DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 4 – CAPITAL ASSETS**

**Governmental activities:**

	Balance at July 1, 2017	Additions	Deletions	Balance at June 30, 2018
Capital assets not being depreciated				
Land	\$ 76,926	\$ -	\$ -	\$ 76,926
Construction in progress	4,378			4,378
Total capital assets not being depreciated	<u>\$ 81,304</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 81,304</u>
Capital assets being depreciated				
Buildings, structures, and improvements	\$ 634,134	\$ 9,226	\$ -	\$ 643,360
Equipment	1,173,181	190,447	57,446	1,306,182
Total capital assets being depreciated	<u>1,807,315</u>	<u>199,673</u>	<u>57,446</u>	<u>1,949,542</u>
Less accumulated depreciation	1,243,902	79,290	57,446	1,265,746
Total capital assets being depreciated, net	<u>\$ 563,413</u>	<u>\$ 120,383</u>	<u>\$ -</u>	<u>\$ 683,796</u>
Net capital assets	<u>\$ 644,717</u>	<u>\$ 120,383</u>	<u>\$ -</u>	<u>\$ 765,100</u>

**Business-type activities:**

	Balance at July 1, 2017	Additions	Deletions	Balance at June 30, 2018
Capital assets not being depreciated				
Land	\$ 61,774	\$ 240,115	\$ -	\$ 301,889
Construction in progress	32,495			32,495
Total capital assets not being depreciated	<u>\$ 94,269</u>	<u>\$ 240,115</u>	<u>\$ -</u>	<u>\$ 334,384</u>
Capital assets being depreciated				
Building and improvements	\$ 7,968,687	\$ 198,776	\$ -	\$ 8,167,463
Plant and equipment	590,392	62,500		652,892
Total capital assets being depreciated	<u>8,559,079</u>	<u>261,276</u>		<u>8,820,355</u>
Less accumulated depreciation	2,962,547	245,454		3,208,001
Total capital assets being depreciated, net	<u>\$ 5,596,532</u>	<u>\$ 15,822</u>	<u>\$ -</u>	<u>\$ 5,612,354</u>
Net capital assets	<u>\$ 5,690,801</u>	<u>\$ 255,937</u>	<u>\$ -</u>	<u>\$ 5,946,738</u>

Governmental Activities:

Unallocated	\$ 79,290
Total governmental activities depreciation expense	<u>\$ 79,290</u>

Business-type Activities:

Water services	\$ 180,113
Wastewater services	65,341
Total business-type activities depreciation expense	<u>\$ 245,454</u>

**SAN MIGUEL COMMUNITY SERVICES DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 5 – LONG-TERM LIABILITIES**

The following is a summary of changes in the District's long-term liabilities for the fiscal year ended June 30, 2018:

	Balance at July 1, 2017	Additions	Reductions	Restatement	Balance at June 30, 2018	Current Portion
<b>Governmental Activities:</b>						
Compensated Absences	\$ 1,885	\$ 2,640	\$ 1,987	\$ -	\$ 2,538	\$ -
Other Post Employment Benefits Obligation	3,828	3,425	512	19,900	26,641	
Net Pension Liability	34,652	7,852	4,560		37,944	
<b>Total Governmental Activities</b>	<b>\$ 40,365</b>	<b>\$ 13,917</b>	<b>\$ 7,059</b>	<b>\$ 19,900</b>	<b>\$ 67,123</b>	<b>\$ -</b>
<b>Business-Type Activities:</b>						
Compensated Absences	\$ 7,536	\$ 10,898	\$ 4,951	\$ -	\$ 13,483	\$ -
Notes Payable	346,739		39,010		307,729	40,172
Bonds Payable	1,262,625		56,950		1,205,675	57,692
Other Post Employment Benefits Obligation	15,312	13,702	2,050	79,598	106,562	
Net Pension Liability	138,612	31,402	18,240		151,774	
<b>Total Business-Type Activities</b>	<b>\$ 1,770,824</b>	<b>\$ 56,002</b>	<b>\$ 121,201</b>	<b>\$ 79,598</b>	<b>\$ 1,785,223</b>	<b>\$ 97,864</b>

**NOTE 6 – NOTE PAYABLE**

In October 1994, the District was issued a note payable from the State of California totaling \$969,969, payable in semiannual payments of \$24,486 with an interest rate of 2.955% due April 1, 2025. At June 30, 2018, the principal balance outstanding was \$307,729. The required note principal and interest payments are as follows:

For the Fiscal Year Ending June 30	Principal	Interest	Total
2019	\$ 40,172	\$ 8,799	\$ 48,971
2020	41,353	7,618	48,971
2021	42,612	6,359	48,971
2022	43,867	5,104	48,971
2023	45,173	3,798	48,971
2024-2025	94,552	3,528	98,080
<b>Total</b>	<b>\$ 307,729</b>	<b>\$ 35,206</b>	<b>\$ 342,935</b>

**NOTE 7 – BONDS PAYABLE**

**2008 Certificate of Participation Bonds**

United States Department of Agriculture Certificate of Participation Bonds were issued on August 1, 2008 totaling \$1,250,000, payable in semiannual payments, with an interest rate of 4.375%, due August 1, 2048. At June 30, 2018, the bonds principal balance outstanding was \$1,120,675. The required bond principal and interest payments are as shown on the following page:

**SAN MIGUEL COMMUNITY SERVICES DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 7 – BONDS PAYABLE (Continued)**

**2008 Certificate of Participation Bonds (Continued)**

For the Fiscal Year Ending June 30	Principal	Interest	Total
2019	\$ 17,692	\$ 48,642	\$ 66,334
2020	18,466	47,852	66,318
2021	19,274	47,026	66,300
2022	20,117	46,164	66,281
2023	20,997	45,265	66,262
2024-2028	119,596	211,395	330,991
2029-2033	148,149	182,217	330,366
2034-2038	183,519	146,074	329,593
2039-2043	227,333	101,301	328,634
2044-2048	281,608	45,839	327,447
2049	63,924	1,398	65,322
<b>Total</b>	<b>\$ 1,120,675</b>	<b>\$ 923,173</b>	<b>\$ 2,043,848</b>

**1994 Wastewater Series B Bonds**

On June 16, 1994, Wastewater Series B bonds were issued totaling \$594,977, payable in semiannual payments with an interest rate ranging from 6.75% to 6.85%, due September 2, 2019. At June 30, 2018, the principal balance outstanding was \$85,000. The required principal and interest payments are as follows:

For the Fiscal Year Ending June 30	Principal	Interest	Total
2019	\$ 40,000	\$ 4,453	\$ 44,453
2020	45,000	1,541	46,541
<b>Total</b>	<b>\$ 85,000</b>	<b>\$ 5,994</b>	<b>\$ 90,994</b>

**NOTE 8 – PENSION PLANS**

**A. General Information about the Pension Plans**

*Plan Descriptions*

All qualified permanent and probationary employees are eligible to participate in the District's Miscellaneous Employee Pension Plans, cost-sharing multiple employer defined benefit plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

**SAN MIGUEL COMMUNITY SERVICES DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 8 – PENSION PLANS (Continued)**

**A. General Information about the Pension Plans (Continued)**

*Benefits Provided*

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1959 Survivor Benefit, or the Pre-Retirement Option Settlement. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2018, are summarized as follows:

	Miscellaneous	
	Classic Member Hired Prior to January 1, 2013	New Member Hired On or after January 1, 2013
Benefit formula	2.0% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50-63	52-67
Monthly benefits, as a % of eligible compensation	1.46% to 2.418%	1.0% to 2.5%
Required employee contribution rates	7%	6.50%
Required employer contribution rates	12.014%	6.65%

*Contributions*

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan is determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Contributions to the pension plan from the District were \$28,201 for the Miscellaneous Plan for the fiscal year ended June 30, 2018.

**B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions**

At June 30, 2018, the District reported net pension liabilities for its proportionate shares of the net position liability was \$189,718. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all Pension Plan participants, actuarially determined. At June 30, 2017, the District's proportion was 0.00481%, which decreased by 0.00017% from June 30, 2016.

For the fiscal year ended June 30, 2018, the District recognized pension expense of \$30,577. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

**SAN MIGUEL COMMUNITY SERVICES DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 8 – PENSION PLANS (Continued)**

**B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)**

	Deferred Outflows of Resources	Deferred Inflows of Resources
District contributions subsequent to the measurement date	\$ 28,201	\$ -
Changes in assumptions	24,795	1,891
Differences between expected and actual experience	200	2,863
Net difference between projected and actual earnings on retirement plan investments	5,608	
Adjustment due to differences in proportion	11,874	6,583
Changes in proportion and differences between District contributions and proportionate share of contributions	7,130	638
	<u>\$ 77,808</u>	<u>\$ 11,975</u>

Deferred outflows of resources and deferred inflows of resources above represent the unamortized portion of changes to net pension liability to be recognized in future periods in a systematic and rational manner.

\$28,201 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2019.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expenses as follows:

Fiscal year ending June 30,	Amount
2019	\$ 12,974
2020	15,833
2021	12,155
2022	(3,330)
	<u>\$ 37,632</u>

*Actuarial Assumptions*

The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	Miscellaneous <u>June 30, 2016</u>
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Projected Salary Increase	Varies by Entry Age and Service
Mortality (1)	Derived using CalPERS' Membership Data for all Funds

- (1) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table please refer to the 2017 experience study report.

**SAN MIGUEL COMMUNITY SERVICES DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 8 – PENSION PLANS (Continued)**

**B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)**

*Change in Assumptions*

In December 2016, as part of the Asset Liability Management (ALM) review cycle, the CalPERS Board approved to lower the financial reporting discount rate for PERF C from 7.65% to 7.15%.

*Discount Rate*

The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of the discount rate for public agency plans (including PERF C), CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the current 7.15 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund, including PERF C. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2022. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB No. 67 and No. 68 calculations through at least the 2021-22 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits were calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1-10(a)</u>	<u>Real Return Years 11+(b)</u>
Global Equity	47.0%	4.90%	5.38%
Global Fixed Income	19.0%	0.80%	2.27%
Inflation Sensitive	6.0%	0.60%	1.39%
Private Equity	12.0%	6.60%	6.63%
Real Estate	11.0%	2.80%	5.21%
Infrastructure and Forestland	3.0%	3.90%	5.36%
Liquidity	2.0%	-0.40%	-0.90%
Total	<u>100%</u>		

(a) An expected inflation of 2.5% was used for this period.

(b) An expected inflation of 3.0% was used for this period.



**SAN MIGUEL COMMUNITY SERVICES DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 8 – PENSION PLANS (Continued)**

**B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)**

*Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in Discount Rate*

The following represents the District's proportionate share of the net pension liability calculated using the discount rate of 7.15 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.15 percent) or 1- percentage point higher (8.15 percent) than the current rate:

1% Decrease	6.15%
Net Pension Liability	\$ 271,450
Current Discount Rate	7.15%
Net Pension Liability	\$ 189,718
1% Increase	8.15%
Net Pension Liability	\$ 122,026

*Pension Plan Fiduciary Net Position*

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

**C. Payable to the Pension Plan**

At June 30, 2018, the District had no amount outstanding for contributions to the pension plan required for the fiscal year ended June 30, 2018.

**NOTE 9 – OTHER POST EMPLOYMENT BENEFITS**

Plan Description

*Plan administration.* The District sponsors healthcare coverage under the California Public Employees Medical and Hospital Care Act ("PEMHCA"), commonly referred to as PERS Health. PEMHCA provides health insurance through a variety of Health Maintenance Organization (HMO) and Preferred Provider Organization (PPO) options.

*Benefits provided.* Active employees are subject to 70% of the premium, up to a \$900 cap. The District joined PEMHCA in 2001 and is under the unequal method, where the District contributes up to a cap equal to 5% times the number of years the District in PEMHCA, times the active contribution cap. Survivor benefits are available. The District does not contribute dental, vision, or life insurance premiums towards retirees.

Employees Covered

As of the June 30, 2017 actuarial valuation, the following current and former employees were covered by the benefit terms under the District's Plan:

Active employees	2
Inactive employees or beneficiaries currently receiving benefits	1
Total	<u>3</u>

The District currently finances benefits on a pay-as-you-go basis.

**SAN MIGUEL COMMUNITY SERVICES DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 9 – OTHER POST EMPLOYMENT BENEFITS (Continued)**

Net OPEB Liability

The District's Net OPEB liability was measured as of June 30, 2017 and the total OPEB liability used to calculate the Net OPEB liability was determined by an actuarial valuation dated June 30, 2016, standard actuarial update procedures were used to project/discount from the valuation date to the measurement date.

*Actuarial assumptions.* The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary Increases	3.00%
Healthcare Trend Rate	6% for 2017; 5% for 2018 and later years

Pre-retirement mortality rates were based on the RP-2014 Employee Mortality Table for Males or Females, as appropriate, without projection. Post-retirement mortality rates were based on the RP-2014 Health Annuitant Mortality Table for Males or Females, as appropriate, without projection.

Actuarial assumptions used in the July 1, 2017 valuation were based on a review of plan experience during the period July 1, 2015 to June 30, 2017.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. To achieve the goal set by the investment policy, plan assets will be managed to earn, on a long-term basis, a rate of return equal to or in excess of the target rate of return of 3.13 percent.

*Discount rate.* GASB 75 requires a discount rate that reflects the following:

- a) The long-term expected rate of return on OPEB plan investments — to the extent that the OPEB plan's fiduciary net position (if any) is projected to be sufficient to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return;
- b) A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher — to the extent that the conditions in (a) are not met.

To determine a resulting single (blended) rate, the amount of the plan's projected fiduciary net position (if any) and the amount of projected benefit payments is compared in each period of projected benefit payments. The discount rate used to measure the District's total OPEB liability is based on these requirements and the following information:

Reporting Date	Measurement Date	Long Term Expected Return of Plan Investments	Municipal 20 Year High Grade Rate Index	Discount Rate
June 30, 2018	June 30, 2017	3.13%	3.13%	3.13%

**SAN MIGUEL COMMUNITY SERVICES DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 9 – OTHER POST EMPLOYMENT BENEFITS (Continued)**

Changes in the OPEB Liability

	Total OPEB Liability
Balance at June 30, 2017 (Valuation Date June 30, 2017)	\$ 118,638
Changes recognized for the measurement period:	
Service cost	13,453
Interest	3,674
Changes of assumptions	
Contributions - employer	
Net investment income	
Benefit payments	(2,562)
Net Changes	14,565
Balance at June 30, 2018 (Measurement Date June 30, 2017)	\$ 133,203

*Sensitivity of the net OPEB liability to changes in the discount rate.* The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.13 percent) or 1-percentage-point higher (4.13 percent) than the current discount rate:

	1% Decrease 2.13%	Current Rate 3.13%	1% Increase 4.13%
OPEB Liability	\$ 157,502	\$ 133,203	\$ 113,201

*Sensitivity of the net OPEB liability to changes in the healthcare trend rates.* The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a healthcare cost trend rates that are 1-percentage point lower (4.00 percent) or 1-percentage-point higher (6.00 percent) than the current healthcare cost trend rates:

	1% Decrease (5.00%)	Healthcare Cost Trend Rate (6.00%)	1% Increase (7.00%)
OPEB Liability	\$ 116,319	\$ 133,203	\$ 152,218

**SAN MIGUEL COMMUNITY SERVICES DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 9 – OTHER POST EMPLOYMENT BENEFITS (Continued)**

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2018, the District recognized OPEB expense of \$6,547. As of the fiscal year ended June 30, 2018, the District reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
OPEB contributions subsequent to measurement date	\$ 3,904	\$ -
Change in assumptions		
Net difference between projected and actual earnings on retirement plan investments		
	<u>\$ 3,904</u>	<u>\$ -</u>

**NOTE 10 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

Excess of expenditures over appropriations in individual funds is as follows:

<u>Fund</u>	<u>Excess Expenditures</u>	
Fire Fund		
Salaries and wages	\$	96,233
Payroll taxes and benefits		5,844
Office supplies and expense		179
Professional services		20,225
Dues, permits and fees		1,574
Communications		10,641
Utilities		2,627
Bank fees		4

**NOTE 11 – CONTINGENCIES AND COMMITMENTS**

According to the District's staff and attorney, no contingent liabilities are outstanding and no lawsuits are pending of any real financial consequence.

**NOTE 12 – SUBSEQUENT EVENT**

On October 5, 2018, a former employee was formally charged by the San Luis Obispo County District Attorney for embezzling \$38,000 between February 1, 2015 and November 30, 2015. As of the date of the audit report, recovery of funds is unknown.

**NOTE 13 – RESTATEMENTS**

	<u>Statement of Activities</u>		<u>Fund Statements</u>	
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Governmental Funds</u>	<u>Proprietary Funds</u>
<b>Governmental Long Term Liabilities:</b>				
To record restatement of OPEB liability and deferred outflows due to implementation of GASB 75.	\$ (19,388)	\$ -	\$ -	\$ -
<b>Proprietary Funds:</b>				
<b>Water Fund</b>				
To record restatement of OPEB liability and deferred outflows due to implementation of GASB 75.		(38,774)		(38,774)
<b>Wastewater Fund</b>				
To record restatement of OPEB liability and deferred outflows due to implementation of GASB 75.		(38,774)		(38,774)
	<u>\$ (19,388)</u>	<u>\$ (77,548)</u>	<u>\$ -</u>	<u>\$ (77,548)</u>

**SUPPLEMENTARY INFORMATION**



**SAN MIGUEL COMMUNITY SERVICES DISTRICT**  
**FIRE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Property taxes	\$ 337,351	\$ 337,351	\$ 344,348	\$ 6,997
Service charges and fees	16,400	16,400	14,222	(2,178)
Public facilities fees and assessments			22,782	22,782
Mutual aid			149,087	149,087
Grant income	18,000	18,000		(18,000)
Investment income	300	300	409	109
Miscellaneous income	1,000	1,000	2,069	1,069
<b>Total revenues</b>	<b>373,051</b>	<b>373,051</b>	<b>532,917</b>	<b>159,866</b>
<b>Expenditures:</b>				
Salaries and wages	105,000	105,000	201,233	(96,233)
Payroll taxes and benefits	21,055	21,055	26,899	(5,844)
Workers compensation	7,700	7,700	1,103	6,597
Maintenance and repairs	48,809	48,809	45,106	3,703
Miscellaneous	50,644	50,644	9,516	41,128
Office supplies and expense	1,850	1,850	2,029	(179)
Supplies	67,215	77,913	74,729	3,184
Professional services			20,225	(20,225)
Dues, permits and fees	5,450	5,450	7,024	(1,574)
Communications	7,700	7,700	18,341	(10,641)
Employee travel and training	13,500	13,500	1,380	12,120
Utilities	1,430	1,430	4,057	(2,627)
Bank fees			4	(4)
Capital outlay	224,988	224,988	212,737	12,251
<b>Total expenditures</b>	<b>555,341</b>	<b>566,039</b>	<b>624,383</b>	<b>(58,344)</b>
Excess of revenues over (under) expenditures	(182,290)	(192,988)	(91,466)	101,522
<b>Other Financing Sources (Uses):</b>				
Operating transfers in	233,021	233,021		(233,021)
<b>Total other financing sources (uses)</b>	<b>233,021</b>	<b>233,021</b>		<b>(233,021)</b>
Change in fund balance	50,731	40,033	(91,466)	(131,499)
Fund balance - July 1	582,807	582,807	582,807	
Fund balance - June 30	\$ 633,538	\$ 622,840	\$ 491,341	\$ (131,499)

**SAN MIGUEL COMMUNITY SERVICES DISTRICT**  
**STREET LIGHTING FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Property taxes	\$ 93,488	\$ 93,488	\$ 97,667	\$ 4,179
Investment income	50	50	121	71
Miscellaneous income	8,725	8,725	783	(7,942)
<b>Total revenues</b>	<b>102,263</b>	<b>102,263</b>	<b>98,571</b>	<b>(3,692)</b>
<b>Expenditures:</b>				
Salaries and wages	15,000	15,000	7,876	7,124
Payroll taxes and benefits	3,514	3,514	1,775	1,739
Workers compensation	465	465	7	458
Maintenance and repairs	28,900	28,900	455	28,445
Miscellaneous	7,818	7,818	105	7,713
Office supplies and expense	600	600	341	259
Supplies	550	550		550
Professional services	7,750	7,750	3,274	4,476
Dues, permits, and fees			311	(311)
Communications			177	(177)
Employee travel and training			31	(31)
Utilities	20,000	20,000	18,473	1,527
Bank fees			1	(1)
Capital outlay	8,525	8,525	1,025	7,500
<b>Total expenditures</b>	<b>93,122</b>	<b>93,122</b>	<b>33,851</b>	<b>59,271</b>
Excess of revenues over (under) expenditures	9,141	9,141	64,720	55,579
Fund balance - July 1	344,146	344,146	344,146	
Fund balance - June 30	<u>\$ 353,287</u>	<u>\$ 353,287</u>	<u>\$ 408,866</u>	<u>\$ 55,579</u>



**SAN MIGUEL COMMUNITY SERVICES DISTRICT**  
**SCHEDULE OF CHANGES IN THE OPEB LIABILITY**  
 Last 10 Years\*  
 As of June 30, 2018

	<u>2018</u>
Total OPEB Liability	
Service cost	\$ 13,453
Interest on the total OPEB liability	3,674
Actual and expected experience difference	
Changes in assumptions	
Benefit payments	<u>(2,562)</u>
Net change in total OPEB Liability	14,565
Total OPEB liability - beginning	118,638
Total OPEB liability - ending	<u><u>\$ 133,203</u></u>

\*- Fiscal year 2018 was the 1st year of implementation, therefore only one year is shown.

**SAN MIGUEL COMMUNITY SERVICES DISTRICT**  
**SCHEDULE OF OPEB CONTRIBUTIONS**  
Last 10 Years\*  
As of June 30, 2018

The District's contribution for the fiscal year ended June 30, 2018 was \$3,904. The District did not have an actuary calculate the Actuarially Determined Contribution for the fiscal year ended June 30, 2018, therefore the District does not need to comply with GASB 75's Required Supplementary Information requirements.

\*- Fiscal year 2018 was the 1st year of implementation, therefore only one year is shown.

**SAN MIGUEL COMMUNITY SERVICES DISTRICT**  
**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY**  
 Last 10 Years\*  
 As of June 30, 2018

---

The following table provides required supplementary information regarding the District's Pension Plan.

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability	0.00191%	0.00200%	0.00211%	0.00201%
Proportionate share of the net pension liability	\$ 189,718	\$ 173,264	\$ 145,045	\$ 125,163
Covered payroll	\$ 190,663	\$ 140,038	\$ 174,026	\$ 205,120
Proportionate share of the net pension liability as percentage of covered payroll	99.50%	123.73%	83.35%	61.02%
Plan's total pension liability	\$37,161,348,332	\$33,358,627,624	\$31,771,217,402	\$30,829,966,631
Plan's fiduciary net position	\$27,244,095,376	\$24,705,532,291	\$24,907,305,871	\$24,607,502,515
Plan fiduciary net position as a percentage of the total pension liability	73.31%	74.06%	78.40%	79.82%

Notes to Schedule:

Changes in assumptions

In 2017, as part of the Asset Liability Management review cycle, the discount rate was changed from 7.65 percent to 7.15 percent

In 2016, the discount rate changed from 7.5 percent (net of administrative expense) to 7.65 percent to correct an adjustment to exclude administrative expense.

In 2015, amounts reported as changes in assumptions resulted primarily to expected ages of general employees.

\*- Fiscal year 2015 was the 1st year of implementation, therefore only four years are shown.

**SAN MIGUEL COMMUNITY SERVICES DISTRICT**  
**SCHEDULE OF PENSION CONTRIBUTIONS**  
 Last 10 Years\*  
 As of June 30, 2018

---

The following table provides required supplementary information regarding the District's Pension Plan.

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution (actuarially determined)	\$ 28,201	\$ 22,800	\$ 19,438	\$ 26,154
Contribution in relation to the actuarially determined contributions	<u>28,201</u>	<u>22,800</u>	<u>19,438</u>	<u>26,154</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 207,585	\$ 190,663	\$ 140,038	\$ 174,026
Contributions as a percentage of covered payroll	13.59%	11.96%	13.88%	15.03%

**Notes to Schedule**

Valuation Date:	6/30/2014
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry Age
Asset valuation method	5-year smoothed market
Discount rate	7.50%
Price Inflation	2.75%
Salary increases	Varies by Entry Age and Service
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes inflation
Mortality	Derived using CalPERS' Membership data for all funds.
Post Retirement Benefit	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies,
Valuation Date:	6/30/2015
Discount rate	7.65%

\*- Fiscal year 2015 was the 1st year of implementation, therefore only four years are shown.



**RESOLUTION NO. 2019-08**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
SAN MIGUEL COMMUNITY SERVICES DISTRICT ACCEPTING AND APPROVING THE  
INDEPENDENT AUDITOR REPORT ON DISTRICT'S FY 2017-18 FINANCIAL STATEMENTS**

**WHEREAS**, the San Miguel Community Services District ("District") is a community services district duly formed under California Government Code §61000 et. seq. to provide community services within the District's service area, including water, lighting, solid waste, sewer and fire protection services; and

**WHEREAS**, Government Code §61110 et. seq. establishes procedures for the adoption of budgets for community services districts and financial accounting and cash accounts in accordance with generally accepted governmental accounting standards and practices; and

**WHEREAS**, the Board of Directors ("Directors") of the District has reviewed and accepted the Independent Auditor's Report on District Financial Statements.

**NOW, THEREFORE, BE IT RESOLVED** that the Directors hereby accepts and approves the Independent Auditor's Report for the FY 2017-18 Financial Statement of the District and authorize filing the audit with the appropriate County and State offices.

On the motion of Director \_\_\_\_\_, Seconded by Director \_\_\_\_\_ and on the following roll call vote:

- AYES:**
- NOES:**
- ABSENT:**
- ABSTAINING:**

The foregoing Resolution is hereby passed and adopted this 13<sup>th</sup> day of March 2019.

\_\_\_\_\_  
John Green, Board President  
San Miguel Community Services District

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
Robert Roberson  
Interim General Manager/Fire Chief

\_\_\_\_\_  
Doug White, District General Counsel



**San Miguel Community Services District  
Board of Directors**

**Staff Report**

**March 13<sup>th</sup>, 2019**

**AGENDA ITEM: XI -2**

**SUBJECT: Review and Approve the fireworks fees, sales duration and use of “Safe and Sane” Fireworks for the 2019 calendar year and adopt Resolution 2019-08.**

---

**RECOMMENDATION:**

Staff recommends the Board adopt Resolution 2019-08 establishing fireworks fees, sales duration, and use of “Safe and Sane” Fireworks for 2019.

---

**BACKGROUND:**

The District receives annual requests from the non-profit groups that want to sell fireworks in San Miguel as a fundraising event for their various community programs.

Due to the increase in fireworks sales, increased population participation in the use and increased activity in the past few years it is recommended that each permit fee be set at \$1,250.00 per booth in order to recover administrative and fire staffing costs for the four days of sales.

This year, Staff is recommending that the Board set permit fees sales duration and usage as follows:

1. A \$1,250.00 non-refundable permit fee per permit to cover the District’s costs for enforcing and administering the provisions of District Ordinance No. 01-2013. This will provide fire department coverage with a four-person crew, 10 hours a day, for four days.
2. A \$500.00 clean-up fee which may be refunded in whole or in part if the sale location and public areas where fireworks are used at are free of used and spent fireworks and related materials by July 5<sup>th</sup>, as determined by Fire Chief.
3. Sales shall be limited to no earlier than July 1<sup>st</sup> 11:00 A.M. and conclude no later than July 4<sup>th</sup> 11:59 PM.
4. The use for “Safe and Sane” Fireworks shall be limited to July 4<sup>th</sup> only.

The applicant shall also furnish to the Fire Chief a copy of liability and property damage insurance with no deductible with limits of \$1,000,000 bodily injury for one person OR \$3,000,000 for each occurrence with property damage liability of not less than \$1,000,000 for each occurrence. The District shall be named as additional insured under such liability policy.

**FISCAL IMPACT:**

The \$1,250.00 permit fee per booth will cover all administrative and fire department staffing costs associated with standby coverage for fireworks sales duration and use periods. There will be no additional cost for coverage to the District.

PREPARED BY:

**Scott Young**

Assistant Fire Chief

APPROVED BY:

**Rob Roberson**

Fire Chief

Attachment: Resolution No 2019-08

**RESOLUTION NO. 2019-08**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
SAN MIGUEL COMMUNITY SERVICES DISTRICT  
ESTABLISHING FEES FOR THE SALE AND USE OF  
“SAFE AND SANE” FIREWORKS IN SAN MIGUEL**

**WHEREAS**, the Board of Directors, meeting in regular session on November 21<sup>st</sup>, 2013 adopted Ordinance 01-2013 containing policies and procedures for a continuing “Safe and Sane” Fireworks Program and authorizing the annual sale and use of “Safe and Sane” fireworks in San Miguel as part of the adoption on the 2013 California Fire Code; and

**WHEREAS**, it is necessary to establish an annual permit fee for the sale of “Safe and Sane” fireworks in San Miguel as well as the sales duration.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SAN MIGUEL COMMUNITY SERVICES DISTRICT AS FOLLOWS:**

- 1) A twelve hundred and fifty dollar (\$1,250.00) non-refundable permit fee per permit, due and payable upon submittal of the permit application, is to be charged to those organizations that desire to sell “Safe and Sane” fireworks, in order to cover the District’s reasonable costs in administering and enforcing the provisions of Ordinance 01-2013. These fees may be non-refundable. The proposed permit fee is based on 2 booths operating. If the total number of booths changes the fees shall be adjusted accordingly.
- 2) A \$500 clean-up fee is to be charged, which may be refunded in whole or in part if the sale location and public areas where “Safe and Sane” fireworks are used are free of used and spent fireworks and related materials by July 5, as determined by the Fire Chief.
- 3) The permittee shall furnish to the Fire Chief a policy of public liability and property damage insurance, with no deductible, with limits of bodily injury of not less than one million dollars (\$1,000,000) for one person or three-million dollars (\$3,000,000) for each occurrence annually and with a limit of property damage liability of not less than one-million dollars (\$1,000,000) for each occurrence as payment for damages to persons or property which may result from, or be caused by, any negligence on the part of the permittee or his or its agents, servants, employees, or subcontractors.
- 4) The sales of “Safe and Sane Fireworks” shall begin no earlier than July 1<sup>st</sup> at 11:00 AM and conclude no later than July 4<sup>th</sup> 11:59 PM.



5) The use of “Safe and Sane Fireworks” shall be limited to July 4<sup>th</sup> only.

The District and its officers, directors, and employees shall be named as additional insured under such public liability policy. A certificate of insurance consistent with the above shall be presented prior to sale and shall provide that the insurer will not cancel or reduce the coverage without thirty (30) days prior written notice to the District.

On the motion of \_\_\_\_\_, seconded by \_\_\_\_\_, and on the following roll call vote, to wit:

**AYES:**

**NOES:**

**ABSENT:**

**ABSTAINING:**

The foregoing Resolution is hereby passed by a roll call vote and adopted this 13<sup>th</sup> day of March 2019.

\_\_\_\_\_  
John Green, President  
Board of Directors

**ATTEST:**

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Rob Roberson  
Interim General Manager

\_\_\_\_\_  
Douglas L. White,  
District General Counsel

**RESOLUTION NO. 2019-0089**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
SAN MIGUEL COMMUNITY SERVICES DISTRICT  
ESTABLISHING FEES FOR THE SALE AND USE OF  
“SAFE AND SANE” FIREWORKS IN SAN MIGUEL**

~~WHEREAS, the San Miguel Community Services District was initially formed and established on February 1, 2000; and~~

~~WHEREAS, the Board of Directors, meeting in regular session on November February 21<sup>st</sup>, 2013 adopted Ordinance 01-2013 containing policies and procedures for a continuing establishing a “Safe and Sane” Fireworks Program and authorizing the annual sale and use of “Safe and Sane” fireworks in San Miguel as part of the adoption on the 2013 California Fire Code; and~~

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~~WHEREAS, it is necessary to establish an annual permit fee schedule for the sale of “Safe and Sane” fireworks in San Miguel as well as the sales duration.~~

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS  
OF THE SAN MIGUEL COMMUNITY SERVICES DISTRICT AS FOLLOWS:**

- 1) A twelve hundred and fifty dollar (\$1,250.00) a non-refundable permit fee per permit, due and payable upon submittal of the permit application, is to be charged to those organizations that desire to sell “Safe and Sane” fireworks, in order to cover the District’s reasonable costs in administering and enforcing the provisions of Ordinance 01-2013. These fees may be non-refundable. ~~The proposed permit fee is based on 2 booths operating. If the total number of booths changes the fees shall be adjusted accordingly.~~
- 2) A \$500 clean-up fee is to be charged, which may be refunded in whole or in part if the sale location and public areas where “Safe and Sane” fireworks are used are free of used and spent fireworks and related materials by July 5, as determined by the Fire Chief.
- 3) The permittee shall furnish to the Fire Chief a policy of public liability and property damage insurance, with no deductible, with limits of bodily injury of not less than ~~one million dollars (\$1,000,000) for one person or three-million dollars (\$3,000,000) for each occurrence annually and with a limit of property damage liability of not less than one-million dollars (\$1,000,000) for each occurrence as payment for damages to persons or property which may result from, or be caused by, any negligence on the part of the permittee or his or its agents, servants, employees, or subcontractors.~~

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4) The sales of "Safe and Sane Fireworks" shall begin no earlier than July 1<sup>st</sup> at 11:00 AM and conclude no later than July 4<sup>th</sup> 11:59 PM.

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3)5) The use of "Safe and Sane Fireworks" shall be limited to July 4<sup>th</sup> only.

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The District and its officers, directors, and employees shall be named as additional insured under such public liability policy. A certificate of insurance consistent with the above shall be presented prior to sale and shall provide that the insurer will not cancel or reduce the coverage without thirty (30) days prior written notice to the District.

On the motion of \_\_\_\_\_, seconded by \_\_\_\_\_, and on the following roll call vote, to wit:

**AYES:**

**NOES:**

**ABSENT:**

**ABSTAINING:**

The foregoing Resolution is hereby passed by a roll call vote and adopted this 213<sup>th</sup> day of March 2019.

\_\_\_\_\_  
John Green, President  
Board of Directors

**ATTEST:**

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Rob Roberson  
Interim General Manager

\_\_\_\_\_  
Douglas L. White,  
District General Counsel



# San Miguel Community Services District

## Board of Directors Staff Report

March 13, 2019

AGENDA ITEM: XI-3

**SUBJECT:** Review and Discuss changes recommended by the Ad-Hoc Personnel Committee of the District Personnel Guidelines & Policy Manual, previously adopted by the Board September 15, 2016, and hear any Board recommendations.

---

### **RECOMMENDATION:**

Review and Discuss changes recommended by the Ad-Hoc Personnel Committee of the District Personnel Guidelines & Policy Manual, previously adopted by the Board September 15, 2016 and hear any Board recommendations.

---

### **BACKGROUND:**

On January 10, 2019, the San Miguel Community Services District's ("District") Personnel Committee ("Committee") met with the Interim General Manager, General Counsel, and staff to discuss revisions to Chapters 1-4 of the current Personnel Rules. The purpose of this meeting was to ensure that Chapters 1-4 of the Personnel Rules accurately state the District's current practices as it pertains to the administration of employee benefits, District policies and practices, etc.

On January 24, 2019, the District Board of Directors ("Board") reviewed Chapters 1-4 of the Committee's recommended changes.

On February 20, 2019, the San Miguel Community Services District's ("District") Personnel Committee met with the Interim General Manager, General Counsel, and staff to discuss revisions to Chapters 5-15 of the current Personnel Rules. The purpose of the meeting was to ensure that Chapters 5-15 of the Personnel Rules accurately state the District's current practices as it pertains to the administration of District policies and practices, etc.

The Personnel Committee was not tasked with changing any benefits or current practices at this time.

On February 28, 2019, the Board reviewed Chapters 5-15 of the Committee's recommended changes. In response, the Board requested a full review of the Personnel Rules at a properly noticed special meeting of the Board.

The Personnel Committee has attached a redlined document for the Board of Director's consideration for changes and additional input to ensure that the document accurately reflects the District's current practices.

**FISCAL IMPACT:** None.

**STAFF RECOMMENDATION:** Staff recommends that the Board review changes recommended by the Ad-Hoc Personnel Committee of the District Personnel Guidelines & Policy Manual, previously adopted by the Board September 15, 2016, and hear any Board recommendations.

PREPARED BY:

---

Douglas L. White, District General Counsel

**SAN MIGUEL COMMUNITY  
SERVICES DISTRICT**



**PERSONNEL GUIDELINES  
AND POLICIES**

Adopted: ~~September 15, 2016~~ MONTH XX, 2019

Resolution: 2016-30

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# San Miguel Community Services District

## Personnel Guidelines and Policy Manual

### Chapter 1: Introduction

The San Miguel Community Services District (“District”) expects every District employee to be thoroughly familiar with, and to comply with these Personnel Guidelines and Policy Manual (“Guidelines”).

#### 1.1 Disclaimer

The Guidelines do not represent a contract, nor should they be relied upon as binding promises made by the District. The District reserves the right to change, add to, or rescind any of the guidelines or policies after fulfilling its legally required meet and confer obligation with any District-recognized employee organization, as well as the right to determine their meaning, purposes, and effect.

#### 1.2 Purpose and Scope of Guidelines

These Guidelines are intended to inform employees of the District’s position on basic employment-related subjects. They are not all-inclusive, but address those general topics most likely to be of interest to employees in the course of ordinary, day-to-day operations of the District. The Guidelines are to be used as a reference by employees and supervisors.

**Guidance to Reader:** These Guidelines apply to all employees of the District. An employee who fails to comply with one or more Guidelines may be subjected to disciplinary procedures as specified herein, up to and including termination.

#### 1.3 Equal Employment Opportunity Policy

The District’s employment decisions are based on merit, qualifications, and the legitimate business-related needs of the District. The District does not discriminate against its employees or applicants because of race, color, religion, sex, pregnancy, national origin or citizenship, ancestry, age, marital status, registered domestic partner status, mental or physical disability, political affiliation, medical condition, sexual orientation, gender identity or gender expression, veteran status, genetic information, or any other basis protected by law. Equal employment opportunity is extended by the District to all persons in all aspects of the employer-employee relationship, including recruitment, hiring, training, promotion, discipline, layoff, and termination.

#### 1.4 Conflict with Other Policies

If a provision of these Guidelines conflicts with any provision of an applicable collective bargaining agreement entered into by the District and a recognized employee organization,

to the extent of such conflict, the provision of the collective bargaining agreement shall prevail.

**1.5 Severability**

If any section, subsection, sentence, clause, or phrase of these Guidelines is for any reason held illegal, invalid, or unconstitutional by decisions of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions.

**1.6 Amendment of Policies**

The General Manager ~~or his or her designee~~ may, at any time, make recommendations for the amendment and revision of these Guidelines to the Board of Directors (“Board”). However, amendments and revisions that fall within the scope of representation shall not be approved by the Board until after meeting and conferring in good faith with representatives of recognized employee organizations representing employees of the District.

**1.7 Employment Constitutes Acceptance of Rules**

In accepting employment with the District, each employee agrees to be governed by and to comply with the Guidelines and rules established by the General Manager pursuant thereto, and rules, regulations, and directives of the department in which employee is employed. Each employee will receive a copy of these Guidelines and are expected to read and be familiar with its contents and provisions and shall sign the “Acknowledgement of Receipt” form acknowledging acceptance.

All employees holding a position with the District on the effective date of these Guidelines shall thereafter be subject in all respect to the provisions herein except where excluded from coverage.

## Chapter 2: Employment Practices

### 2.1 Classification of Employees

**2.1.1 Probationary Employees** – All District employees are considered probationary employees from their date of hire until the completion of twelve (12) months of service with the District. These employees are entitled to accrue vacation, sick leave, comp time off and health benefits from date of hire and entitled to use sick leave with General Manager approval from date of hire. Vacation leave is accrued from date of hire but may be only used after six (6) months of employment. Temporary employees who are later hired as regular District employees shall begin their probationary period starting from their first day of regular, non-temporary employment. The General Manager, in conjunction with the employee's supervisor may elect to extend the probationary period for any employee up to an additional three (3) months.

**2.1.2 Regular Part-time Employees** – Employees, who have served the required probationary period satisfactorily, are not temporary employees, and are regularly scheduled to work fewer than forty (40) hours per week in an established position on a year-round basis are regular part-time employees.

**2.1.3 Regular Full-time Employees** — Regular full-time employees are those who are regularly scheduled to work at least forty (40) hours per week, are not temporary employees, and who have successfully completed the probationary period.

**2.1.4 Temporary Employees** — Employees serving in a position in which the requirements of their services are temporary in nature are temporary employees. A temporary employee shall not work more than 1,000 hours in a fiscal year. This classification includes, but is not limited to, personnel employed for the following: seasonal workloads and emergency extra workloads. Temporary employees are not eligible for any employee benefits, except as required by law. A temporary employee may take time off without pay with the approval of his or her supervisor or General Manager and shall be permitted to take time off for the District-recognized holidays without pay.

**2.1.5 Exempt Employee** — An employee who is exempt from the minimum wage and overtime requirements of the Federal Fair Labor Standard Act (“FLSA”). To be considered "exempt," an employee must work in a bona fide executive, administrative, or professional capacity and be paid on a salary basis as required by the FLSA. These positions shall be so designated in the classification plan.

**2.1.6 Non-Exempt Employee** — An employee who is not a bona fide executive, administrative, or professional employee as defined by the FLSA. Non-exempt employees earn overtime pay in accordance with the overtime requirements of the FLSA.

## **2.2 Recruitment**

### **2.2.1 Announcement**

All recruitments for classification vacancies within the District shall be publicized by such methods as the General Manager deems appropriate, consistent with District standards. Special recruiting shall be conducted, if necessary, to ensure that all segments of the community are aware of the forthcoming examination(s). Announcements shall specify the title and compensation of the classification; the nature of the work to be performed delineating the essential and marginal functions of the job; the minimum qualifications for the classification; the manner of making application; the examination components; and other pertinent information.

### **2.2.2 Applications**

Every applicant for examination shall file a formal, signed District employment application. Other methods of acceptable application due to an applicant's disability will be considered. Application forms shall require information covering training, experience, and other pertinent information as required by the General Manager. The General Manager may also require applicants to submit additional job related information.

### **2.2.3 Examinations**

Examinations for the establishment of eligibility lists shall be competitive and by such character shall test and determine the qualifications, fitness, and ability of applicants to perform the essential functions of the classifications for which they seek appointment.

The examination may include an investigation of character, personality, education, experience, criminal history, credit bureau, drug & alcohol and any tests of intelligence, capacity, technical knowledge, manual skill, or job-related physical fitness that the General Manager deems appropriate.

The General Manager shall designate the procedure, time, place, and type of examination, the conditions under which it may be conducted, and the individual or competent agency who will conduct the examination. The District will make every reasonable effort to accommodate disabled applicants in the administration of employment tests in accordance with applicable law. Examinations may be promotional, open, or continuous as directed by the General Manager. In making a decision regarding the type of examination, the General Manager will consider the availability of qualified interested personnel in the District workforce, the

possible Affirmative Action implications, and the need for expediency in filling the position.

#### **2.2.3.1 Open/Promotional Examinations**

Any person who meets the requirements set forth in the open/promotional examination announcement may compete in open/promotional examinations. The General Manager may adopt and implement objective standards to initially screen applications in order to reduce the number of applicants to a manageable size.

#### **2.2.3.2 Promotional Examinations**

Regular and non-regular employees, except temporary employees, who meet the requirements set forth in the promotional examination announcement may compete in a promotional examination announcement.

#### **2.2.3.3 Continuous Examinations**

Continuous examinations may be administered periodically for a single classification. Names shall be placed on eligibility lists and shall remain on such lists as prescribed in Section 2.2.4.

### **2.2.4 Eligibility Lists**

#### **2.2.4.1 Establishment**

As soon as possible after the completion of an examination, the General Manager shall prepare and maintain an eligibility list consisting of the names of the applicants or employees who qualified in the examination. The names on the list shall be in order based on each applicant's competitive score for the examination process, with the highest score being first on the list. Each applicant or employee shall be given notice of the results of his or her examination and ranking on the eligibility list.

Applicants on the eligibility list for a particular classification may be certified by the General Manager for consideration to hire for a classification in an equal or lower salary range in the event that an eligibility list for that classification does not exist, provided that the applicant is qualified. This may be done only with the approval of the General Manager. Applicants will not be removed from the eligibility list pursuant to Section 2.2.4.3 if they refuse to accept employment in the lower classification.

#### **2.2.4.2 Duration of Lists**

All eligibility lists shall remain in effect until exhausted or abolished by the General Manager for due cause. As a general policy, eligibility lists shall remain in effect for not more than one (1) year. Eligibility lists may remain in effect for more than one (1) year at the General Manager's discretion.

The General Manager may abolish eligibility lists with three (3) names or less before the one (1) year expires.

#### **2.2.4.3 Removal of Names from Eligibility Lists**

The General Manager may remove a name of any eligible candidate appearing on an eligibility list if:

- The eligible candidate requests that his or her name be removed;
- The eligible candidate fails to provide notification of a change in address;
- The eligible candidate fails to attend a scheduled interview;
- The eligible candidate declined an interview on two (2) occasions;
- The eligible candidate declined an offer of employment;
- The eligible candidate was on an eligibility list as a result of a promotional examination and has subsequently left District employment; or
- The eligible candidate was on a list for a specialized classification within one department of the District and was determined to be unsuitable by the Department head.

#### **2.2.4.4 Disqualification**

At any point in the recruitment and selection process, the General Manager may refuse to declare an applicant an eligible candidate, or may withhold or withdraw from certification, prior to appointment by the General Manager, anyone who:

- Has failed to provide proof for any of the requirements established in the announcement for the classification for which he or she applied;
- Has been convicted of a felony of such a nature as to have an adverse effect on the candidate's ability to perform the duties of the position;
- Has a history of dismissal from any position in public or private service for any cause which would be a cause for dismissal from District employment;
- Has practiced or attempted to practice any deception or fraud in his or her application, examination, or in securing eligibility; or
- Is otherwise not qualified for employment with the District.

## 2.3 Hiring

Decisions regarding employment are based upon an individual's qualifications for the applicable position as described below.

**2.3.1 Vacancies** — Employees of the District are encouraged to apply for any vacant positions for which they are qualified. The District awards vacant positions to the applicants who are best suited to meet the needs of the District, regardless of whether the applicant is a current District employee or not.

If a vacancy is awarded to a current regular employee, that employee shall serve a six (6) month probationary period in that position with continued benefits for health care, sick leave, vacation and comp time-off. Within three (3) months of the move to the vacant position, the employee may return to their previous position with written notice to, and approval by the General Manager, so long as the position has not been filled.

**2.3.2 Selection of employees** — All persons considered for employment with the District shall be qualified to perform the duties of the position for which they are employed. Before reporting for their first day of work, employees ~~may~~ shall be required to undergo a medical examination and drug/alcohol testing, which confirms their ability to perform the essential functions of the job. All persons considered for employment shall also be required to submit to a background check through the Department of Justice. If an applicant is applying for a position with the District, which requires driving a District vehicle, that applicant shall also submit a Department of Motor Vehicles report with his or her application.

Upon completion of such evaluation, the Board will be notified of final applicants, and the General Manager, or designee, shall select the applicant to be employed to fill the position opening, and shall promptly notify the Board of Directors of the name of the person selected. The Board of Directors shall review and approve such selection.

**2.3.2.1 Citizenship Verification** — All employees must provide necessary documentation to prove identity and their right to work in the United States in accordance with Federal and State Immigration and Naturalization laws. Failure to provide such documentation will result in disqualification from selection or immediate termination.

**2.3.3 Probationary Period** — The purpose of the probationary period is to give the District and the new employee the opportunity to determine whether employment relationship suits both parties. New employees may be eligible for health benefits under the Affordable Care Act after ninety (90) days of employment,



if not enrolled in the District's health care coverage. During the probationary period, the District evaluates the employee's job performance, and it is expected that the employee will use this time period to determine whether the District employment is satisfactory to him or her. Generally, employee evaluations may be performed at three (3) months and/or six (6) months after the date of hire and shall be performed at the end of the twelve (12) month probationary period. The employee's supervisor will conduct a written performance evaluation to ascertain the advisability of continued employment on a regular basis. However, written evaluations may be done at any time during the probationary period if determined to be necessary by the Supervisor or the General Manager.

Regardless of whether the supervisor completes a written performance evaluation, probationary employees are at-will and the District retains the right to terminate employment with or without cause, during the probationary period, in accordance with California law. Similarly, the probationary employee can end his or her employment at any time with at least two (2) weeks' written notice.

New employees hired for regular positions serve a probationary period of twelve (12) months, commencing with their first day of employment. The General Manager, in conjunction with the employee's supervisor or Department Head, may extend the probationary period one ~~or more times~~ if it is determined that such an extension is appropriate. The status of regular employment following the probationary period shall only occur after a successful evaluation has taken place, and only if confirmed in writing by the District.

## **2.4 Promotion**

All regular employees of the District are eligible to apply and be considered for promotions for which they are qualified. An employee who is promoted shall serve a six (6) month probationary period in his or her new position.

## **2.5 Nepotism**

### **2.5.1 Definitions:**

**2.5.1.1 "Relative"** means spouse, registered domestic partner, child, stepchild, step-sibling, parent, step-parent, grandparent, grandchild, brother, sister, half-brother, half-sister, aunt, uncle, cousin, niece, nephew, or in-laws of those enumerated by marriage or domestic partnership.

**2.5.1.2 "Spouses"** means two persons who have a valid marriage or two people who are registered domestic partners.

**2.5.1.3 "Supervisory relationship"** means one in which one employee exercises the right to control, direct, reward, or punish another employee by

virtue of the duties and responsibilities assigned to his or her District appointment.

### **2.5.2 Policy as to Relatives**

The General Manager has discretion not to appoint, promote or transfer a person to a position within the same department in which the person's relative already holds a position, when such employment would result in any of the following:

- Create a direct or indirect supervisory relationship;
- The two employees having job duties, which require performance of shared duties on the same or related work assignment;
- Both employees having the same immediate supervisor; or

A potential for creating an adverse impact on supervision, safety, security, morale, or efficiency that is greater for relatives than for unrelated persons.

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### **2.5.3 Policy as to Employees Who Become Spouses or Domestic Partners**

— If two District employees, who work in the same department, become spouses or become domestic partners, the Department Head has discretion to transfer one of the employees to a similar position in another department with General Manager approval. Although the wishes of the employees in question will be given consideration, the Department Heads retains sole discretion to determine which employee is to be transferred based upon District needs, operations, or efficiency. Notwithstanding any provision in these Guidelines, any such transfer that results in a salary reduction is not disciplinary and is not subject to any grievance or appeal.

If continuing employment of both employees cannot be accommodated in a manner that Department Head finds to be consistent with the District's interest in the promotion of safety, security, morale, and efficiency, then the Department Head retains sole discretion to separate one employee from District employment. Absent the voluntary resignation of one employee, the less senior employee will be separated, with at least thirty (30) days' notice to attain new employment, unless the employee is in violation of any of these policies as outlined in Chapter 10 of these Guidelines. Notwithstanding any provision in these Policies, any such separation is not considered to be disciplinary and is not subject to any grievance or appeal.

## **2.6 Employee Evaluations**

In order to provide employees with information concerning their employment progress and to identify areas to improve job performance, the employee's supervisor and General Manager will conduct formal written employee evaluations at least once per year, preferably using the employee's hire date anniversary is desired for an annual evaluation,

Generally, employee evaluations may be performed at three (3) months and/or six (6) months after date of hire and shall be performed near the end of the twelve (12) month probationary period. In the event that an employee's supervisor or the General Manager determines that a regular part-time or regular full-time employee's job performance has not improved after receiving a written evaluation, the supervisor or the General Manager may elect to establish a performance improvement plan ("PIP"), also known as a performance action plan to provide an employee the opportunity to succeed while still being held accountable for past performance. A PIP shall be used to address either failures to meet specific job performance-related or behavior-related issues. ~~A PIP format and content shall conform to the guidelines provided in Exhibit "A" attached to this Policy Manual.~~

### **2.6.1 Ratings**

Performance evaluations shall be in writing on forms prescribed by the General Manager or his or her designee. The evaluation shall provide recognition for effective performance and also identify areas that need improvement. All evaluations will have an overall evaluation of Unsatisfactory, Improvement Needed, Satisfactory, Above Satisfactory, or Outstanding.

- Unsatisfactory Work is well below the standard expected of a competent worker in that job position, a majority of the time. Unsatisfactory ratings must be substantiated in a written statement by the evaluator.
- Improvement Needed performance is frequently less than the standard expected of a competent worker in that job position, and improvable with additional training, experience, or effort.
- Satisfactory Work performance consistently meets the standard expected of a competent worker in that job position.
- Above Satisfactory Work performance is generally above the standard expected of a competent worker in that job position, a majority of the time.
- Outstanding Work performance is consistently and distinctly well above the standard expected of a competent worker in that job position; performance is superior. Outstanding ratings must be substantiated in a written statement by the evaluator.

### **2.6.2 Evaluation Procedure**

The performance evaluation must be signed by the evaluator and discussed with the employee. Unscheduled performance evaluations may be made at the discretion of the General Manager or his or her designee.

Performance evaluations can be appealed to the General Manager as outlined in the Grievance Procedure in Chapter 11 of these Guidelines. Employee evaluation grievances will only be considered by the General Manager; they will not be heard by the Board. The General Manager may only modify employee evaluations if there is a compelling reason to do so, ~~and that reason will be~~ must be clearly stated on the modified evaluation.

## 2.7 Training, Certification and Education

It is the employee's responsibility to maintain all appropriate or required licenses and certificates for his or her position. District will not pay for courses, credentials, licenses or certificates not required for an employee's duty position. If an employee loses a required license or certificate, he or she may be subject to discipline that may include demotion or termination.

The District supports education and training programs that improve the skills, qualifications, performance, and proficiency of the District employees. In addition, some of the positions within the District require employees to possess certifications. It is each employee's responsibility to maintain state-mandated certificates or credentials necessary to the employee's job assignment. The District will cover or reimburse ~~class costs of any required education and testing required to maintain job required certification, and tests after successful completion of course or class and cost receipts are submitted for reimbursement.~~ If an employee fails a course and/or test required for certification then they will generally be responsible for all costs to re-take the course and/or tests.

Where the District requires the employee to take training or where the employee is required by his or her position to maintain certification, employee shall submit a written request for training or certification to the employee's Department Head, who shall then notify the General Manager or his or her direct supervisor of the required training.

## 2.8 Outside Employment

Any regular employee, who desires to engage in outside employment, shall first obtain a non-District conflict job approval from his or her supervisor or General Manager. The employee shall submit a statement to his or her ~~supervisor-Department Head or and~~ General Manager naming the prospective employer, his address and telephone number, and outlining the proposed duties and hours of work. Approval may be denied if, in the opinion of the supervisor or General Manager, such outside employment is incompatible with the proper discharge of the employee's official duties. All such approvals shall be subject to renewal by the General Manager, and shall be re-submitted prior to January 10<sup>th</sup> each year to maintain a valid, continuous authorization, or any time there is a change in employment or duties.

Any violations of this section shall constitute sufficient grounds for disciplinary action, up to and including dismissal.

## 2.9 Job Descriptions and Duty Statements

It is the District's responsibility to develop and maintain job descriptions for each position within a table of organization established by the Board of Directors.

Exhibit "B", incorporated herein by reference, shall provide a listing of said descriptions by position and also provides a compensation schedule by position.

~~Specific-All~~ contract employees, including but not limited to, General Manager, Director of Utilities, Board Clerk/ Account Manager, District Fire Chief and District Assistant Fire Chief shall be subject to annual work performance evaluations per individual agreements and subject to Section 2.6 provisions. However, if the General Manager and the Fire Chief positions are held by the same individual, then the Board of Directors shall conduct the performance evaluation for those positions.

## Chapter 3: Working Conditions

### 3.1 Regular Work Week

The regular workweek is forty (40) hours for all non-exempt full-time employees, ordinarily to be worked in five (5) eight-hour shifts, unless otherwise directed by General Manager or his or her designee. The workweek is defined as 12:01 A.M. Monday through midnight on ~~Saturday-Sunday~~ except for those personnel working an alternative work week schedule. Utility ~~crew field~~ staff normal work schedule will be scheduled to meet District operational needs.

Safety/Personnel may be assigned alternate work schedules and an alternative workweek.

Operations and administrative staff may be assigned other work hours from time to time as determined by the department head or General Manager to best cover operational needs of the District. Employees shall report ready to begin work at the start of their shift and work until the shift ends.

### 3.2 Overtime Policy

Due to the nature of the service the District provides the public, non-exempt personnel may be required to work overtime, which may include weekend duty along with days which are longer than eight hours in length.

All overtime hours worked shall be authorized in advance by the Department Head with notification in writing to the General Manager, or his or her designee specifically vested with this authority. Employees working overtime without prior approval by the appropriate individual may be subject to discipline.

#### 3.2.1 Overtime Computation

All non-exempt employees who work in excess of his or her regular work schedule, normally eight (8) hours in a workday, or forty (40) hours in a workweek, shall be entitled to overtime compensation at the rate of time and one-half of their regular rate of pay, except as otherwise provided for in these Guidelines or in the applicable collective bargaining agreement.

Overtime provisions shall not apply to contract employees.

#### 3.2.2 Overtime Compensation/Compensatory ~~Leave-Time~~ Off (CTO)

An employee must designate on his or her timesheet whether he or she would like overtime as cash payment (in the amount of time and one half of his or her regular rate of pay) or as compensatory time off (“CTO”) for any overtime hours worked. All overtime shall be compensated by compensatory time or by cash payment at the rate of one and one half of the employee’s regular hourly rate of pay. Overtime shall be only compensated by cash payment after the employee has accumulated forty ~~sixty~~ (40/60) hours of compensatory time. An employee may only accrue up to sixty (60) hours of ~~compensatory time~~ CTO per fiscal year, which shall be ~~accrued~~ earned as time and one half (e.g., an employee works 40 hours, but earns 60 hours since each hour is earned as time and one half), but used and paid as straight time.

For exempt employees, who have an employment agreement, the purpose of ~~compensatory time~~ CTO is to allow these employees to take time off when he or she works extra hours, because exempt employees are exempt from overtime compensation under the FLSA. This benefit is granted by contract to these exempt employees because the District recognizes that those specified employees devote a great deal of time to the District outside of normal working hours. The business hours of the District are 8:30am to 4:30pm, and the hours of utility staff are 7:00am to 3:30pm due to the nature of their job duties. Exempt employees are expected to maintain a work schedule consistent with the operating hours of the District. If an exempt employee arrives late and/or leaves early, those hours shall be deducted from an exempt employee’s ~~compensatory time~~ CTO bank.

Compensatory leave time shall be used before using vacation leave. Employees may accrue up to a maximum per calendar year of sixty (60) hours of compensatory leave, unless otherwise stated in an employment agreement.

~~Non-exempt employees may earn compensatory time to a maximum of forty ~~sixty~~ (40/60) hours. If unused, non-exempt employees may either cash out up to forty (40) hours of compensatory time once per year, or carry over a cap of sixty (60) hours of compensatory time to the next fiscal year. Compensatory time may be “cashed in” once a year prior to June 30 of each year for a total of forty (40) hours only if the employee has at least forty (40) hours of compensatory time on record, unless otherwise provided for in an approved bargaining or employment agreement. Any additional compensatory time may be carried over to the next fiscal year or cashed out before June 30.~~ Employees who leave his or her employment with the District shall be allowed to use compensatory time earned prior to the effective separation date.

~~Compensatory leave time shall be used before using vacation or sick leave time off. Employees may accrue up to a maximum per calendar year of sixty (60) hours of compensatory leave at any time, unless otherwise stated in an employment agreement. Compensatory time is not cashed out except upon the employee’s separation from employment with the District, unless separated by the District.~~

Compensatory time earned by an employee, who is required to work in excess of the normal workweek, shall be recorded by the immediate supervisor of the employee on the time card.

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### 3.2.3 Fire Protection Employees

Section 7(k) of the FLSA provides that employees engaged in fire protection may be paid overtime on a "work period" basis. A "work period" may be from seven (7) consecutive days to twenty-eight (28) consecutive days in length. For work periods of at least 7 but less than 28 days, overtime pay is required when the number of hours worked exceeds the number of hours that bears the same relationship to 212 (fire) as the number of days in the work period bears to 28. For example, fire protection personnel are due overtime under such a plan after one hundred and six (106) hours worked during a fourteen (14) day work period.

<u>Work Period (days)</u>	<u>Maximum Non-Overtime Hours</u>
14.....	106

### 3.3 Hours of Work

Normal office hours of the District, and the normal work schedule for administrative office staff, are 8:00 am until 4:30 pm, Monday through Friday. The normal schedule for the utility staff is Monday through Friday from 7:00 am until 3:30 pm.

Operations employees and office staff may be assigned other work hours from time to time as determined by the Department head or the General Manager to best cover the operational needs of the District and its customers. Employees shall report "ready" to work at the start of their shift, and work until the shift ends.

### 3.4 On-Call Duty

A schedule is maintained by the Director of Utilities whereby qualified Operations employees may be assigned, on a rotational basis, to be "on-call" on weekdays, weekends, holidays and other times not considered regular hours of work for the District employees, or as assigned to work alternative work week schedules.

#### 3.4.1 Weekdays and Weekends

On-Call employees will be paid at a rate of \$1.50 per hour for each hour they are on call outside of actual hours worked. On-call employees who perform plant/well readings on weekends will receive minimum of 2 hours compensation, or total actual hours worked if in excess of two hours (paid at overtime rate or straight time depending on whether the employee is on an alternate work weekhas already worked 40 hours in that workweek). While on call, if an employee is called back to work during their on call time, they will be paid for any hours worked at their Overtime rate.

### **3.4.2 Holidays/ Furlough Days/Weekends**

On-Call employees will be paid at a rate of \$2.050 per hour for each hour they are on call outside of hours worked. On-call employees who perform plant/ well readings on weekends, holidays, and furlough days will receive minimum of 2 hours compensation, or total actual hours worked if in excess of two hours (paid at overtime rate or straight time depending on whether the employee has already worked 40 hours in that workweek). While on call, if an employee is called back to work during their on call time, they will be paid for any hours worked at their Overtime rate.

### **3.4.3 Availability**

When an employee is assigned to on-call duty, he or she shall be provided a District tablet. The tablet will be used to access the District SCADA system in the event of an afterhours call. The on-call employee is required to keep the tablet in his or her possession during the entire on-call period. Notification of immediate work need may be given orally, in person or telephonically, by the Director of Utilities, General Manager.

When an employee is assigned on-call duty, he or she shall be free to utilize his or her time as desired but must be able to be at the District within thirty (30) minutes. This will enable the on-call employee time to return to work in the event of an emergency call. On-Call employees need to remain unimpaired (e.g., such as refraining from drinking alcoholic beverages) and able to perform all duties when on-call.

### **3.4.4 Call Backs (employees on-call)**

If an employee is on call and he or she receive notification of a problem needing attention which can be addressed without leaving the location which they are at. (IE over the phone, or through SCADA) the employee will ~~not receive two (2) hours of overtime pay~~ any additional pay beyond the standby pay they are already receiving.

If an employee is on call and he or she receive notification of a problem needing attention which requires them to return to the District for any reason they will receive a minimum of two (2) hours of overtime pay. If the call out extends beyond the initial two hours, then they will continue to receive overtime pay for all actual time worked unless they reach their normal workday start time in which they will cease to receive overtime and will begin receiving straight time.

### **3.4.5 Call Backs (employees not on-call)**

If an employee is not on call and he or she is called back to work, the employee will receive minimum two (2) hours of overtime pay starting at the time they are notified. If the call out extends beyond the initial two hours, then they will continue to receive overtime for all actual time worked unless they reach their normal workday start time in which they will cease to receive overtime and will begin receiving straight time.



### 3.4 On-Call Duty

A schedule is maintained by the Utilities Department head and approved by General Manager whereby Operations employees may be assigned, on a rotational basis, to be "oncall" on weekends, holidays and other times not considered regular hours of work for the District employees or assigned to work alternative workweek schedules.

#### 3.4.1 Weekdays

On-Call/Weekday Duty employees are paid \$1.50 per hour rate for each weekday they are on call. If these employees are called into work during this time, they will be paid for any on-call hours worked at the OT rate.

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#### 3.4.2 Holidays and Weekends

On-Call employees receive \$2.00 per hour rate per day for each holiday or weekend day they are assigned to on-call duty.

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3.4.3 When an employee is on-call, he or she shall be provided a District cell phone. The cell phone will be used to notification to the employee on-call in the event of work immediately needed. The on-call employee is required to keep the cell phone in his or her possession during the entire on-call period of time. Notification of immediate work need may also be given orally, in-person or telephonically, by the General Manager or Utilities Supervisor.

When an employee is assigned on-call duty, he or she shall be free to utilize his or her time as desired, but must be able to respond within thirty (30) minutes to any District facility. This will enable the on-call employee time to return to work in the event of an emergency call. On-Call employees need to remain unimpaired (e.g., such as refraining from drinking alcoholic beverages) and able to perform all duties when on-call.

#### 3.4.4 Call Backs

If an employee is not on-call and he or she is called back to work, the employee will receive one (1) hour of Call Back Pay which is 1 hour of regular pay at straight time plus pay for his or her hours worked (at straight pay or OT rate depending on whether they have worked over 40 hours in the week).

### 3.5 Meal/Break Time

All employees working between four (4) hours and six (6) hours shall receive one fifteen (15) minute paid break. All employees working more than six (6) hours in a day shall receive two (2) paid fifteen (15) minute breaks (rest periods) in each day. The first shall occur approximately midway between their starting time and their meal time. The second shall occur approximately midway between their meal time and the end of their workday.

All employees working more than four (4) hours in a day shall receive an unpaid, off-duty meal period of not less than thirty (30) minutes. This meal must be taken no later than the end of the fifth (5th) hour of work. Employees working more than ten (10) hours receives a second unpaid meal period of not less than thirty (30) minutes. The second meal must be taken no later than the end of the tenth (10th) hour of work. An employee working six (6) hours or less may waive the first meal break by written mutual consent between the employee and District. The second meal period may be waived by written mutual consent

if the total shift is twelve (12) hours or less and the employee takes the first meal break. Employees may take on-duty meal periods in certain limited circumstances and must be agreed to in writing by the employee and District.

### **3.6 Attendance**

Regular attendance by all employees is important to the successful operation of the District. Employees are expected to maintain a good attendance record and to report promptly for work in accordance with assigned work schedules.

#### **3.6.1 Notice of Absence**

Employees who must be absent from work are expected to notify their ~~supervisor~~ Department Head or General Manager, either directly or by a recorded message, as soon as possible but not later than the beginning of their assigned shift. The employee shall provide the general reason for, and the probable duration, of the absence. If the employee has a prolonged absence (3 days or more) due to illness or a pattern of excessive sick leave usage, he or she may be required to provide medical documentation upon request from the Department Head and/or the General Manager ~~or his or her designee~~.

#### **3.6.2 Tardiness/Absence**

Employees are expected to report for their work shifts on time. Excessive or repeated tardiness may result in discipline up to and including termination.

If an employee is absent more than three (3) working days for any reason without notifying the employer, the employee may be considered to have voluntarily resigned.

### **3.7 Pay Period**

The District's payday is every other Friday for the two-week pay period ending the previous Friday/Sunday.

### **3.8 Safety**

The District has adopted Injury and Illness Prevention policies and safety rules with which employees are expected to comply. These policies are hereby incorporated by reference to the Personnel Guidelines and Policy Manual. It is the responsibility of each employee to learn and observe all applicable safety practices, policies, directives, or procedures. In addition, each employee is responsible for maintaining a safe work environment. Safety-related questions, or reports of any unsafe working conditions, real or potential, should be directed to the General Manager.

### **3.9 Accidents; Reporting**

Any work-related accident, or other accident occurring on the worksite, involving employees or other persons shall be reported to the Department Head, who will then provide notice to the -and/or- General Manager, ~~or his designee~~. If the Department Head

is unavailable to provide notice of a work-related accident or other accident occurring on the worksite involving employees or other persons, then that shall be reported to the General Manager in the Department Head's absence.

Such reports must be made in writing and submitted to the Department Head, who shall then provide notice to the -and/or- General Manager immediately following the accident, and in no event more than twenty-four (24) hours following the accident on forms provided by the District. Employees are covered for employment-related injury or illness by the California Worker's Compensation Act. Under California law, failure to report or delays in reporting a work-related injury or illness may result in a loss of benefits.

### **3.10 Maintenance – Housekeeping**

Each employee is responsible for the condition and maintenance of the equipment he or she uses on the job. The employee should report to the department supervisor or the General Manager~~their supervisor or Department Head~~ any equipment which is damaged, worn, or in need of maintenance. Employees should direct any safety concerns regarding the use of equipment to his or her supervisor or their Department Head or the General Manager.

Cleanliness and orderliness are important to the operation and safety of the District. Employees are responsible for keeping their work areas clean and orderly. Employees shall conduct pre-operation inspections of vehicles and equipment as well as report any repairs made and perform any minor repairs, or initiate a work or service order request to repair said vehicle or equipment. Employees shall maintain their work areas and equipment or initiate a service work order request for repairs.

### **3.11 Dress Code**

All Utility and Fire employees that are required to wear uniforms shall wear the appropriate uniform for their work area. If an employee is governed by an MOU, the employee should follow the rules pertaining to his or her dress code as outlined in the MOU. Employees are permitted to wear the uniform only during their work hours, work time, or traveling to and from work or while representing the District.

Utility employees may be reimbursed up to one hundred and fifty dollars (\$150.00) per fiscal year to cover the cost of footwear that employees are required to wear to perform the District work, or an amount agreed upon by any recognized collective bargaining agreements. Employee must provide the District a receipt of the work boot purchase in order to obtain the boot allowance.

Employees that acquire uniforms with District logos or identifications may not wear these items while off-duty. Off duty firefighters may wear their District provided t-shirts, if on-call or stand-by duty.

Neatness, cleanliness, and good personal hygiene are expected of all the District employees while working. Employees should dress appropriately, in good taste, and according to the requirements of her or his position.

### **3.12 Tattoo and Piercing Policy**

Employees of the District are expected to project a professional appearance while at work. Towards that end, employees are expected to comply with the following rules:

#### Tattoos:

1. No visible tattoos are allowed anywhere on the head, face or neck, unless for religious reasons or purposes that the employee professes or provides information of religious affiliation or association.
2. Any visible tattoos cannot be obscene, sexually explicit, or otherwise violate the District's policy against unlawful harassment or discrimination. Extremist or gang related tattoos are also not permitted.
3. Visible tattoos for religious purposes or reasons shall be allowed for religious reasons or purposes that the employee provides information of religious affiliation or association related to said tattoo(s).
4. Visible tattoos may not be larger than 6 inches.
5. Any non-conforming tattoos must be covered with clothing or a bandage while at work, or must be removed.
6. If an employee has a question about the tattoo policy, he or she should raise it with their supervisor.

#### Piercing:

1. No objects, articles, jewelry or ornamentation of any kind shall be attached to or through the skin if visible on any body part (including the tongue or any part of the mouth) except that an employee may wear two sets (i.e., four holes total) of reasonable-sized (i.e., small and professional-looking) earrings in the ear lobes.
2. Piercings, as described herein, shall be allowed if the employee provides information of religious affiliation or association related to said piercing(s).
3. Any non-conforming piercing shall be removed, covered with a bandage, or replaced with a clear, plastic spacer while the employee is working.
4. If an employee has a question about the piercing policy, the matter should be raised with his or her supervisor.

(continued on next page)

## Chapter 4: Compensation

### 4.1 Benefits

#### 4.1.1 Health – Medical Insurance Benefits

The District provides seventy percent (70%) of the employee's monthly premium for health benefits up to ~~n~~Nine ~~h~~Hundred ~~d~~Dollars (\$900.00) per month paid group toward group medical insurance benefits, through CalPERS, for eligible employees and their families ~~and one dependent per employee.~~

Eligible employees include all employees regularly scheduled to work an average of thirty (30) hours per week ~~least twenty-five (25) hours per week~~ and are CalPERS members. Employees ~~may elect to cover costs associated with additional dependents will be required to cover cost~~ pay the remaining thirty percent (30%) of the monthly health premium and any amount for their chosen health plan in excess of \$900.00 through a payroll deduction. Employees are encouraged to consult with the General Manager or human resources personnel regarding eligibility, costs and enrollment procedures.

Eligible employees may enroll in group health benefits on their hire date.

If an eligible employee already has qualifying healthcare through another source (such as a spouse or parent) and chooses not to participate in health insurance through the District, then they are eligible to receive two hundred and twenty-five dollars (\$225.00) per month in which health insurance would normally be deducted. These employees must provide the District documentation that they have healthcare provided through another source in order to receive the \$225.00/month benefit.

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This section applies to all eligible employees unless otherwise provided for in an approved bargaining agreement or employment contract.

District will also pay 100% of vision and dental coverage for its employees only. Employees may enroll a spouse and/or dependents for the District's vision and dental coverage, but shall be responsible for the benefit cost for spouse and family members for vision and dental coverage. The District shall provide payroll deductions for these expenses.

#### 4.1.2 Retirement Health Benefits – Current Employees and Annuitants Hired before May 1, 2013

The District currently provides retirement health benefits to eligible employees through CalPERS. These benefits are governed by the District's contract with CalPERS (including the plan documents), California state law, and applicable regulations. Should you want to review the plan or have further questions regarding this benefit, please call the District representative, who is currently the Finance Officer, and set up an appointment to go over the plan. The District reserves the

right to change or discontinue this plan, consistent with any legal obligations it may have.

**4.1.3 Retirement Health Benefits - Employees hired after May 1, 2013** The District currently provides retirement health benefits to eligible employees through CalPERS. These benefits are governed by the District's contract with CalPERS (including the plan documents), California state law, and applicable regulations. Should you want to review the plan or have further questions regarding this benefit, please call the District representative, who is currently the Finance Officer, and set up an appointment to go over the plan. The District reserves the right to change or discontinue this plan, consistent with any legal obligations it may have.

The following is the Vesting Schedule for Employees hired as of May 1, 2013:

Credited Years Of Service	Percentage of Employer Contribution
10	50%
11	55%
12	60%
13	65%
14	70%
15	75%
16	80%
17	85%
18	90%
19	95%
20 or more	100%

The credited service for purposes of determining the percentage of employer contributions shall mean service as defined ~~in Government~~ in Government Code Section 20069 except that not less than five years of that service shall be performed entirely with District.

The percentage of employer contribution payable for post-retirement health benefits for each annuitant shall be based on the employee's completed years of credited service based upon Government Code Section 22893.

#### 4.2 Holidays

Full-time District employees, both regular and probationary, are paid for the following the District Holidays whether or not they are scheduled to actually work on that holiday. Full-time employees receive eight (8) hours of holiday pay at straight time on the observed holiday. Temporary and part-time employees are not eligible for holiday pay.

The District generally recognizes the following twelve (12) days as paid holidays:

New Year's Day	Thanksgiving Day
Martin Luther King Jr. Day	Friday Following Thanksgiving
Presidents' Day	Veterans' Day
Memorial Day	½ Day Christmas Eve
Independence Day	Christmas Day
Labor Day	½ Day New Year's Eve

If a District-paid holiday falls on a Saturday, eligible employees are generally given the preceding Friday off. If a District-paid holiday falls on a Sunday, employees are generally given the following Monday off. If the day of holiday observance falls during an employee's vacation period, and falls on a day the employee is regularly scheduled to work (but for his or her vacation), that day shall be considered as a paid holiday and not vacation time.

#### 4.3 Vacation

Full-time District employees, both regular and probationary, are eligible for vacation benefits. Employees are encouraged to use their accrued paid vacation time. Employees who are normally scheduled to work fewer than forty (40) hours per week, and temporary employees, are not eligible for vacation accrual.

Vacations may be scheduled at any time during the year upon the approval of the [Department Head](#) ~~or~~with General Manager [approval](#). Vacation requests must be submitted in writing to the [Department Head or](#) General Manager with at least seventy-two (72) hours advanced notice.

Vacation requests may be denied in order to maintain sufficient staffing of District operations or in the event such vacation request conflicts with a previously approved vacation request.

##### 4.3.1 Accrual

Employees must complete six (6) months of employment with the District prior to using any accrued vacation benefits. Employees shall not accrue vacation time during any period of unpaid absence from work.

Employees accrue vacation benefits beginning the first pay period of employment in accordance with the following schedule, which is based on bi-weekly pay periods of eighty (80) hours (i.e., based on a full-time schedule):

<u>YEARS OF SERVICE</u>	<u>VACATION BENEFIT PER PAY PERIOD</u>	<u>WEEKS PER YEAR</u>	<u>ACCRUAL CAP</u>
00 – 04 Years	3.08 Hours	2 Weeks	160 Hours
05 – 14 Years	4.62 Hours	3 Weeks	240 Hours
15, plus Years	6.15 Hours	4 Weeks	320 Hours

Upon separation of employment for any reason, the District shall compensate the employee for all of his or her unused, accrued vacation time at the employee's then current straight time rate of pay.

The District does not require an employee to take vacation time during periods of illness. However, the employee may elect to take vacation time in case of extended illness where paid sick leave, if any, has been exhausted.

#### **4.3.2 Vacation Benefit Cap**

Employees are encouraged to use their vacation benefits. No employee shall be eligible to accrue more than a maximum of two times her or his annual entitlement to vacation pay at one time. Once an employee reaches this cap, the employee will cease accruing any additional vacation pay. When the employee uses enough vacation pay to fall below the cap, the employee will start accruing vacation pay again.

#### **4.3.3 Vacation cash-out**

An employee may cash-out up to two (2) weeks of vacation each fiscal year provided that the employee has at least two weeks of vacation available after any cash-out.

#### **4.4 Sick Leave**

In accordance with the Healthy Workplaces/Healthy Families Act of 2014, the District recognizes that employees will need days off from work from time to time to address their medical needs.

~~Regular full-time Employees shall earn sick leave at the rate of eight (8) hours per month of paid employment, accrued incrementally with each pay period. Unless otherwise provided for in a collective bargaining agreement.~~

~~Upon retirement, and only upon retirement, unused sick leave may be bought back by the District at a rate of one half (1/2) day for each whole day accrued. Alternatively, and at the retiring employee's discretion, unused sick leave may be exchanged for service credit with the District's retirement system, subject to the rules and regulations of the District's retirement system.~~



#### 4.4.1 Applicability

Regular full time Employees shall earn sick leave at the rate of eight (8) hours per month of paid employment, accrued incrementally with each pay period. Unless otherwise provided for in a collective bargaining agreement.

This policy applies to non-regular (seasonal, limited term, or temporary) employees (exempt and non-exempt) who, on or after June 28, 2015, work for the District for thirty (30) or more days within twelve (12) months from the beginning of employment and who are not eligible for any form of “comprehensive leave” benefit provided by the District to other employee groups.

Employees not covered by this policy are those who are eligible for the more generous “comprehensive leave” benefit provided by the District pursuant to a collective bargaining agreement (represented employees), employee benefits resolution (non-represented employees) or an employment agreement.

#### 4.4.2 Entitlement

An employee working for the District, on or after July 1, 2015, for thirty (30) or more calendar days within a year is entitled to paid sick leave.

Non-regular (seasonal, limited term, or temporary) employees covered by this policy are entitled to 3 days or 24 hours of paid sick time annually which may be used per fiscal year or after the ninetieth (90th) day after the first date of employment, whichever comes first. Twenty-four (24) hours shall be the maximum benefit except in situations where a day in an Employee’s regular work schedule is longer than an eight (8) hour day (e.g. an Employee who works four, 10-hour days per week.) In such cases, a “day” shall be the equivalent of the hours in the Employee’s regularly-scheduled work day.

Public sector employees, who are a recipient of a retirement allowance and employed without reinstatement into his or her respective retirement system, are not entitled to Paid Sick Leave under this policy.

Paid sick leave made available under this policy has no cash value, and the District does not pay Employees for available sick leave at separation.

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The amount of paid sick leave available to an employee will be reflected on his or her pay stub every pay period.

#### 4.4.3 Usage

An Employee may use available paid sick days beginning on the ninetieth (90<sup>th</sup>) day of employment. However, at its sole discretion, the District may allow the use of paid sick leave to an Employee in advance of the 90th day of employment with proper documentation.

The District shall allow the use of paid sick days upon the oral or written request of an Employee for themselves or a family member for the diagnosis, care or treatment of an existing health condition or preventative care, or specified purposes for an Employee who is a victim of domestic violence, sexual assault, or stalking, the purposes described in Labor Code section 230(c) and Labor Code section 230.1(a).

“Family member” for purposes of this paid sick leave policy means:

- A child (biological, adopted, or foster child, stepchild, legal ward, or child to whom the Employee stands in loco parentis, regardless of the age or dependency status);
- A biological, adoptive, or foster parent, stepparent, or legal guardian of an Employee or the employee’s spouse or registered domestic partner, or a person who stood in loco parentis when the Employee was a minor child;
- A spouse;
- A registered domestic partner;
- A grandparent; • A grandchild;
- A sibling.

The Employee must provide reasonable advance notification, orally or in writing, of the need to use sick leave, if foreseeable. If the need to use sick leave is not foreseeable, the Employee must provide notice as soon as practicable. ~~The District will not condition the use of sick leave on the Employee finding someone to cover his or her work.~~

Employees must use sick leave in at least one (1.0) hour increments.

Employees will only receive paid sick time for the number of hours they would have worked during their scheduled shift. For example, if the Employee was scheduled for a four (4) hour shift, they will be compensated with 4 hours of paid sick time only.

Employees will be provided the total amount of sick leave that may be used per fiscal year (24 hours or 3 days) at the beginning of each fiscal year beginning in July, or the first date of employment, whichever comes first, therefore no accrual or carry-over is permitted.

The District will limit the use of paid sick days to twenty-four (24) hours or three (3) days in each fiscal year of employment.

For returning non-regular employees who have completed ninety (90) days of employment and have a break in service of less than one year, paid sick time will be earned as outlined above. However, these returning non-regular employees are not required to wait for a subsequent 90th day of employment to use their paid sick leave. They will have access to their available sick leave for that year immediately upon re-employment with the City; provided their returning start date is within 12 months of their previous departure date.

For returning non-regular employees who have not completed their 90 days of employment and have a break in service, paid sick time will also be earned as outlined above. However, these returning non-regular employees will need to wait for a subsequent 90th day of employment to use their paid sick leave.

#### **4.4.4 Retaliation Prohibited**

Paid Sick Leave law protects employees who use sick leave, request to use sick leave, file a complaint with the Labor Commissioner's Office, allege a violation of these rights, cooperates in an investigation or prosecution, or oppose a policy or practice prohibited by the Paid Sick Leave law.

Retaliation prohibits the District from denying an employee the right to use paid sick leave, discharging or threatening to discharge an employee for using or requesting to use paid sick leave, demoting or suspending an employee for using or requesting to use paid sick leave, or in any manner discriminating against an employee because he or she uses paid sick leave or requests paid sick leave.

If an employee feels that he or she has been discriminated against for using paid sick leave or attempting to use paid sick leave, please inform the General Manager as soon as possible.

#### **4.5 Military Leave**

Employees are provided military leave in accordance with State and Federal laws. An employee requiring this type of leave shall provide the Department Head and/or General Manager ~~or his or her designee~~, whenever possible, with a copy of the military orders specifying the dates of leave, site, and purpose of activity or mission.

An employee who interrupts his District service because of extended military leave shall be compensated for accrued vacation at the time the leave becomes effective.

#### 4.6 Bereavement Leave

Bereavement leave may be taken to make arrangements necessitated by the death of a ~~family member~~family member or to attend the funeral or memorial service for a family member.

Employee is ~~granted three~~granted three (3) days of paid leave to take time off on the account of the death of a member of his or her immediate family or up to five (5) days if the employee is required to travel more than two hundred fifty (250) miles, one way, from his or her residence.

For purposes of this policy, “immediate family” is employee’s spouse, domestic partner, child, step-child, parent, grandparent, grandchild, brother, sister, half-brother, half-sister, aunt, uncle, cousin, niece, nephew, or in-laws (or analogous relationship of those enumerated above in connection with a domestic partnership). ~~Under special circumstances the General Manager may grant additional time beyond three (3) days when approved in advance.~~

Usage of this leave shall not be charged against employee’s leave balance, which includes sick leave, vacation leave, or compensatory time off. ~~accrued sick leave, or vacation leave, or compensatory leave.~~

#### 4.7 Pregnancy Disability Leave

An employee is entitled to a leave of absence for the period of time that she is required to be absent from work due to pregnancy-related disability, including childbirth, for up to a maximum of four (4) months. The employee must exhaust her accrued paid sick leave time, during the pregnancy disability leave, prior to electing using her accumulated paid time off benefits (e.g., vacation, comp time), during any such period of leave.

#### 4.8 FMLA/CFRA Leave

Under the Family Care and Medical Leave Act (“FMLA”) and California Family Rights Act (“CFRA”), employees who have at least twelve (12) months of service with the District, and have worked at least 1,250 hours in the preceding 12-month period, may request an unpaid leave for family care or medical reasons. This leave may be up to 12 workweeks in a 12-month period for the birth, adoption, or foster care placement of a child with the employee, or for the employee’s own serious health condition or the serious health condition of the employee’s child, parent, spouse or registered domestic partner, or in connection with the call to active duty of a family member. In addition, eligible employees may request up to twenty-six (26) weeks in a 12-month period to care for a family member (including a “next of kin”) with a serious health condition incurred while on active military duty.

Employees, who are eligible to, and do, take a leave under this policy will be reinstated at the conclusion of the leave to the same or to a comparable position, in accordance with state and federal law.

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

The District requires certification from the employee's health care provider before allowing an eligible employee a leave for his or her own serious health condition. In addition, the District requires certification from the health care provider of the employee's child, parent, spouse or registered domestic partner with a serious health condition before allowing a leave to take care of that family member. When medically necessary, leave may be taken on an intermittent or reduced work schedule.

For eligible employees taking a leave for the birth, adoption, or foster care placement of a child, the basic minimum duration of such leave is two weeks, and must be concluded within one (1) year of the birth or placement for adoption or foster care.

Taking an FMLA/CFRA leave may affect certain employee benefits or seniority date. Employees who want more information regarding eligibility for a leave or the impact of the leave on seniority and benefits should contact the General Manager.

#### **4.9 Educational Training Time**

In support of the District's overall belief in the continuing education and development of staff, employees may request educational leave for time spent attending classes, training, seminars, or other training specified or approved in advance by the Department Head with approval notification by to the or General Manager, if mandated by new regulatory requirements for an individual position or there is a demonstrative value to the District as determined by the General Manager ~~and approved by Board~~. The amount of the educational time granted, if any and whether or not some or all of the time will be paid, will be determined in advance of attendance and at the ~~sole~~ discretion of the Department Head with notification to the General Manager.

Employees will be paid their regular wages, if job requires certification or recertification for their position or work duties when required to attend classes or courses during normal work hours for the benefit of the District, or only when needed for the employee's continuing education for required licenses or certification.

#### **4.10 Jury Duty**

Any employee who is summoned for jury duty will be allowed time off as necessary to fulfill jury duty responsibilities. A copy of the subpoena or order requiring such duty must be submitted to his or her supervisor within three (3) working days of receipt in conjunction with a leave request.

Employees will receive paid time while serving on jury duty if it occurs during their normal work days. Employees who are normally scheduled to work at least thirty (30) twenty-one

~~(21)~~ hours or more per week qualify for pay. Upon release from jury duty employees shall provide a receipt from the Court Clerk verifying times away from work.

#### **4.11 Voting**

Any employee whose work schedule effectively prevents him or her from voting in a federal, state, or municipal election before or after work hours, or during break time, shall be permitted paid leave for this purpose not to exceed two (2) hours.

#### **4.12 Administrative Leave**

The District shall have the right to place an employee on administrative leave at any time with full pay when, in the District's discretionary opinion, the continuing presence at the job site during an administrative investigation into the employee's fitness for duty or misconduct would create or may tend to create a disruption to the working environment or may possibly impact the efficient operations of the department.

#### **4.13 Leave of Absence Without Pay**

Upon written request by the employee and the recommendation of the Department Head, a leave of absence without pay may be granted by the General Manager ~~or his or her designee~~ to an employee for a period of time not to exceed a total of six (6) months for personal reasons where other leave provisions are not available. If other leave provisions are available this leave will run concurrently with such other leave.

Request for leave of absence without pay shall state specifically the reason for the request, the date when the employee desires to begin leave, and the probable date of return.

Employees shall not accrue vacation leave, sick leave, increases in salary except Cost of Living Adjustments or all other paid leaves while on unpaid leave. The District is not required to maintain contributions toward group health, dental and vision insurance or other fringe benefits while on unpaid leave of absence, unless otherwise provided by law. Said employee shall be entitled to maintain such benefits in effect; provided, that the employee pays the insurance monthly premiums.

Employees returning to work following a leave of absence shall retain their accumulated leave, if otherwise not used. Upon the return from authorized leave of absence the employee shall be reinstated to his/her former position or to a comparable one if the former position is abolished during the period of leave.

Failure of the employee to return to his or her employment upon the termination of any authorized leave of absence shall, except under extraordinary circumstances, constitute a separation from service of that employee.

**4.14 Unauthorized Leave of Absence**

Unauthorized leave of absence shall be considered to be without pay and reductions in the employee's pay shall be made accordingly. An employee is deemed to have resigned if the employee is absent for more than three (3) consecutive working days without notifying the General Manager ~~Department Head or the employee's supervisor~~ and may result in termination of employment. Such termination shall not be subject to appeal.

**4.15 School Activities Leave**

Any employee who is a parent, guardian or grandparent having custody of one or more children in kindergarten or grades 1 through 12 or attending a licensed day care facility shall be allowed up to forty (40) hours each school year, not to exceed eight (8) hours in any calendar month of the school year, without pay, to participate in activities of the school of their child. Such employee must provide reasonable advance notice of the planned absence. The employee may use accrued vacation or compensatory time off to cover the absence. The District may require the employee to provide documentation from the school as verification that the employee participated in school activities on a specific date and at a particular time. If both parents, guardians or grandparents having custody, work for the agency at the same work site, only the first parent requesting shall be entitled to leave under this provision.

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## Chapter 5: General Conduct

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### 5.1 Policy Prohibiting Dishonesty/Fraud

The District is a public entity whose mission involves the public trust. This policy requires that each and every employee, vendor, contractor or other party that works for or with the District is required to act honestly and truthfully with respect to the District business at all times. The District will not tolerate any form of dishonesty or fraud.

#### 5.1.1 Scope

The term dishonesty includes dishonest speech (for example, lying) and dishonest acts (for example, theft), as well as fraud, and misappropriation of funds or property. Dishonesty also shall include, but is not limited to:

- A. Any dishonest, fraudulent, or otherwise unlawful act;
- B. Misappropriation or misapplication of funds, property or other assets;
- C. Profiting on insider knowledge;
- D. Destroying or taking without authorization any the District records, property or other assets;
- E. Forgery or altering the District documents or the documents of third parties submitted to the District;
- F. Unauthorized disclosure of the District's confidential information, including but not limited to information discussed in Closed Sessions of the Board.
- G. Falsely reporting transactions, events, work schedules or other the District events;
- H. Receiving kickbacks from any source.

#### 5.1.2 Employee Duty to Report Dishonesty/Fraud

Any employee who believes that an act of dishonesty in violation of this Policy has occurred shall immediately contact either their supervisor or the General Manager. In the event that the employee is unable, for any reason, to report the conduct to their supervisor or to the General Manager, or in the event that the General Manager is the person accused, the employee shall report the conduct to the District Board President or ~~Board Clerk~~ the District Board Vice President in absence of Board President. This report may be made in writing or orally.

#### 5.1.3 Investigation

The General Manager or other person appointed by the District Board of Directors shall investigate any report of dishonesty promptly and thoroughly. Furthermore, to the extent possible and compatible with an investigation, a report of dishonesty shall be kept confidential. Following the investigation, the General Manager or the District Board of Directors, as necessary and appropriate, shall take appropriate corrective action, including discipline or termination. In all events, the investigation and corrective action shall be accomplished as soon as possible.



#### **5.1.4 No Reprisals**

The District prohibits retaliation of any kind against a reporting employee (including volunteers and interns) or any other employee who has assisted in any way in the investigation of a report of dishonesty.

#### **5.2 Policy Prohibiting Harassment and Discrimination**

Harassment and discrimination in employment on the basis of sex, race, color, national origin, ancestry, citizenship, religion, age, physical or mental disability, medical condition, sexual orientation, gender identity or gender expression, veteran status, marital status, registered domestic partner status, genetic information, or any other protected basis is prohibited by federal and state law. The District does not tolerate unlawful discrimination or harassment in the workplace or in a work-related situation. Unlawful discrimination and harassment is a violation of these Guidelines. Section 5.2 through 5.4 shall also include and applied to members of the District Board of Directors including the use of complaint procedures described herein.

**5.2.1 Unlawful harassment** in employment may take many different forms. Some examples include, but are not limited to:

- Verbal conduct such as epithets, derogatory comments, slurs, or unwanted comments and jokes;
- Visual conduct such as derogatory posters, cartoons, drawings, or gestures;
- Physical conduct such as blocking normal movement, restraining, touching, or otherwise physically interfering with work of another individual;
- Threatening or demanding that an individual submit to certain conduct or to perform certain actions in order to keep or get a job, to avoid some other loss, or as a condition of job benefits, security, or promotion; and
- Retaliation by any of the above means for having reported harassment or discrimination, or having assisted another employee to report harassment or discrimination.

**5.2.2 Sexual harassment** under state and federal laws includes unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature when:

- submission to such conduct is made either explicitly or implicitly a term or condition of an individual's employment;
- submission to or rejection of such conduct by an individual is used as the basis for employment decisions affecting such individual; or
- such conduct has the purpose or effect of unreasonably interfering with an individual's work performance creating an intimidating, hostile, threatening or offensive working environment; or adversely affecting the employee's performance, appraisal, assigned duties, or any other condition of employment or career development; or

- such conduct is offered in order to receive special treatment or in exchange for or in consideration of any personal action

It is a violation of this policy if an employee is subject to any act of retaliation for reports of violation of this policy or participating in the investigation of a sexual harassment complaint.

Other examples of sexual harassment include, but are not limited to, unwelcome sexual flirtations or propositions; verbal abuse of a sexual nature; graphic verbal comments about an individual's body; sexually degrading words used to describe an individual; e-mails that may be inappropriate, offensive, harassing, or creating a hostile work environment; and the display in the work environment of sexually suggestive objects or pictures, posters, jokes, cartoon, or calendar illustrations. Sexual harassment conduct need not be motivated by sexual desire.

### **5.2.3 Policy Prohibiting Abusive Conduct/Workplace Bullying**

Abusive conduct or workplace bullying of the District's employees, by any person in or from the work environment, is strictly prohibited. Abusive conduct or workplace bullying is the conduct of any employer or employee in the workplace, with malice, that a reasonable person would find hostile, offensive, and unrelated to an employer's legitimate business interest. Abusive conduct or workplace bullying includes, but is not limited to:

- Repeated infliction of verbal abuse;
- Derogatory remarks, insults, epithets;
- Verbal or physical conduct that a reasonable person would find threatening, intimidating, or humiliating; or
- Gratuitous sabotage or undermining of a person's work performance.

## **5.3 Complaint Procedure**

### **5.3.1 Internal Complaint Procedure**

Any individual who believes that he or she is the object of harassment, abusive conduct, or discrimination on any prohibited basis, or who has observed such conduct, or who believes he or she has been subjected to retaliation, should first notify his or her supervisor, the District's General Manager or his or her designee either in writing or verbally. The District will investigate the matter and take such action as is warranted under the circumstances, which may include discipline up to and including termination. If a complaint is made against the General Manager, then the employee should report the issue to the District's Board President.

The District will maintain strict confidentiality ensuring the privacy of all parties concerned.

### 5.3.2 Agency Complaint Procedure

Both the state and federal governments have agencies whose purpose is to address unlawful discrimination in the workplace. If an individual who provides services to the District believes he or she has been harmed by unlawful workplace discrimination, abusive conduct, or harassment, and is not satisfied with the District's response to the problem, he or she may file a written complaint with these agencies. For the State of California, the agency is called the Department of Fair Employment and Housing ("DFEH"). The local address for the DFEH is 1277 East Alluvial Avenue, Suite 101, Fresno, California 93720 (559) 244-4760.

For the federal government, the agency is called the Equal Employment Opportunity Commission ("EEOC"). The local address for the EEOC is 2300 Tulare Street, Suite 215, Fresno, California 93712.

### 5.4 Retaliation

Retaliation against any individual for making a report, or for participating in an investigation, under this policy is strictly prohibited. Individuals are protected by law and by District policy from retaliation for opposing unlawful discriminatory practices, for filing an internal complaint under this policy or for filing a complaint with the DFEH or EEOC, or for otherwise participating in any proceedings conducted by the District under this policy or by either of these agencies.

## Chapter 6: No Smoking/Tobacco Policy

### 6.1 Smoking

The District is committed to a philosophy of good health and a safe workplace. In keeping with this philosophy, smoking, including vaping or e-cigarettes, is not permitted inside the District ~~offices~~ buildings, District properties, vehicles or enclosed work areas or anywhere else prohibited by law.

### 6.2 Chewing Tobacco

#### Chewing

Chewing tobacco is not permitted inside the District buildings, District properties, -vehicles or enclosed work areas or anywhere else prohibited by law.

## Chapter 7: Drug and Alcohol-Free Workplace

### 7.1 Scope and Purpose

The District recognizes the problem of substance abuse as a serious threat to the welfare of District employees and the public. To address this problem, the District has implemented a "Drug and Alcohol-Free Workplace Policy", incorporated to the Personnel Guidelines by

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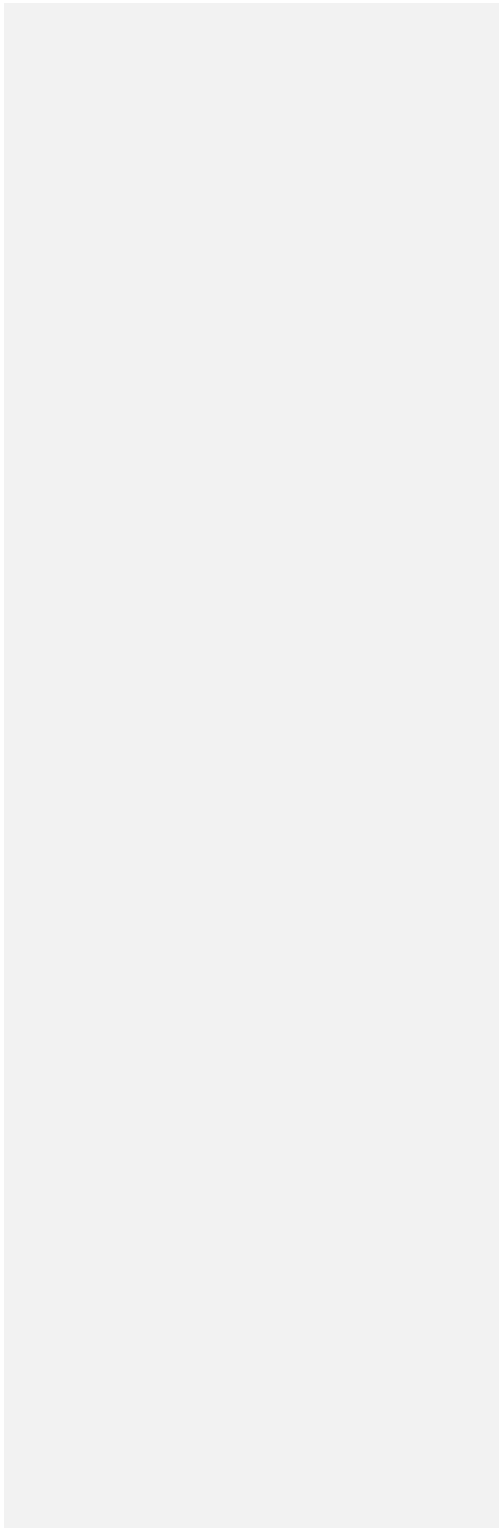
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reference. The ultimate goal of this Policy is to maintain a safe, productive, drug- and alcohol-free working environment.



## Chapter 8: Conflict of Interest

District employees shall not place their personal business interest above the best interest of the District or Board's constituents. Accordingly, employees of the District shall not:

- Engage in a substantial financial transaction for private business purposes with another employee whom he or she supervises;
- Take any official action directly and substantially affecting his/her economic benefit with any business, undertaking, or enterprise doing business with the District;
- Disclose or use confidential information acquired in the course of his or her official duties without authorization from the District; or
- Employees may not receive gifts valued over \$10 from any single source per year.

## Chapter 9: District Property

### 9.1 Use of the District Property

District property is to be used only for official district business, in an appropriate manner, and in accordance with all applicable rules, operating procedures, or directives. No employee shall remove, misuse, damage, or destroy District property, or the property of other employees, from the District premises or work site.

### 9.2 Use of the District Vehicles

District vehicles may be used only for the purpose and in the manner authorized by the General Manager. Employees shall conduct pre-operation inspections of vehicles and equipment as well as report any repairs made and perform any minor repairs, or initiate a work or service order request to repair said vehicle or equipment.

Only authorized and state licensed District employees may operate the District vehicles, in accordance with all applicable traffic laws and designated proper use. Use of the District vehicles outside the District boundaries is permitted only with prior approval from the Department Head and/or General Manager. ~~District vehicles may not be used for travel during employees' paid fifteen (15) minute break periods.~~ The District encourages employees to carpool when on official business. District employees may not have family members or friends in District vehicles, except for parades or similar events. Employees are expected to leave vehicles in clean and working order.



E. Disciplinary Procedures.

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I. A qualified employee will immediately attend a qualified defensive driver training course (State of California Defensive Driver Training, National Safety Council Defensive Driver Training, etc.) if:

(a) they earn two points within 36 months of report date; or,

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(b) they receive any moving violation in a District vehicle within 36 months of report date; or,

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(c) they are involved in an accident within 36 months of report date.

II. A driver will be placed on a 12-month driving probation if they earn three points within 36 months of report date. Additional point violations within this probation period will affect a 120-day suspension of District driving privileges. If their job routinely involves driving a vehicle and if having driving privileges suspended would impose a hardship on normal District operations, they may be terminated from employment, in accordance with the procedures in Chapter 10 of the Personnel Rules.

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III. A driver will be suspended from District driving privileges for 120 days if:

(a) they earn four or more points within 24 months of report date; or,

(b) they earn six or more points within 36 months of report date; or,

(c) they receive a citation for DUI, DWI, reckless driving, or speed contest on personal time within 36 months of report date; or,

(d) if they are involved in two chargeable (resulting in a point violation) accidents within 24 months of report date. If their job routinely involves driving a vehicle and if having driving privileges suspended would impose a hardship on normal District operations, they may be terminated from employment, in accordance with the procedures in Chapter 10 of the Personnel Rules.

IV. A driver will be permanently suspended of District driving privileges if:

(a) they receive a citation for DUI, DWI, reckless driving, or speed contest while driving during District business within 36 months of report date; or,

(b) they receive two citations for DUI and/or DWI, two citations for reckless driving, or two citations for speed contest on personal time within 12 months of report date. If their job routinely involves driving a vehicle and if having driving privileges suspended would impose a hardship on normal District operations, they may be terminated from employment, in accordance with the procedures in Chapter 10 of the Personnel Rules.

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V. Occasionally, it may be brought to the District's attention that an employee is exposing the District to undue liability through poor driving techniques and habits. All such complaints will be investigated and acted upon accordingly.

VI. Defensive Driver Training. All drivers shall attend an approved defensive driver-training course at least once every four years. Directors are encouraged to attend courses, but cannot be required to do so in accordance with State law.

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### 9.3 Cellular Telephone Usage

Employees may be provided with a business cell phone, tablet, or camera for conducting official business. All uses of cell phones, tablets, or cameras shall be done in conformance with District policies and federal and State law. Cellular telephone usage includes, but is not limited to phone calls, text messaging, and usage of applications on smart phones (“Phone Usage”).

Personal cellular telephones may be used by employees during work time hours only for essential personal calls, or for an occasional personal business call. Essential personal calls are defined as calls of minimal duration and frequency that are urgent in nature and cannot be made at another time. Examples of essential personal calls are calls to arrange for care of a child or other family emergency, to alert a family member of an unexpected delay due to a change in work schedule, or to arrange for transportation or service in the event of car trouble, etc.

To the extent possible, Phone Usage ~~should~~must be confined to rest and lunch breaks, and in locations such that the conversation is not disrupting to other employees or District business.

#### 9.3.1 Cellular Phone Safety

For safety reasons personal and District-owned Phone Usage is not be permitted while employees are engaged in a continuous operation, such as a member on a utility crew engaged in the construction or repair of District facilities.

Employees are expected to operate District vehicles and equipment in a safe and prudent manner. Accordingly, employees may not use cell phones while driving unless the phone is specifically designed and configured to allow hands-free listening and talking. Similarly, employees are not permitted to text while driving.



## Chapter 10: Disciplinary Action

### 10.1 General Rules of Conduct

The District expects all of its employees to act in the best interest of the District and its customers and residents. It is the responsibility of all employees to observe all rules, guidelines, and operating procedures of the District. The District further expects that each of its employees will act in a polite and professional manner when dealing with members of the public and other employees. These General Rules of Conduct, along with the “Examples of Unacceptable Conduct” listed below, are not meant to be all inclusive, but rather to provide illustrations of acceptable conduct versus problematic conduct.

### 10.2 Examples of Unacceptable Conduct.

The following list presents examples of some of the types of unacceptable conduct that may result in disciplinary action, up to and including immediate termination. This list is not an exhaustive list of what may result in discipline, up to and including immediate termination:

- A. Fraud in securing employment;
- B. Abuse of sick leave, continued absenteeism or tardiness, and/or unexcused absences;
- C. Falsification of records;
- D. Inadequate job performance;
- E. Dishonesty;
- F. Violence or threat violence towards other employees or the public;
- G. Conviction of a felony or misdemeanor involving a crime of moral turpitude;
- H. Theft;
- I. Negligent or reckless operation of District vehicles and equipment;
- J. Falsification of, or material omission from any employment application, payroll records, time reports, or other the District documents;
- K. Violation of any of the District’s Policies, Procedures, Administrative or Operational Directives, including any policies in these Personnel Guidelines, or inducing other employees to violate any such rules;
- L. Violation of the District’s Purchasing Policies;
- M. Violation of safety rules or practices;
- N. Violation of the District’s policy prohibiting harassment, abusive conduct or discrimination;
- O. Violation of the District’s Drug and Alcohol Free Workplace Policy;
- P. Sleeping during work hours is prohibited unless separate authorization has been given;
- Q. Possession of firearms or dangerous weapons on District property;
- R. Private use of District equipment, vehicles, tools, and materials.

- S. Unauthorized disclosure of or other failure to properly protect trade secrets of the District;
- T. Soliciting coworkers when either employee is on working time being paid for by the District is prohibited, including the use of e-mail. Distribution or posting of pamphlet, leaflets, or any other literature in the District offices is prohibited during working time of any employee involved.

### 10.3 Types of Disciplinary Action

Disciplinary action includes oral warning, written warning, disciplinary probation, suspension, reduction in salary, demotion, reduction in salary, or termination of employment.

- A. Oral Warning: communication to an employee that his or her performance or behavior must be improved and failure to do so may result in more serious discipline. An employee's supervisor or the General Manager ~~may~~ shall note the date, time, and content of oral reprimand, but no record of oral reprimand shall be placed in the employee's personnel file unless subsequent action is necessary.
- B. Written Warning: a formal written notice to an employee that further disciplinary action will be taken unless his or her performance or behavior improves. A copy of the written reprimand is given to the employee and the original is filed in the employee's personnel file. The employee must acknowledge receipt of the written warning by signing the letter at the time of presentation; this signature signifies only the receipt of the document; it does not signify the employee's agreement with the allegations.
- C. Disciplinary Probation: this form a disciplinary action lasts for a specified period of time, not to exceed six (6) months. Employees on disciplinary probation may be terminated for failure to meet performance or behavior standards as provided by in the employee's job classification.
- D. Suspension: the temporary removal of an employee from his or her duties without pay for disciplinary purposes for up to thirty (30) working days. Employees suspended from his or her employment with the District forfeit all rights, privileges, and salary with the exception of group health and life insurance benefits.
- E. Reduction in Salary: a decrease in salary paid to an employee for a specified period of time for disciplinary purposes.
- F. Demotion: the removal of an employee from a position to another position carrying a lower maximum rate of pay, as a result of a disciplinary action.

- G. Discharge: the removal of an employee from District services, as provided for in these Guidelines.

#### 10.4 Disciplinary Notice/Appeal Procedure

This Section does not apply to probationary or temporary employees.

##### 10.4.1 Written Notice of Proposed Action

In the event the District imposes disciplinary action as described in section 10.3, subsections C-G, the employee will be given a notice of the disciplinary action.

###### ~~A. Notice of Disciplinary Action~~

~~Whenever a disciplinary action is to be taken against an employee, the employee shall be notified in writing of the proposed disciplinary action to be taken. The notice may be served upon the employee, either personally or by certified mail, and shall contain the following information:~~

- ~~1. A statement of the disciplinary action to be taken.~~
- ~~2. The effective date of the disciplinary action.~~
- ~~3. The reason or cause of the disciplinary action.~~
- ~~4. A summary of the facts upon which the charges are based.~~
- ~~5. Notice that the employee may inspect copies of all materials upon which the disciplinary action is based.~~
- ~~6. A statement notifying the employee that he or she has ten (10) business days in which to respond orally or in writing regarding the proposed disciplinary action.~~
- ~~7. Notice that failure to respond at the time specified shall constitute a waiver of the right to respond prior to final discipline being imposed.~~

###### ~~AB. Notice of Suspension-Disciplinary Action~~

~~Prior to the imposition of discipline as described in section 10.3, subsections C-G, a regular employee shall be provided a written notice or "Skelly letter" by the employee's supervisor or General Manager proposing to implement discipline which contains:~~

- ~~1. Notice of the proposed action;~~
- ~~2. The reasons for the proposed action;~~
- ~~3. A copy of the charges and any materials upon which the proposed action is based;~~
- ~~4. Notice that the employee is entitled to an opportunity to respond within five (5) working days after the notice has been served upon employee to the charges orally or in writing, or both, personally or with a representative who may be an attorney;~~
- ~~5. The date and time of the response or "Skelly" meeting, which shall be held according to section 10.4.2;~~

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6. Notice that if the employee fails to attend the response meeting the employee shall be deemed to have waived all rights to said meeting and from appeal to any action taken.

#### **10.4.2 Response Meeting/Skelly Hearing**

No more than ten (10) business days after the notice has been served upon employee, employee shall have the opportunity to refute charges or present facts that is known as a "Skelly" Review meeting with the General Manager. The employee may respond orally or in writing, personally or with a representative. Neither party shall be entitled to call witnesses or take testimony.

If an employee fails to respond to the notice for a Skelly Review meeting, the General Manager or his or her designee shall notify the employee in writing that his or her time to respond has expired, and that the discipline shall be imposed.

If the employee requests a Skelly Review meeting, the General Manager shall consider information contained in the charges and recommendations, as well as information presented by the employee or his or her representative and issue a Final Notice as set forth in Section 10.4.3.

~~No less than ten (10) business days after the notice has been served upon employee, employee shall have the opportunity to refute charges or present facts that may not be known at a "Skelly" hearing. The employee may respond orally or in writing, personally or with a representative. Neither party shall be entitled to call witnesses or take testimony.~~

~~At the meeting, the General Manager may consider information contained in the charges and recommendations, as well as information presented by the employee or his or her representative.~~

#### **10.4.3 Post-Skelly Final Notice**

Within ten (10) days after the Skelly ~~Hearing~~Review meeting, the ~~appropriate authority~~General Manager or his or her designee shall: 1) dismiss the notice and take no disciplinary action against the employee; 2) ~~modify the intended disciplinary action~~issue disciplinary action that is less severe than the intended ~~disciplinary action~~; or 3) prepare and serve upon the employee a final notice of disciplinary action.

The final notice of disciplinary action shall include the following:

1. The disciplinary action taken.
2. The effective date of the disciplinary action taken.
3. Specific charges upon which the action is based.
4. A summary of the facts upon which the charges are based.
5. The written materials, reports and documents upon which the disciplinary action is based.

6. The employee's right to appeal.

If an employee fails to respond to the notice for a Skelly ~~Hearing~~Review meeting, the General Manager shall notify the employee in writing that his or her time to respond has expired, and that the discipline shall be imposed.

Disciplinary action other than a suspension, demotion or termination (i.e., written or oral reprimands) shall not be subject to appeal. Disciplinary action consisting of a suspension, demotion or termination may be appealed by regular employees pursuant to Sections 10.4.4 and 10.4.6.

**10.4.4 Appeals of Disciplinary Action**

Any regular employee shall have the right to appeal to the General Manager from any disciplinary action taken by his or her supervisor following a Skelly hearing. Such appeal shall be in writing and must be filed with the General Manager within ten (10) business days after receipt of written notice of such disciplinary action. Failure to file an appeal within such period constitutes a waiver of right to appeal.

The appeal hearing shall be an evidentiary hearing with due process rights including the right to present witnesses, present evidence, cross examine opposing witnesses, the right to counsel and findings to support the decision. However, the formal rules of evidence shall not apply, and the hearing officer shall be entitled to rely upon any evidence that reasonable persons would commonly rely upon in the course of the conduct of their business.

~~The General Manager shall conduct a hearing as provided above. Neither the provisions of this section or this Chapter shall apply to reductions in force or reductions in pay, which are part of a general plan to reduce or adjust salaries and wages. However, any reduction in pay is subject to the meet and confer process pursuant to Government Code sections 3504.5 and 3505.~~

The hearing officer shall conduct an appeal within thirty (30) days of receipt of employee's request for appeal or as soon as practical. The parties may continue the hearing either for the convenience of the District or for good cause upon written application of the appellant or District, for a period not to exceed an additional thirty (30) days from the receipt of the appeal. Written notice of the time and place of the hearing shall be conducted in accordance with the provisions of Section 11509 of the Government Code of the State of California, except that the appellant and other persons may be examined as provided in Section 19580 of said Government Code, and the parties may submit all proper and competent evidence against, or in support of the causes.

Neither the provisions of this section or this Chapter shall apply to reductions in force or reductions in pay, which are part of a general plan to reduce or adjust salaries and wages. However, any non-disciplinary reduction in pay is subject to the meet and

confer process pursuant to Government Code sections 3504.5 and 3505.  
~~In the event the General Manager institutes the disciplinary action against an employee, he or she shall be disqualified from presiding at the appeal hearing. In such case, the Hearing Officer will be appointed pursuant to section 10.4.11.~~

#### **10.4.5 Selection of Hearing officer for Appeal of Disciplinary Action**

~~Upon receipt of a disciplinary appeal hearing request, the General Manager or his or her designee shall order that the matter be heard by a neutral hearing officer selected from a listing of arbitrators supplied by the State Conciliation Service. The individual shall be selected from a listing of five (5) individuals identified by the State Conciliation Service. If the parties cannot mutually agree upon a hearing officer, the hearing officer shall be selected by the parties through alternate the striking of names. The cost of the hearing officer will be shared equally between the parties.~~

~~If the General Manager is disqualified, the appeal shall be heard by a hearing officer provided to the District by a non-profit organization or governmental agency with whom the District has contracted to conduct hearing pursuant to these Guidelines. No hearing officer shall be compensated or evaluated, directly or indirectly, based upon the outcome of any hearing.~~

#### **10.4.6 Appeal Hearing**

~~The appointed hearing officer shall conduct an appeal within thirty (30) days of receipt of employee's request for appeal. The appointed hearing officer may continue the hearing either for the convenience of the District or for good cause upon written application of the appellant or District, for a period not to exceed an additional thirty (30) days from the receipt of the appeal. Written notice of the time and place of the hearing shall be conducted in accordance with the provisions of Section 11509 of the Government Code of the State of California, except that the appellant and other persons may be examined as provided in Section 19580 of said Government Code, and the parties may submit all proper and competent evidence against, or in support of the causes.~~

~~The General Manager or the appointed hearing officer shall conduct an appeal within thirty (30) days of receipt of employee's request for appeal. The General Manager or the appointed hearing office may continue the hearing either for the convenience of the District or for good cause upon written application of the appellant or District, for a period not to exceed an additional thirty (30) days from the receipt of the appeal. Written notice of the time and place of the hearing shall be conducted in accordance with the provisions of Section 11509 of the Government Code of the State of California, except that the appellant and other persons may be examined as provided in Section 19580 of said Government Code, and the parties may submit all proper and competent evidence against, or in support of the causes.~~

#### **10.4.7 Representation at Appeal**

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Any District employee other than those appointed to supervisory, management, and confidential classifications shall be permitted to represent another District employee or group of District employees at the hearing of the appeal. The appellant may appear in person and/or be represented by counsel and/or a union representative.

**10.4.8 Notices to Witnesses: Cost**

The General Manager shall issue notice for the appearances of witnesses for the appellant upon his written request and at his cost. The General Manager may require such cost to be prepaid.

**10.4.9 Failure of Employee to Appear at Appeal Hearing**

Failure of the appellant to appear at the hearing, without the prior written approval of the hearing officer, shall be deemed a withdrawal of his or her appeal and the action of the General Manager or supervisor shall be final.

**10.4.10 Decision on the Appeal**

The hearing officer shall render a written decision within thirty (30) days after concluding the hearing or as soon as practical. The hearing officer's decision shall be final and binding.

**10.4.11 Time Limits**

In the event of extenuating circumstances, the time limits in this Section 10.4 may be extended to a definite date by written agreement between the employee and the District.

~~The General Manager or appointed hearing officer shall render a written decision within thirty (30) days after concluding the hearing. The General Manager's decision shall be final and conclusive, except when an employee is suspended for more than three (3) days or discharged. A copy of such decision shall be forwarded to the appellant. If the disciplinary action taken against the employee is reversed or modified by the General Manager or an appointed hearing officer, the employee will be compensated for the time lost, if any, that resulted from the reversed disciplinary action.~~

~~In cases involving suspending an employee for more than three (3) days or discharging an employee, a copy of such decision shall be forwarded to the employee.~~

**10.4.11 Notice of the Binding Arbitration**

~~The employee may, within ten (10) business days after receipt of written notice of the General Manager's or hearing officer's decision, give notice to the General Manager that the association representing the grieved employee will submit the~~

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~~matter to binding arbitration. The arbitrator shall be selected in accordance with section 10.4.11, and the cost of arbitration shall be borne equally between the District and the employee. The arbitration hearing shall be held within thirty (30) days from the date of the request by employee to submit to arbitration. The parties may agree to continue the date of the arbitration hearing by mutual agreement.~~

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#### **10.4.12 Selection of Arbitrator**

~~The District and exclusive employee representative shall maintain a list of no less than five (5) and no more than seven (7) arbitrators to utilize in accordance with this section. The names shall be selected by mutual agreement of the parties and shall be refreshed from time to time as needed by mutual agreement.~~

~~Whenever an arbitrator is needed to preside over an arbitration hearing, the District and employee, or employee's representative shall stipulate to an arbitrator on the arbitration list. If no stipulation can be reached, the parties shall each take turns striking arbitrator names until only one name is left. The party to strike the first name from the list shall be the District, if the date of the name striking occurs on an odd number date. The appellant or his or her representative shall strike the first name if such striking occurs on an even numbered date.~~

~~The remaining arbitrator shall be designated by the parties to preside at the hearing and render a final and binding decision in the matter.~~

~~The binding arbitration hearing shall be conducted in accordance to the procedures set forth in section 10.4.6.~~

## **Chapter 11: Grievance Procedure**

With the exceptions below, a grievance is defined as a complaint by an employee that the District has violated a written policy contained in these Guidelines, an applicable MOU between the District and a recognized employee organization, or a provision of federal, state, or local law, which adversely affects the employee. Specifically excluded from the grievance procedures are claims or complaints of alleged discrimination or harassment, performance evaluations, and all disciplinary actions. Specific procedures for concerns regarding those items are addressed in separate sections of these Guidelines.

### **11.1 Grievance Procedure Steps**

**Level I, Preliminary Informal Resolution.** An employee who believes she or he has a grievance shall present it orally to her or his immediate supervisor within ten (10) business days after the employee knew, or reasonably should have known, of the circumstances that form the basis for the grievance. The immediate supervisor will discuss the grievance with the employee and respond to the employee in writing within ten (10) business days after their discussion. If the grievance is against the employee's supervisor, the employee may



skip Level I and advance to Level II, provided he or she complies with all applicable time limits and other requirements for Level I.

**Level II, Supervisor.** If the grievance is not resolved at Level I, the employee may present her or his grievance in writing to his or her supervisor or to the General Manager within ten (10) business days of the date of the Level I response.

The Level II grievance shall include the following:

- A. A concise statement of the grievance, including specific reference to the policy allegedly violated;
- B. The circumstances involved;
- C. The decision rendered at Level I, if any;
- D. The dates when: (i) the grievance was first discussed with the immediate supervisor; (ii) the Level I response was issued; and (iii) the employee submitted the grievance to Level II; E. The specific remedy sought.

Within ten (10) calendar days of receipt of the employee's Level II grievance, the employee's supervisor or the General Manager shall meet with the employee and try to resolve the dispute. He or she shall issue a written response to the employee within ten (10) calendar days of the meeting with the employee. If no response is issued within the time limit, the grievance will be deemed denied at that level and the employee may appeal to the next level.

**Level III, General Manager.** In the event the grievance is not resolved at Level II, the employee may, within seven (7) business days of the date of the Level II response, appeal the decision in writing to the General Manager. If the decision being applied was made by the General Manager, then the employee may skip Level II and proceed to Level IV. The Level III appeal shall include a copy of the original grievance; a copy of the written Level II decision; and a clear, concise statement of the reasons for the appeal to Level III.

Within ten (10) calendar days from the date of General Manager's receipt of the Level III grievance, the General Manager will issue a written determination to the employee.

**Level IV, Hearing.** If the grievance is not resolved at Level III or if the grievance is against the General Manager, the employee may, within seven (7) business days of the date of the Level III written response, appeal the decision by submitting to the General Manager a written request for appeal by a designated hearing officer, who will be selected in accordance with section 10.4.11.5. ~~The costs, if any, for the services of the hearing officer will be split equally between the employee and the District, not to exceed more than five hundred dollars (\$500.00).~~ After the hearing, the hearing officer will issue an advisory written recommendation on the matter to the Board of Directors, who will consider the recommendation in closed session. The Board of Directors will then issue a final decision on the appeal, subject to judicial review.

## **11.2 General Rules for Grievances**

All employee grievances must follow the steps outlined above. Except as expressly stated in this policy, at no time may an employee bypass a step. Employees shall not approach the General Manager directly with a grievance as an initial matter, unless the General Manager is the employee's direct supervisor. Time limits set forth above may be extended upon the written consent of both parties. Employees will not be retaliated against for filing or pursuing a grievance in good faith under this procedure. Employees are entitled to representation throughout the grievance process.

If an employee does not present the grievance, or does not appeal the decision rendered regarding the grievance, within the time limits specified above, the grievance shall be considered withdrawn.

A copy of all formal grievance decisions shall be placed in a grievance file belonging to the District. A copy of the grievance decision will be provided to the employee.

The parties by mutual written consent may extend any of the time limits set forth in this section.

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### 11.3 Expungement of Written Reprimands

A written reprimand may be expunged upon sustained corrective behavior, as determined by the General Manager, after a period of three (3) years from the date of the reprimand. It is the responsibility of the employee to request that his or her personnel file be purged of the written reprimand.

The General Manager will consider the following factors in making his or her decision:

1. whether the employee received further discipline of any kind;
2. employee's performance evaluation reviews are at least satisfactory in all categories; and
3. that the only one expungement can occur during their employment with the District.

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## Chapter 12: Employee Records

### 12.1 Personnel Records and Information

The District retains personnel records concerning its employees. Such records ordinarily include applications, insurance forms, payroll deduction authorizations, performance appraisals, certain pay records, transfer and promotion forms, records of disciplinary action, training records, and any certificates or credentials required for an employee's job. Other information concerning employees may be kept as personnel records at the discretion of the District.

In order to keep personnel records current, the General Manager or his or her designee must be notified of any change in an employee's personal status and information, such as which may include, but is not limited to: changes of address, telephone number, marital status,

military status, any birth or death in an employee's immediate family, any change in the name or telephone number of the person to be notified in case of emergency, any change in insurance beneficiary, or any other information needed to maintain accurate records. These changes shall be provided to the General Manager or his or her designee within thirty (30) days of the change in an employee's personal status.

Each employee is also responsible for providing the District with records concerning any licenses or certificates required in the performance of his or her job, as well as any documents showing that education or training relevant to employment has been completed.

### **12.2 Release of Information**

Personnel records are considered confidential. Employees may examine their own personnel records, except for letters of reference, by contacting the General Manager, ~~or his or her designee.~~ Employees may authorize the release of their own personnel records by executing a written request identifying the records to be released and the person or entity to which they may be released.

Ordinarily, no information on past or present employees shall be provided by the District, other than employment dates and job title, unless such requests for information are accompanied by a signed authorization by the employee to release the information requested.

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## **Chapter 13: Personnel Actions**

### **13.1 Separation Procedures**

Employees who separate from the District for any reason will be paid for any comp time or vacation time that is accrued but unused at the time of their termination. Employees do not receive any pay out for accrued but unused sick leave at termination, or at any other time.

Terminating employees may be eligible to continue coverage under the District's group health insurance at their own expense pursuant to COBRA.

### **13.2 Disciplinary Termination**

Employees who are terminated for disciplinary reasons or for "good cause" as defined in these Guidelines are not eligible for rehire.

### **13.3 Layoff Policy and Procedure:**

1. **Statement of Intent:** Whenever the Board determines necessary to abolish any District position, the employee holding such position or employment may be laid off or demoted without disciplinary action and without the right of appeal.
2. **Notification:** Employees to be laid off will be given, whenever possible, at least fourteen (14) calendar days prior notice, if possible.
3. **Order of Layoff:** Employees are generally laid off in the inverse order of their seniority in their classification in the department, although this order is subject to business needs. Seniority is determined based upon date of hire in the department. Within each class, and subject to business needs, employees will generally be laid off in the following order: temporary, part-time, probationary, and regular.

In cases where there are two or more employees in the classification in the department from which the layoff is to be made who have the same seniority date, such employees will be laid off on the basis of the last evaluation rating in the class, providing such rating has been on file at least 30 days and no more than 12 months prior to lay off, as follows:

First, all employees having ratings of “improvement needed;” second, all employees having ratings of “competent;” third, all employees having rating of “outstanding.”

4. **Transfer in Lieu of Layoff:** An employee affected by layoff may be transferred to a vacant position within the same or comparable classification, or a vacant position in any former classification, first within the affected department and then District-wide, which the employee once held as a regular employee, provided that the employee meets the minimum qualifications of said positions and the compensation is at the same or lower rate of pay.
5. **Re-employment Rights for Laid Off Employees:** Regular employees who have been laid off shall be automatically placed on a re-employment list for 2 years from the date of layoff for the classification from which they were laid off.
6. **Mass Layoff:** If the District finds it necessary to enforce a mass layoff, it must provide at least a sixty (60) day notice prior to the mass layoff. A mass layoff is defined as job loss for at least fifty (50) employees in a thirty (30) day period. California’s WARN Act, codified in Labor Code Sections 14001408 also applies to the closing of an industrial or commercial facility with at least seventy-five (75) employees, or the relocation of an industrial or commercial facility with at least 75 employees to a location at least one hundred (100) miles away.

**13.4 Voluntary Resignations in Good Standing**

An employee who resigns in good standing is eligible to seek for re-employment with the District. Good standing shall mean providing at least a two (2) week notice and the completion of all necessary exit forms and exit interview.

**13.5 Exit Interview**

~~For the purpose of ascertaining potential eligibility for unemployment insurance benefits,~~  
All employees separating from the District for any reason shall be given an interview prior to termination.

The interview shall be conducted by ~~a representative of~~ the General Manager and shall produce specific information as to the causes and reasons for the separation. The information shall be recorded on a standard form provided by the District, which the employee shall be required to sign.

A copy of the complete report shall be transmitted to the employee’s immediate supervisor and General Manager for comment and be returned for retention in the employee’s personnel file.

**13.5.1 Property Return Agreement**

Upon employment with the District, each employee may complete a Property Return Agreement if they receive any District property. Property includes, but is not limited to, laptops, cell phones, PDAs, equipment, keys, reports, proprietary information, and any other job related materials. All District property must be returned prior to departure.

**13.5.2 Employment Reference Checks**

All inquiries regarding a current or former District employee must be referred to the General Manager. Should an employee receive a written request for a reference, he or she must refer the request to the General Manager for handling. Employees may not issue a reference letter to any current or former employee without the permission of the General Manager.

Under no circumstances should an employee release any information about a current or former employee over the telephone. All telephone inquiries regarding any current or former employees of the District must be referred to the ~~District~~ General Manager.

In response to an outside request for information regarding a current or former District employee, the General Manager will only verify an employee’s name, date of employment, and job title. No other data regarding any current or former District employee will be released unless the employee authorizes the District to

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release such information in writing or the District is required by law to furnish any information.

If, however, an employee is contacted to give a personal reference regarding a current or former District employee, he or she is permitted to do so and should emphasize to the inquirer that the reference is personal only and not on behalf of the District.

Failure to follow these directions may be cause for corrective action up to and including termination.

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## Chapter 14: Internet, E-mail and Electronic Communications

The District believes that employee access to and use of the internet, e-mail, and other electronic communications resources benefits the District and makes it a more successful local public agency. However, the misuses of these resources have the potential to harm the District's short- and long-term success. Employees should have no expectation of privacy in work-related emails or internet usage while using District computers.

The District has established this policy to ensure that the District employees use the District provided computer resources, such as the internet and e-mail, in an appropriate manner.

### 14.1 Rules Regarding Prohibited Use

Employees shall not use the District internet and e-mail in an inappropriate manner. Prohibited use of the internet and e-mail systems includes, but is not limited to:

1. Accessing internet sites that are generally be regarded in the community as offensive (e.g., sites containing pornography or that exploit children), or accessing sites for which there is no official business purpose (e.g., social media websites or online shopping websites).
2. Engaging in any profane, defamatory, harassing, illegal, discriminatory, or offensive conduct or in any conduct that is otherwise inconsistent in any way with the District policies.
3. Distributing copyrighted materials.
4. As computer viruses can become attached to executable files and program files, receiving or downloading executable files and programs via electronic mail or the internet without express permission of the Systems Administrator is prohibited. This includes, but is not limited to, software programs and software upgrades. This does not include e-mail or documents received via e-mail and the internet.
5. Use of another person's name or account, without express permission of the System Administrator, is strictly prohibited.

6. Using the District's computer resources for personal social media, online shopping, and other similar online commercial activity.
7. Employees must respect all copyright and licensed agreements regarding software or publication they access or download from the internet. The District does not condone violations of copyright laws and licenses and the employee will be personally liable for any fines or sanctions caused by the employee's license or copyright infringement.

#### **14.2 Additional Guidelines**

Employees are expected to understand and comply with the following additional guidelines regarding use of the internet and District computer systems.

1. Internet access is to be used for the District business purposes only. Employees who have completed all job tasks should seek additional work assignments. Use of the internet should not interfere with the timely and efficient performance of job duties. Personal access to the internet and e-mail is not a benefit of employment with the District. Limited personal use of the District's systems to access internet, e-mail, and other electronic communications may be permitted only during the employee's authorized break time.
2. Employees do not have any right or expectation to privacy in any the District computer resources, including e-mail messages produced, sent, or received on the District computers or transmitted via the District's servers and network. The District may monitor the contents of all computer files and e-mail messages to promote the administration of the District operations and policies.
3. Employees' access to and use of the internet, e-mail, and other electronic communications on the District systems is monitored, and such files and electronic communications may be reviewed by the District at any time. Employees have no expectation of privacy.
4. Deleting an e-mail message does not necessarily mean the message cannot be retrieved from the District's computer system. Backup copies of all documents, including e-mail messages, that are produced, sent, and received on the District's computer system, can be made.
5. E-mail and any attachments are subject to the same ethical standards, and standards of good conduct, as are memos, letters, and other paper-based documents.
6. Currently all District e-mail sent is not encrypted. Unencrypted electronic mail is not a secure way of exchanging information or files. Accordingly, employees are cautioned against transmitting information in an electronic mail message that should not be written in a letter, memorandum, or document available to the public.

7. E-mail, once transmitted, can be printed, forwarded, and disclosed by the receiving party without the consent of the sender. Use caution in addressing messages to ensure that messages are not inadvertently sent to the wrong person.
8. Virus scanning software shall be used where provided.
9. It is advisable for all employees of the District to remind customers, clients, and contractors of security issues when sending confidential electronic mail or documents to the District via electronic mail. If applicable, our customer, clients, or contractors should be reminded to implement a security policy and make sure their employees understand the ramifications of sending confidential information via electronic mail.
10. Employees must scan all downloadable materials before using or opening them on their computers to prevent the introduction of any computer virus.

## **Chapter 15: Miscellaneous Policies**

### **15.1 Political Activity**

Every employee has the right as a citizen to participate fully in the political process. Employees are encouraged to participate by attending public meetings, running for elected office, voting, and otherwise participating in the community as a good citizen. No employee, however, shall campaign for himself or herself or any other candidate or cause during District business hours, or during employee work time or using the District resources. No employee shall publicly campaign for any candidate or cause while wearing a District uniform, insignia, or otherwise while representing the District.

### **15.2 Desks, Lockers, Storage, and Other Personal Inspections**

The District reserves the right to open and enter, upon reasonable suspicion and with or without the employee's permission any office, desk, locker, file cabinet, or other storage location on the District premises or work sites (including the District parking areas) and to inspect vehicles or any containers brought into the workplace or work site.

Although an employee may be assigned an office, desk, vehicle, locker, file cabinet, or other storage area or device by the District, such assignment shall not create an expectation of privacy in the use of such items or areas. These items remain the property of the District and may be searched at any time.

### **15.3 District Visitors**

Access to the District facilities, except for public areas, is restricted for safety reasons. Employees shall not receive visitors at non-public areas of District facilities office except with the express permission of the General Manager. All visitors must check in at the business office and wait until the District personnel are available to meet with them at the business office.



**15.4 Media Contact Policy**

The General Manager is the designated point of contact for the District for all media contact, as the General Manager is the official spokesperson for the District. Any contact by the media to an employee of the District regarding the District shall be immediately reported to the General Manager. Unless approved by the General Manager, no employee shall issue a statement or communicate with the media on behalf of the District.

**15.5 Phone Policy**

The personal use of District phones should be limited to break and lunch times unless it is an emergency. Long distance use of ~~any~~ the District landline for personal use is prohibited unless specifically authorized by the employee's supervisor or General Manager.

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**SAN MIGUEL COMMUNITY  
SERVICES DISTRICT**



**PERSONNEL GUIDELINES  
AND POLICIES**

Adopted: MONTH XX, 2019

Resolution: 2016-30

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# San Miguel Community Services District

## Personnel Guidelines and Policy Manual

### Chapter 1: Introduction

The San Miguel Community Services District (“District”) expects every District employee to be thoroughly familiar with, and to comply with these Personnel Guidelines and Policy Manual (“Guidelines”).

#### 1.1 Disclaimer

The Guidelines do not represent a contract, nor should they be relied upon as binding promises made by the District. The District reserves the right to change, add to, or rescind any of the guidelines or policies after fulfilling its legally required meet and confer obligation with any District-recognized employee organization, as well as the right to determine their meaning, purposes, and effect.

#### 1.2 Purpose and Scope of Guidelines

These Guidelines are intended to inform employees of the District’s position on basic employment-related subjects. They are not all-inclusive, but address those general topics most likely to be of interest to employees in the course of ordinary, day-to-day operations of the District. The Guidelines are to be used as a reference by employees and supervisors.

**Guidance to Reader:** These Guidelines apply to all employees of the District. An employee who fails to comply with one or more Guidelines may be subjected to disciplinary procedures as specified herein, up to and including termination.

#### 1.3 Equal Employment Opportunity Policy

The District’s employment decisions are based on merit, qualifications, and the legitimate business-related needs of the District. The District does not discriminate against its employees or applicants because of race, color, religion, sex, pregnancy, national origin or citizenship, ancestry, age, marital status, registered domestic partner status, mental or physical disability, political affiliation, medical condition, sexual orientation, gender identity or gender expression, veteran status, genetic information, or any other basis protected by law. Equal employment opportunity is extended by the District to all persons in all aspects of the employer-employee relationship, including recruitment, hiring, training, promotion, discipline, layoff, and termination.

#### 1.4 Conflict with Other Policies

If a provision of these Guidelines conflicts with any provision of an applicable collective bargaining agreement entered into by the District and a recognized employee organization,

to the extent of such conflict, the provision of the collective bargaining agreement shall prevail.

**1.5 Severability**

If any section, subsection, sentence, clause, or phrase of these Guidelines is for any reason held illegal, invalid, or unconstitutional by decisions of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions.

**1.6 Amendment of Policies**

The General Manager may, at any time, make recommendations for the amendment and revision of these Guidelines to the Board of Directors (“Board”). However, amendments and revisions that fall within the scope of representation shall not be approved by the Board until after meeting and conferring in good faith with representatives of recognized employee organizations representing employees of the District.

**1.7 Employment Constitutes Acceptance of Rules**

In accepting employment with the District, each employee agrees to be governed by and to comply with the Guidelines and rules established by the General Manager pursuant thereto, and rules, regulations, and directives of the department in which employee is employed. Each employee will receive a copy of these Guidelines and are expected to read and be familiar with its contents and provisions and shall sign the “Acknowledgement of Receipt” form acknowledging acceptance.

All employees holding a position with the District on the effective date of these Guidelines shall thereafter be subject in all respect to the provisions herein except where excluded from coverage.

## Chapter 2: Employment Practices

### 2.1 Classification of Employees

**2.1.1 Probationary Employees** – All District employees are considered probationary employees from their date of hire until the completion of twelve (12) months of service with the District. These employees are entitled to accrue vacation, sick leave, comp time off and health benefits from date of hire and entitled to use sick leave with General Manager approval from date of hire. Vacation leave is accrued from date of hire but may be only used after six (6) months of employment. Temporary employees who are later hired as regular District employees shall begin their probationary period starting from their first day of regular, non-temporary employment. The General Manager, in conjunction with the employee's supervisor may elect to extend the probationary period for any employee up to an additional three (3) months.

**2.1.2 Regular Part-time Employees** – Employees, who have served the required probationary period satisfactorily, are not temporary employees, and are regularly scheduled to work fewer than forty (40) hours per week in an established position on a year-round basis are regular part-time employees.

**2.1.3 Regular Full-time Employees** — Regular full-time employees are those who are regularly scheduled to work at least forty (40) hours per week, are not temporary employees, and who have successfully completed the probationary period.

**2.1.4 Temporary Employees** — Employees serving in a position in which the requirements of their services are temporary in nature are temporary employees. A temporary employee shall not work more than 1,000 hours in a fiscal year. This classification includes, but is not limited to, personnel employed for the following: seasonal workloads and emergency extra workloads. Temporary employees are not eligible for any employee benefits, except as required by law. A temporary employee may take time off without pay with the approval of his or her supervisor or General Manager and shall be permitted to take time off for the District-recognized holidays without pay.

**2.1.5 Exempt Employee** — An employee who is exempt from the minimum wage and overtime requirements of the Federal Fair Labor Standard Act (“FLSA”). To be considered "exempt," an employee must work in a bona fide executive, administrative, or professional capacity and be paid on a salary basis as required by the FLSA. These positions shall be so designated in the classification plan.



**2.1.6 Non-Exempt Employee** — An employee who is not a bona fide executive, administrative, or professional employee as defined by the FLSA. Non-exempt employees earn overtime pay in accordance with the overtime requirements of the FLSA.

## **2.2 Recruitment**

### **2.2.1 Announcement**

All recruitments for classification vacancies within the District shall be publicized by such methods as the General Manager deems appropriate, consistent with District standards. Special recruiting shall be conducted, if necessary, to ensure that all segments of the community are aware of the forthcoming examination(s). Announcements shall specify the title and compensation of the classification; the nature of the work to be performed delineating the essential and marginal functions of the job; the minimum qualifications for the classification; the manner of making application; the examination components; and other pertinent information.

### **2.2.2 Applications**

Every applicant for examination shall file a formal, signed District employment application. Other methods of acceptable application due to an applicant's disability will be considered. Application forms shall require information covering training, experience, and other pertinent information as required by the General Manager. The General Manager may also require applicants to submit additional job related information.

### **2.2.3 Examinations**

Examinations for the establishment of eligibility lists shall be competitive and by such character shall test and determine the qualifications, fitness, and ability of applicants to perform the essential functions of the classifications for which they seek appointment.

The examination may include an investigation of character, personality, education, experience, criminal history, credit bureau, drug & alcohol and any tests of intelligence, capacity, technical knowledge, manual skill, or job-related physical fitness that the General Manager deems appropriate.

The General Manager shall designate the procedure, time, place, and type of examination, the conditions under which it may be conducted, and the individual or competent agency who will conduct the examination. The District will make every reasonable effort to accommodate disabled applicants in the administration of employment tests in accordance with applicable law. Examinations may be promotional, open, or continuous as directed by the General Manager. In making a decision regarding the type of examination, the General Manager will consider the availability of qualified interested personnel in the District workforce, the

possible Affirmative Action implications, and the need for expediency in filling the position.

#### **2.2.3.1 Open/Promotional Examinations**

Any person who meets the requirements set forth in the open/promotional examination announcement may compete in open/promotional examinations. The General Manager may adopt and implement objective standards to initially screen applications in order to reduce the number of applicants to a manageable size.

#### **2.2.3.2 Promotional Examinations**

Regular and non-regular employees, except temporary employees, who meet the requirements set forth in the promotional examination announcement may compete in a promotional examination announcement.

#### **2.2.3.3 Continuous Examinations**

Continuous examinations may be administered periodically for a single classification. Names shall be placed on eligibility lists and shall remain on such lists as prescribed in Section 2.2.4.

### **2.2.4 Eligibility Lists**

#### **2.2.4.1 Establishment**

As soon as possible after the completion of an examination, the General Manager shall prepare and maintain an eligibility list consisting of the names of the applicants or employees who qualified in the examination. The names on the list shall be in order based on each applicant's competitive score for the examination process, with the highest score being first on the list. Each applicant or employee shall be given notice of the results of his or her examination and ranking on the eligibility list.

Applicants on the eligibility list for a particular classification may be certified by the General Manager for consideration to hire for a classification in an equal or lower salary range in the event that an eligibility list for that classification does not exist, provided that the applicant is qualified. This may be done only with the approval of the General Manager. Applicants will not be removed from the eligibility list pursuant to Section 2.2.4.3 if they refuse to accept employment in the lower classification.

#### **2.2.4.2 Duration of Lists**

All eligibility lists shall remain in effect until exhausted or abolished by the General Manager for due cause. As a general policy, eligibility lists shall remain in effect for not more than one (1) year. Eligibility lists may remain in effect for more than one (1) year at the General Manager's discretion.

The General Manager may abolish eligibility lists with three (3) names or less before the one (1) year expires.

#### **2.2.4.3 Removal of Names from Eligibility Lists**

The General Manager may remove a name of any eligible candidate appearing on an eligibility list if:

- The eligible candidate requests that his or her name be removed;
- The eligible candidate fails to provide notification of a change in address;
- The eligible candidate fails to attend a scheduled interview;
- The eligible candidate declined an interview on two (2) occasions;
- The eligible candidate declined an offer of employment;
- The eligible candidate was on an eligibility list as a result of a promotional examination and has subsequently left District employment; or
- The eligible candidate was on a list for a specialized classification within one department of the District and was determined to be unsuitable by the Department head.

#### **2.2.4.4 Disqualification**

At any point in the recruitment and selection process, the General Manager may refuse to declare an applicant an eligible candidate, or may withhold or withdraw from certification, prior to appointment by the General Manager, anyone who:

- Has failed to provide proof for any of the requirements established in the announcement for the classification for which he or she applied;
- Has been convicted of a felony of such a nature as to have an adverse effect on the candidate's ability to perform the duties of the position;
- Has a history of dismissal from any position in public or private service for any cause, which would be a cause for dismissal from District employment;
- Has practiced or attempted to practice any deception or fraud in his or her application, examination, or in securing eligibility; or
- Is otherwise not qualified for employment with the District.

### **2.3 Hiring**

Decisions regarding employment are based upon an individual's qualifications for the applicable position as described below.

**2.3.1 Vacancies** — Employees of the District are encouraged to apply for any vacant positions for which they are qualified. The District awards vacant positions to the applicants who are best suited to meet the needs of the District, regardless of whether the applicant is a current District employee or not.

If a vacancy is awarded to a current regular employee, that employee shall serve a six (6) month probationary period in that position with continued benefits for health care, sick leave, vacation and comp time-off. Within three (3) months of the move to the vacant position, the employee may return to their previous position with written notice to, and approval by the General Manager, so long as the position has not been filled.

**2.3.2 Selection of employees** — All persons considered for employment with the District shall be qualified to perform the duties of the position for which they are employed. Before reporting for their first day of work, employees shall be required to undergo a medical examination and drug/alcohol testing, which confirms their ability to perform the essential functions of the job. All persons considered for employment shall also be required to submit to a background check through the Department of Justice. If an applicant is applying for a position with the District, which requires driving a District vehicle, that applicant shall also submit a Department of Motor Vehicles report with his or her application.

Upon completion of such evaluation, the Board will be notified of final applicants, and the General Manager, or designee, shall select the applicant to be employed to fill the position opening, and shall promptly notify the Board of Directors of the name of the person selected. The Board of Directors shall review and approve such selection.

**2.3.2.1 Citizenship Verification** — All employees must provide necessary documentation to prove identity and their right to work in the United States in accordance with Federal and State Immigration and Naturalization laws. Failure to provide such documentation will result in disqualification from selection or immediate termination.

**2.3.3 Probationary Period** — The purpose of the probationary period is to give the District and the new employee the opportunity to determine whether employment relationship suits both parties. New employees may be eligible for health benefits under the Affordable Care Act after ninety (90) days of employment, if not enrolled in the District's health care coverage. During the probationary period, the District evaluates the employee's job performance, and it is expected that the employee will use this time period to determine whether the District employment is satisfactory to him or her. Generally, employee evaluations may be performed at three (3) months and/or six (6) months after the date of hire and shall be performed at the end of the twelve (12) month probationary period. The

employee's supervisor will conduct a written performance evaluation to ascertain the advisability of continued employment on a regular basis. However, written evaluations may be done at any time during the probationary period if determined to be necessary by the Supervisor or the General Manager.

Regardless of whether the supervisor completes a written performance evaluation, probationary employees are at-will and the District retains the right to terminate employment with or without cause, during the probationary period, in accordance with California law. Similarly, the probationary employee can end his or her employment at any time with at least two (2) weeks' written notice.

New employees hired for regular positions serve a probationary period of twelve (12) months, commencing with their first day of employment. The General Manager, in conjunction with the employee's supervisor or Department Head, may extend the probationary period one time if it is determined that such an extension is appropriate. The status of regular employment following the probationary period shall only occur after a successful evaluation has taken place, and only if confirmed in writing by the District.

#### **2.4 Promotion**

All regular employees of the District are eligible to apply and be considered for promotions for which they are qualified. An employee who is promoted shall serve a six (6) month probationary period in his or her new position.

#### **2.5 Nepotism**

##### **2.5.1 Definitions:**

**2.5.1.1 "Relative"** means spouse, registered domestic partner, child, stepchild, step-sibling, parent, step-parent, grandparent, grandchild, brother, sister, half-brother, half-sister, aunt, uncle, cousin, niece, nephew, or in-laws of those enumerated by marriage or domestic partnership.

**2.5.1.2 "Spouses"** means two persons who have a valid marriage or two people who are registered domestic partners.

**2.5.1.3 "Supervisory relationship"** means one in which one employee exercises the right to control, direct, reward, or punish another employee by virtue of the duties and responsibilities assigned to his or her District appointment.

### **2.5.2 Policy as to Relatives**

The General Manager has discretion not to appoint, promote or transfer a person to a position within the same department in which the person's relative already holds a position, when such employment would result in any of the following:

- Create a direct or indirect supervisory relationship;
- The two employees having job duties, which require performance of shared duties on the same or related work assignment;
- Both employees having the same immediate supervisor; or
- A potential for creating an adverse impact on supervision, safety, security, morale, or efficiency that is greater for relatives than for unrelated persons.

### **2.5.3 Policy as to Employees Who Become Spouses or Domestic Partners—**

If two District employees, who work in the same department, become spouses or become domestic partners, the Department Head has discretion to transfer one of the employees to a similar position in another department with General Manager approval. Although the wishes of the employees in question will be given consideration, the Department Heads retains sole discretion to determine which employee is to be transferred based upon District needs, operations, or efficiency. Notwithstanding any provision in these Guidelines, any such transfer that results in a salary reduction is not disciplinary and is not subject to any grievance or appeal.

If continuing employment of both employees cannot be accommodated in a manner that Department Head finds to be consistent with the District's interest in the promotion of safety, security, morale, and efficiency, then the Department Head retains sole discretion to separate one employee from District employment. Absent the voluntary resignation of one employee, the less senior employee will be separated, with at least thirty (30) days' notice to attain new employment, unless the employee is in violation of any of these policies as outlined in Chapter 10 of these Guidelines. Notwithstanding any provision in these Policies, any such separation is not considered to be disciplinary and is not subject to any grievance or appeal.

## **2.6 Employee Evaluations**

In order to provide employees with information concerning their employment progress and to identify areas to improve job performance, the employee's supervisor and General Manager will conduct formal written employee evaluations at least once per year, preferably using the employee's hire date anniversary as desired for an annual evaluation,

Generally, employee evaluations may be performed at three (3) months and/or six (6) months after date of hire and shall be performed near the end of the twelve (12) month probationary period. In the event that an employee's supervisor or the General Manager determines that a regular part-time or regular full-time employee's job performance has not improved after receiving a written evaluation, the supervisor or the General Manager may elect to establish a performance improvement plan ("PIP"), also known as a performance action plan to provide an employee the opportunity to succeed while still being held

accountable for past performance. A PIP shall be used to address either failures to meet specific job performance-related or behavior-related issues.

### **2.6.1 Ratings**

Performance evaluations shall be in writing on forms prescribed by the General Manager or his or her designee. The evaluation shall provide recognition for effective performance and also identify areas that need improvement. All evaluations will have an overall evaluation of Unsatisfactory, Improvement Needed, Satisfactory, Above Satisfactory, or Outstanding.

- Unsatisfactory Work is well below the standard expected of a competent worker in that job position, a majority of the time. Unsatisfactory ratings must be substantiated in a written statement by the evaluator.
- Improvement Needed performance is frequently less than the standard expected of a competent worker in that job position, and improvable with additional training, experience, or effort.
- Satisfactory Work performance consistently meets the standard expected of a competent worker in that job position.
- Above Satisfactory Work performance is generally above the standard expected of a competent worker in that job position, a majority of the time.
- Outstanding Work performance is consistently and distinctly well above the standard expected of a competent worker in that job position; performance is superior. Outstanding ratings must be substantiated in a written statement by the evaluator.

### **2.6.2 Evaluation Procedure**

The performance evaluation must be signed by the evaluator and discussed with the employee. Unscheduled performance evaluations may be made at the discretion of the General Manager or his or her designee.

Performance evaluations can be appealed to the General Manager as outlined in the Grievance Procedure in Chapter 11 of these Guidelines. Employee evaluation grievances will only be considered by the General Manager; they will not be heard by the Board. The General Manager may only modify employee evaluations if there is a compelling reason to do so, and that reason must be clearly stated on the modified evaluation.

## **2.7 Training, Certification and Education**

It is the employee's responsibility to maintain all appropriate or required licenses and certificates for his or her position. District will not pay for courses, credentials, licenses or certificates not required for an employee's duty position. If an employee loses a required license or certificate, he or she may be subject to discipline that may include demotion or termination.

The District supports education and training programs that improve the skills, qualifications, performance, and proficiency of the District employees. In addition, some of the positions within the District require employees to possess certifications. It is each employee's responsibility to maintain state-mandated certificates or credentials necessary to the employee's job assignment. The District will cover or reimburse any education and testing required to maintain job required certification. . If an employee fails a course and/or test required for certification then they will be responsible for all costs to re-take the course and/or tests.

Where the District requires the employee to take training or where the employee is required by his or her position to maintain certification, employee shall submit a written request for training or certification to the employee's Department Head, who shall then notify the General Manager of the required training.

## **2.8 Outside Employment**

Any regular employee, who desires to engage in outside employment, shall first obtain a non-District conflict job approval from his or her supervisor or General Manager. The employee shall submit a statement to his or her Department Head and General Manager naming the prospective employer, his address and telephone number, and outlining the proposed duties and hours of work. Approval may be denied if, in the opinion of the supervisor or General Manager, such outside employment is incompatible with the proper discharge of the employee's official duties. All such approvals shall be subject to renewal by the General Manager, and shall be re-submitted prior to January 10<sup>th</sup> each year to maintain a valid, continuous authorization, or any time there is a change in employment or duties.

Any violations of this section shall constitute sufficient grounds for disciplinary action, up to and including dismissal.

## **2.9 Job Descriptions and Duty Statements**

It is the District's responsibility to develop and maintain job descriptions for each position within a table of organization established by the Board of Directors.

Exhibit "B", incorporated herein by reference, shall provide a listing of said descriptions by position and also provides a compensation schedule by position.

All contract employees, including but not limited to, General Manager, Director of Utilities, Board Clerk/ Account Manager, Fire Chief and Assistant Fire Chief shall be subject to annual work performance evaluations per individual agreements and subject to Section 2.6 provisions. However, if the General Manager and the Fire Chief positions are held by the same individual, then the Board of Directors shall conduct the performance evaluation for those positions.



## Chapter 3: Working Conditions

### 3.1 Regular Work Week

The regular workweek is forty (40) hours for all non-exempt full-time employees, ordinarily to be worked in five (5) eight-hour shifts, unless otherwise directed by General Manager or his or her designee. The workweek is defined as 12:01 A.M. Monday through midnight on Sunday except for those personnel working an alternative work week schedule. Utility staff normal work schedule will be scheduled to meet District operational needs.

Safety/Personnel may be assigned alternate work schedules and an alternative workweek.

Operations and administrative staff may be assigned other work hours from time to time as determined by the department head or General Manager to best cover operational needs of the District. Employees shall report ready to begin work at the start of their shift and work until the shift ends.

### 3.2 Overtime Policy

Due to the nature of the service the District provides the public, non-exempt personnel may be required to work overtime, which may include weekend duty along with days which are longer than eight hours in length.

All overtime hours worked shall be authorized in advance by the Department Head with notification in writing to the General Manager. Employees working overtime without prior approval by the appropriate individual may be subject to discipline.

#### 3.2.1 Overtime Computation

All non-exempt employees who work in excess of his or her regular work schedule, normally eight (8) hours in a workday, or forty (40) hours in a workweek, shall be entitled to overtime compensation at the rate of time and one-half of their regular rate of pay, except as otherwise provided for in these Guidelines or in the applicable collective bargaining agreement.

Overtime provisions shall not apply to contract employees.

#### 3.2.2 Overtime Compensation/Compensatory Time Off (CTO)

An employee must designate on his or her timesheet whether he or she would like overtime as cash payment (in the amount of time and one half of his or her regular rate of pay) or as compensatory time off (“CTO”) for any overtime hours worked. An employee may only accrue up to sixty (60) hours of CTO per fiscal year, which shall be earned as time and one half (e.g., an employee works 40 hours, but earns 60 hours since each hour is earned as time and one half), but used and paid as straight time.

For exempt employees, who have an employment agreement, the purpose of CTO is to allow these employees to take time off when he or she works extra hours,

because exempt employees are exempt from overtime compensation under the FLSA. This benefit is granted by contract to these exempt employees because the District recognizes that those specified employees devote a great deal of time to the District outside of normal working hours. The business hours of the District are 8:30am to 4:30pm, and the hours of utility staff are 7:00am to 3:30pm due to the nature of their job duties. Exempt employees are expected to maintain a work schedule consistent with the operating hours of the District. If an exempt employee arrives late and/or leaves early, those hours shall be deducted from an exempt employee's CTO bank.

Compensatory leave time shall be used before using vacation leave. Employees may accrue up to a maximum per calendar year of sixty (60) hours of compensatory leave, unless otherwise stated in an employment agreement.

If unused, non-exempt employees may either cash out up to forty (40) hours of compensatory time once per year, or carry over a cap of sixty (60) hours of compensatory time to the next fiscal year, unless otherwise provided for in an approved bargaining or employment agreement. Employees who leave his or her employment with the District shall be allowed to use compensatory time earned prior to the effective separation date.

Compensatory time earned by an employee, who is required to work in excess of the normal workweek, shall be recorded by the immediate supervisor of the employee on the time card.

**3.2.3 Fire Protection Employees**

Section 7(k) of the FLSA provides that employees engaged in fire protection may be paid overtime on a "work period" basis. A "work period" may be from seven (7) consecutive days to twenty-eight (28) consecutive days in length. For work periods of at least 7 but less than 28 days, overtime pay is required when the number of hours worked exceeds the number of hours that bears the same relationship to 212 (fire) as the number of days in the work period bears to 28. For example, fire protection personnel are due overtime under such a plan after one hundred and six (106) hours worked during a fourteen (14) day work period.

<u>Work Period (days)</u>	<u>Maximum Non-Overtime Hours</u>
14.....	106

**3.3 Hours of Work**

Normal office hours of the District, and the normal work schedule for administrative office staff, are 8:00 am until 4:30 pm, Monday through Friday. The normal schedule for the utility staff is Monday through Friday from 7:00 am until 3:30 pm.

Operations employees and office staff may be assigned other work hours from time to time as determined by the Department head or the General Manager to best cover the operational needs of the District and its customers. Employees shall report "ready" to work at the start of their shift, and work until the shift ends.

### **3.4 On-Call Duty**

A schedule is maintained by the Director of Utilities whereby qualified Operations employees may be assigned, on a rotational basis, to be "on-call" on weekdays, weekends, holidays and other times not considered regular hours of work for the District employees, or as assigned to work alternative work week schedules.

#### **3.4.1 Weekdays**

On-Call employees will be paid at a rate of \$1.50 per hour for each hour they are on call outside of actual hours worked. While on call, if an employee is called back to work during their on-call time, they will be paid for any hours worked at their Overtime rate.

#### **3.4.2 Holidays/ Furlough Days/Weekends**

On-Call employees will be paid at a rate of \$2.00 per hour for each hour they are on call outside of hours worked. On-call employees who perform plant/ well readings on weekends, holidays, and furlough days will receive minimum of 2 hours compensation, or total actual hours worked if in excess of two hours (paid at overtime rate or straight time depending on whether the employee has already worked 40 hours in that workweek). While on call, if an employee is called back to work during their on-call time, they will be paid for any hours worked at their Overtime rate.

#### **3.4.3 Availability**

When an employee is assigned to on-call duty, he or she shall be provided a District tablet. The tablet will be used to access the District SCADA system in the event of an afterhours call. The on-call employee is required to keep the tablet in his or her possession during the entire on-call period. Notification of immediate work need may be given orally, in person or telephonically, by the Director of Utilities, General Manager.

When an employee is assigned on-call duty, he or she shall be free to utilize his or her time as desired but must be able to be at the District within thirty (30) minutes. This will enable the on-call employee time to return to work in the event of an emergency call. On-Call employees need to remain unimpaired (e.g., such as refraining from drinking alcoholic beverages) and able to perform all duties when on-call.

#### **3.4.4 Call Backs (employees on-call)**

If an employee is on call and he or she receive notification of a problem needing attention which can be addressed without leaving the location which they are at. (IE

over the phone, or through SCADA) the employee will receive two (2) hours of overtime pay.

If an employee is on call and he or she receive notification of a problem needing attention which requires them to return to the District for any reason they will receive a minimum of two (2) hours of overtime pay. If the call out extends beyond the initial two hours, then they will continue to receive overtime pay for all actual time worked unless they reach their normal workday start time in which they will cease to receive overtime and will begin receiving straight time.

#### **3.4.5 Call Backs (employees not on-call)**

If an employee is not on call and he or she is called back to work, the employee will receive minimum two (2) hours of overtime pay starting at the time they are notified. If the call out extends beyond the initial two hours, then they will continue to receive overtime for all actual time worked unless they reach their normal workday start time in which they will cease to receive overtime and will begin receiving straight time.

### **3.5 Meal/Break Time**

All employees working between four (4) hours and six (6) hours shall receive one fifteen (15) minute paid break. All employees working more than six (6) hours in a day shall receive two (2) paid fifteen (15) minute breaks (rest periods) in each day. The first shall occur approximately midway between their starting time and their meal time. The second shall occur approximately midway between their meal time and the end of their workday.

All employees working more than four (4) hours in a day shall receive an unpaid, off-duty meal period of not less than thirty (30) minutes. This meal must be taken no later than the end of the fifth (5th) hour of work. Employees working more than ten (10) hours receives a second unpaid meal period of not less than thirty (30) minutes. The second meal must be taken no later than the end of the tenth (10th) hour of work. An employee working six (6) hours or less may waive the first meal break by written mutual consent between the employee and District. The second meal period may be waived by written mutual consent if the total shift is twelve (12) hours or less and the employee takes the first meal break. Employees may take on-duty meal periods in certain limited circumstances and must be agreed to in writing by the employee and District.

### **3.6 Attendance**

Regular attendance by all employees is important to the successful operation of the District. Employees are expected to maintain a good attendance record and to report promptly for work in accordance with assigned work schedules.

#### **3.6.1 Notice of Absence**

Employees who must be absent from work are expected to notify their Department Head or General Manager, either directly or by a recorded message, as soon as possible but not later than the beginning of their assigned shift. The employee shall

provide the general reason for, and the probable duration, of the absence. If the employee has a prolonged absence (3 days or more) due to illness or a pattern of excessive sick leave usage, he or she may be required to provide medical documentation upon request from the Department Head and/or the General Manager.

### **3.6.2 Tardiness/Absence**

Employees are expected to report for their work shifts on time. Excessive or repeated tardiness may result in discipline up to and including termination.

If an employee is absent more than three (3) working days for any reason without notifying the employer, the employee may be considered to have voluntarily resigned.

### **3.7 Pay Period**

The District's payday is every other Friday for the two-week pay period ending the previous Sunday.

### **3.8 Safety**

The District has adopted Injury and Illness Prevention policies and safety rules with which employees are expected to comply. These policies are hereby incorporated by reference to the Personnel Guidelines and Policy Manual. It is the responsibility of each employee to learn and observe all applicable safety practices, policies, directives, or procedures. In addition, each employee is responsible for maintaining a safe work environment. Safety-related questions, or reports of any unsafe working conditions, real or potential, should be directed to the General Manager.

### **3.9 Accidents; Reporting**

Any work-related accident, or other accident occurring on the worksite, involving employees or other persons shall be reported to the Department Head, who will then provide notice to the General Manager. If the Department Head is unavailable to provide notice of a work-related accident or other accident occurring on the worksite involving employees or other persons, then that shall be reported to the General Manager in the Department Head's absence.

Such reports must be made in writing and submitted to the Department Head, who shall then provide notice to the General Manager immediately following the accident, and in no event more than twenty-four (24) hours following the accident on forms provided by the District. Employees are covered for employment related injury or illness by the California Worker's Compensation Act. Under California law, failure to report or delays in reporting a work-related injury or illness may result in a loss of benefits.

### **3.10 Maintenance – Housekeeping**

Each employee is responsible for the condition and maintenance of the equipment he or she uses on the job. The employee should report to their Department Head any equipment

which is damaged, worn, or in need of maintenance. Employees should direct any safety concerns regarding the use of equipment to their Department Head or the General Manager.

Cleanliness and orderliness are important to the operation and safety of the District. Employees are responsible for keeping their work areas clean and orderly. Employees shall conduct pre-operation inspections of vehicles and equipment as well as report any repairs made and perform any minor repairs, or initiate a work or service order request to repair said vehicle or equipment. Employees shall maintain their work areas and equipment or initiate a service work order request for repairs.

### **3.11 Dress Code**

All Utility and Fire employees that are required to wear uniforms shall wear the appropriate uniform for their work area. If an employee is governed by an MOU, the employee should follow the rules pertaining to his or her dress code as outlined in the MOU. Employees are permitted to wear the uniform only during their work hours, work time, or traveling to and from work or while representing the District.

Utility employees may be reimbursed up to one hundred and fifty dollars (\$150.00) per fiscal year to cover the cost of footwear that employees are required to wear to perform the District work, or an amount agreed upon by any recognized collective bargaining agreements. Employee must provide the District a receipt of the work boot purchase in order to obtain the boot allowance.

Employees that acquire uniforms with District logos or identifications may not wear these items while off-duty. Off duty firefighters may wear their District provided t-shirts, if on-call or stand-by duty.

Neatness, cleanliness, and good personal hygiene are expected of all the District employees while working. Employees should dress appropriately, in good taste, and according to the requirements of her or his position.

### **3.12 Tattoo and Piercing Policy**

Employees of the District are expected to project a professional appearance while at work. Towards that end, employees are expected to comply with the following rules:

#### Tattoos:

1. No visible tattoos are allowed anywhere on the head, face or neck, unless for religious reasons or purposes that the employee professes or provides information of religious affiliation or association.
2. Any visible tattoos cannot be obscene, sexually explicit, or otherwise violate the District's policy against unlawful harassment or discrimination. Extremist or gang related tattoos are also not permitted.

3. Visible tattoos for religious purposes or reasons shall be allowed for religious reasons or purposes that the employee provides information of religious affiliation or association related to said tattoo(s).
4. Visible tattoos may not be larger than 6 inches.
5. Any non-conforming tattoos must be covered with clothing or a bandage while at work, or must be removed.
6. If an employee has a question about the tattoo policy, he or she should raise it with their supervisor.

Piercing:

1. No objects, articles, jewelry or ornamentation of any kind shall be attached to or through the skin if visible on any body part (including the tongue or any part of the mouth) except that an employee may wear two sets (i.e., four holes total) of reasonable-sized (i.e., small and professional-looking) earrings in the ear lobes.
2. Piercings, as described herein, shall be allowed if the employee provides information of religious affiliation or association related to said piercing(s).
3. Any non-conforming piercing shall be removed, covered with a bandage, or replaced with a clear, plastic spacer while the employee is working.
4. If an employee has a question about the piercing policy, the matter should be raised with his or her supervisor.

(continued on next page)

## Chapter 4: Compensation

### 4.1 Benefits

#### 4.1.1 Health – Medical Insurance Benefits

The District provides seventy percent (70%) of the employee's monthly premium for health benefits up to Nine Hundred Dollars (\$900.00) toward group medical insurance benefits, through CalPERS, for eligible employees and their families.

Eligible employees include all employees regularly scheduled to work an average of thirty (30) hours per week and are CalPERS members. Employees will be required to pay the remaining thirty percent (30%) of the monthly health premium and any amount in excess of \$900.00 through a payroll deduction. Employees are encouraged to consult with the General Manager or human resources personnel regarding eligibility, costs and enrollment procedures.

Eligible employees may enroll in group health benefits on their hire date.

If an eligible employee already has qualifying healthcare through another source (such as a spouse or parent) and chooses not to participate in health insurance through the District, then they are eligible to receive two hundred and twenty-five dollars (\$225.00) per month in which health insurance would normally be deducted. These employees must provide the District documentation that they have healthcare provided through another source in order to receive the \$225.00/month benefit.

Commented [HS1]: Retroactive to January 1, 2019.

This section applies to all eligible employees unless otherwise provided for in an approved bargaining agreement or employment contract.

District will also pay 100% of vision and dental coverage for its employees only. Employees may enroll a spouse and/or dependents for the District's vision and dental coverage, but shall be responsible for the benefit cost for spouse and family members for vision and dental coverage. The District shall provide payroll deductions for these expenses.

#### 4.1.2 Retirement Health Benefits – Current Employees and Annuitants Hired before May 1, 2013

The District currently provides retirement health benefits to eligible employees through CalPERS. These benefits are governed by the District's contract with CalPERS (including the plan documents), California state law, and applicable regulations. Should you want to review the plan or have further questions regarding this benefit, please call the District representative, who is currently the Finance Officer, and set up an appointment to go over the plan. The District reserves the right to change or discontinue this plan, consistent with any legal obligations it may have.



**4.1.3 Retirement Health Benefits - Employees hired after May 1, 2013** The District currently provides retirement health benefits to eligible employees through CalPERS. These benefits are governed by the District’s contract with CalPERS (including the plan documents), California state law, and applicable regulations. Should you want to review the plan or have further questions regarding this benefit, please call the District representative, who is currently the Finance Officer, and set up an appointment to go over the plan. The District reserves the right to change or discontinue this plan, consistent with any legal obligations it may have.

The following is the Vesting Schedule for Employees hired as of May 1, 2013:

Credited Years Of Service	Percentage of Employer Contribution
10	50%
11	55%
12	60%
13	65%
14	70%
15	75%
16	80%
17	85%
18	90%
19	95%
20 or more	100%

The credited service for purposes of determining the percentage of employer contributions shall mean service as defined in Government Code Section 20069 except that not less than five years of that service shall be performed entirely with District.

The percentage of employer contribution payable for post-retirement health benefits for each annuitant shall be based on the employee’s completed years of credited service based upon Government Code Section 22893.

## 4.2 Holidays

Full-time District employees, both regular and probationary, are paid for the following the District Holidays whether or not they are scheduled to actually work on that holiday. Full-time employees receive eight (8) hours of holiday pay at straight time on the observed holiday. Temporary and part-time employees are not eligible for holiday pay.

The District generally recognizes the following twelve (12) days as paid holidays:

New Year's Day	Thanksgiving Day
Martin Luther King Jr. Day	Friday Following Thanksgiving
Presidents' Day	Veterans' Day
Memorial Day	½ Day Christmas Eve
Independence Day	Christmas Day
Labor Day	½ Day New Year's Eve

If a District-paid holiday falls on a Saturday, eligible employees are generally given the preceding Friday off. If a District-paid holiday falls on a Sunday, employees are generally given the following Monday off. If the day of holiday observance falls during an employee's vacation period, and falls on a day the employee is regularly scheduled to work (but for his or her vacation), that day shall be considered as a paid holiday and not vacation time.

## 4.3 Vacation

Full-time District employees, both regular and probationary, are eligible for vacation benefits. Employees are encouraged to use their accrued paid vacation time. Employees who are normally scheduled to work fewer than forty (40) hours per week, and temporary employees, are not eligible for vacation accrual.

Vacations may be scheduled at any time during the year upon the approval of the Department Head with General Manager approval. Vacation requests must be submitted in writing to the Department Head or General Manager with at least seventy-two (72) hours advanced notice.

Vacation requests may be denied in order to maintain sufficient staffing of District operations or in the event such vacation request conflicts with a previously approved vacation request.

### 4.3.1 Accrual

Employees must complete six (6) months of employment with the District prior to using any accrued vacation benefits. Employees shall not accrue vacation time during any period of unpaid absence from work.

Employees accrue vacation benefits beginning the first pay period of employment in accordance with the following schedule, which is based on bi-weekly pay periods of eighty (80) hours (i.e., based on a full-time schedule):

<u>YEARS OF SERVICE</u>	<u>VACATION BENEFIT PER PAY PERIOD</u>	<u>WEEKS PER YEAR</u>	<u>ACCRUAL CAP</u>
00 – 04 Years	3.08 Hours	2 Weeks	160 Hours
05 – 14 Years	4.62 Hours	3 Weeks	240 Hours
15, plus Years	6.15 Hours	4 Weeks	320 Hours

Upon separation of employment for any reason, the District shall compensate the employee for all of his or her unused, accrued vacation time at the employee’s then current straight time rate of pay.

The District does not require an employee to take vacation time during periods of illness. However, the employee may elect to take vacation time in case of extended illness where paid sick leave, if any, has been exhausted.

**4.3.2 Vacation Benefit Cap**

Employees are encouraged to use their vacation benefits. No employee shall be eligible to accrue more than a maximum of two times her or his annual entitlement to vacation pay at one time. Once an employee reaches this cap, the employee will cease accruing any additional vacation pay. When the employee uses enough vacation pay to fall below the cap, the employee will start accruing vacation pay again.

**4.3.3 Vacation cash-out**

An employee may cash-out up to two (2) weeks of vacation each fiscal year provided that the employee has at least two weeks of vacation available after any cash-out.

**4.4 Sick Leave**

In accordance with the Healthy Workplaces/Healthy Families Act of 2014, the District recognizes that employees will need days off from work from time to time to address their medical needs.

Upon retirement, unused sick leave may be exchanged for service credit with the District’s retirement system, subject to the rules and regulations of the District’s retirement system.

#### **4.4.1 Applicability**

Regular full time Employees shall earn sick leave at the rate of eight (8) hours per month of paid employment, accrued incrementally with each pay period. Unless otherwise provided for in a collective bargaining agreement.

This policy applies to non-regular (seasonal, limited term, or temporary) employees (exempt and non-exempt) who, on or after June 28, 2015, work for the District for thirty (30) or more days within twelve (12) months from the beginning of employment and who are not eligible for any form of “comprehensive leave” benefit provided by the District to other employee groups.

Employees not covered by this policy are those who are eligible for the more generous “comprehensive leave” benefit provided by the District pursuant to a collective bargaining agreement (represented employees), employee benefits resolution (non-represented employees) or an employment agreement.

#### **4.4.2 Entitlement**

An employee working for the District, on or after July 1, 2015, for thirty (30) or more calendar days within a year is entitled to paid sick leave.

Non-regular (seasonal, limited term, or temporary) employees covered by this policy are entitled to 3 days or 24 hours of paid sick time annually which may be used per fiscal year or after the ninetieth (90th) day after the first date of employment, whichever comes first. Twenty-four (24) hours shall be the maximum benefit except in situations where a day in an Employee’s regular work schedule is longer than an eight (8) hour day (e.g. an Employee who works four, 10-hour days per week.) In such cases, a “day” shall be the equivalent of the hours in the Employee’s regularly-scheduled work day.

Public sector employees, who are a recipient of a retirement allowance and employed without reinstatement into his or her respective retirement system, are not entitled to Paid Sick Leave under this policy.

Paid sick leave made available under this policy has no cash value, and the District does not pay Employees for available sick leave at separation.

The amount of paid sick leave available to an employee will be reflected on his or her pay stub every pay period.

#### **4.4.3 Usage**

An Employee may use available paid sick days beginning on the ninetieth (90<sup>th</sup>) day of employment. However, at its sole discretion, the District may allow the use of

paid sick leave to an Employee in advance of the 90th day of employment with proper documentation.

The District shall allow the use of paid sick days upon the oral or written request of an Employee for themselves or a family member for the diagnosis, care or treatment of an existing health condition or preventative care, or specified purposes for an Employee who is a victim of domestic violence, sexual assault, or stalking, the purposes described in Labor Code section 230(c) and Labor Code section 230.1(a).

“Family member” for purposes of this paid sick leave policy means:

- A child (biological, adopted, or foster child, stepchild, legal ward, or child to whom the Employee stands in loco parentis, regardless of the age or dependency status);
- A biological, adoptive, or foster parent, stepparent, or legal guardian of an Employee or the employee’s spouse or registered domestic partner, or a person who stood in loco parentis when the Employee was a minor child;
- A spouse;
- A registered domestic partner;
- A grandparent; • A grandchild;
- A sibling.

The Employee must provide reasonable advance notification, orally or in writing, of the need to use sick leave, if foreseeable. If the need to use sick leave is not foreseeable, the Employee must provide notice as soon as practicable.

Employees must use sick leave in at least one (1.0) hour increments.

Employees will only receive paid sick time for the number of hours they would have worked during their scheduled shift. For example, if the Employee was scheduled for a four (4) hour shift, they will be compensated with 4 hours of paid sick time only.

Employees will be provided the total amount of sick leave that may be used per fiscal year (24 hours or 3 days) at the beginning of each fiscal year beginning in July, or the first date of employment, whichever comes first, therefore no accrual or carry-over is permitted.

The District will limit the use of paid sick days to twenty-four (24) hours or three (3) days in each fiscal year of employment.

For returning non-regular employees who have completed ninety (90) days of employment and have a break in service of less than one year, paid sick time will

be earned as outlined above. However, these returning non-regular employees are not required to wait for a subsequent 90th day of employment to use their paid sick leave. They will have access to their available sick leave for that year immediately upon re-employment with the City; provided their returning start date is within 12 months of their previous departure date.

For returning non-regular employees who have not completed their 90 days of employment and have a break in service, paid sick time will also be earned as outlined above. However, these returning non-regular employees will need to wait for a subsequent 90th day of employment to use their paid sick leave.

#### **4.4.4 Retaliation Prohibited**

Paid Sick Leave law protects employees who use sick leave, request to use sick leave, file a complaint with the Labor Commissioner's Office, allege a violation of these rights, cooperates in an investigation or prosecution, or oppose a policy or practice prohibited by the Paid Sick Leave law.

Retaliation prohibits the District from denying an employee the right to use paid sick leave, discharging or threatening to discharge an employee for using or requesting to use paid sick leave, demoting or suspending an employee for using or requesting to use paid sick leave, or in any manner discriminating against an employee because he or she uses paid sick leave or requests paid sick leave.

If an employee feels that he or she has been discriminated against for using paid sick leave or attempting to use paid sick leave, please inform the General Manager as soon as possible.

#### **4.5 Military Leave**

Employees are provided military leave in accordance with State and Federal laws. An employee requiring this type of leave shall provide the Department Head and/or General Manager, whenever possible, with a copy of the military orders specifying the dates of leave, site, and purpose of activity or mission.

An employee who interrupts his District service because of extended military leave shall be compensated for accrued vacation at the time the leave becomes effective.

#### **4.6 Bereavement Leave**

Bereavement leave may be taken to make arrangements necessitated by the death of a family member or to attend the funeral or memorial service for a family member.

Employee is granted three (3) days of paid leave to take time off on the account of the death of a member of his or her immediate family or up to five (5) days if the employee is required to travel more than two hundred fifty (250) miles, one way, from his or her residence.

For purposes of this policy, “immediate family” is employee’s spouse, domestic partner, child, step-child, parent, grandparent, grandchild, brother, sister, half-brother, half-sister, aunt, uncle, cousin, niece, nephew, or in-laws (or analogous relationship of those enumerated above in connection with a domestic partnership).

Usage of this leave shall not be charged against employee’s leave balance, which includes sick leave, vacation leave, or compensatory time off.

#### **4.7 Pregnancy Disability Leave**

An employee is entitled to a leave of absence for the period of time that she is required to be absent from work due to pregnancy-related disability, including childbirth, for up to a maximum of four (4) months. The employee must exhaust her accrued paid sick leave time, during the pregnancy disability leave, prior to electing using her accumulated paid time off benefits (e.g., vacation, comp time), during any such period of leave.

#### **4.8 FMLA/CFRA Leave**

Under the Family Care and Medical Leave Act (“FMLA”) and California Family Rights Act (“CFRA”), employees who have at least twelve (12) months of service with the District, and have worked at least 1,250 hours in the preceding 12-month period, may request an unpaid leave for family care or medical reasons. This leave may be up to 12 workweeks in a 12-month period for the birth, adoption, or foster care placement of a child with the employee, or for the employee’s own serious health condition or the serious health condition of the employee’s child, parent, spouse or registered domestic partner, or in connection with the call to active duty of a family member. In addition, eligible employees may request up to twenty-six (26) weeks in a 12-month period to care for a family member (including a “next of kin”) with a serious health condition incurred while on active military duty.

Employees, who are eligible to, and do, take a leave under this policy will be reinstated at the conclusion of the leave to the same or to a comparable position, in accordance with state and federal law.

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

The District requires certification from the employee’s health care provider before allowing an eligible employee a leave for his or her own serious health condition. In addition, the District requires certification from the health care provider of the employee’s child, parent, spouse or registered domestic partner with has a serious health condition before allowing a leave to take care of that family member. When medically necessary, leave may be taken on an intermittent or reduced work schedule.

For eligible employees taking a leave for the birth, adoption, or foster care placement of a child, the basic minimum duration of such leave is two weeks, and must be concluded within one (1) year of the birth or placement for adoption or foster care.

Taking an FMLA/CFRA leave may affect certain employee benefits or seniority date. Employees who want more information regarding eligibility for a leave or the impact of the leave on seniority and benefits should contact the General Manager.

#### **4.9 Educational Training Time**

In support of the District's overall belief in the continuing education and development of staff, employees may request educational leave for time spent attending classes, training, seminars, or other training specified or approved in advance by the Department Head with notification to the General Manager, if mandated by new regulatory requirements for an individual position or there is a demonstrative value to the District as determined by the General Manager. The amount of the educational time granted, if any and whether or not some or all of the time will be paid, will be determined in advance of attendance and at the discretion of the Department Head with notification to the General Manager.

Employees will be paid their regular wages, if job requires certification or recertification for their position or work duties when required to attend classes or courses during normal work hours for the benefit of the District, or only when needed for the employee's continuing education for required licenses or certification.

#### **4.10 Jury Duty**

Any employee who is summoned for jury duty will be allowed time off as necessary to fulfill jury duty responsibilities. A copy of the subpoena or order requiring such duty must be submitted to his or her supervisor within three (3) working days of receipt in conjunction with a leave request.

Employees will receive paid time while serving on jury duty if it occurs during their normal work days. Employees who are normally scheduled to work at least thirty (30) hours or more per week qualify for pay. Upon release from jury duty employees shall provide a receipt from the Court Clerk verifying times away from work.

#### **4.11 Voting**

Any employee whose work schedule effectively prevents him or her from voting in a federal, state, or municipal election before or after work hours, or during break time, shall be permitted paid leave for this purpose not to exceed two (2) hours.

#### **4.12 Administrative Leave**

The District shall have the right to place an employee on administrative leave at any time with full pay when, in the District's discretionary opinion, the continuing presence at the job site during an administrative investigation into the employee's fitness for duty or misconduct would create or may tend to create a disruption to the working environment or may possibly impact the efficient operations of the department.



#### **4.13 Leave of Absence Without Pay**

Upon written request by the employee and the recommendation of the Department Head, a leave of absence without pay may be granted by the General Manager to an employee for a period of time not to exceed a total of six (6) months for personal reasons where other leave provisions are not available. If other leave provisions are available this leave will run concurrently with such other leave.

Request for leave of absence without pay shall state specifically the reason for the request, the date when the employee desires to begin leave, and the probable date of return.

Employees shall not accrue vacation leave, sick leave, increases in salary except Cost of Living Adjustments or all other paid leaves while on unpaid leave. The District is not required to maintain contributions toward group health, dental and vision insurance or other fringe benefits while on unpaid leave of absence, unless otherwise provided by law. Said employee shall be entitled to maintain such benefits in effect; provided, that the employee pays the insurance monthly premiums.

Employees returning to work following a leave of absence shall retain their accumulated leave, if otherwise not used. Upon the return from authorized leave of absence the employee shall be reinstated to his/her former position or to a comparable one if the former position is abolished during the period of leave.

Failure of the employee to return to his or her employment upon the termination of any authorized leave of absence shall, except under extraordinary circumstances, constitute a separation from service of that employee.

#### **4.14 Unauthorized Leave of Absence**

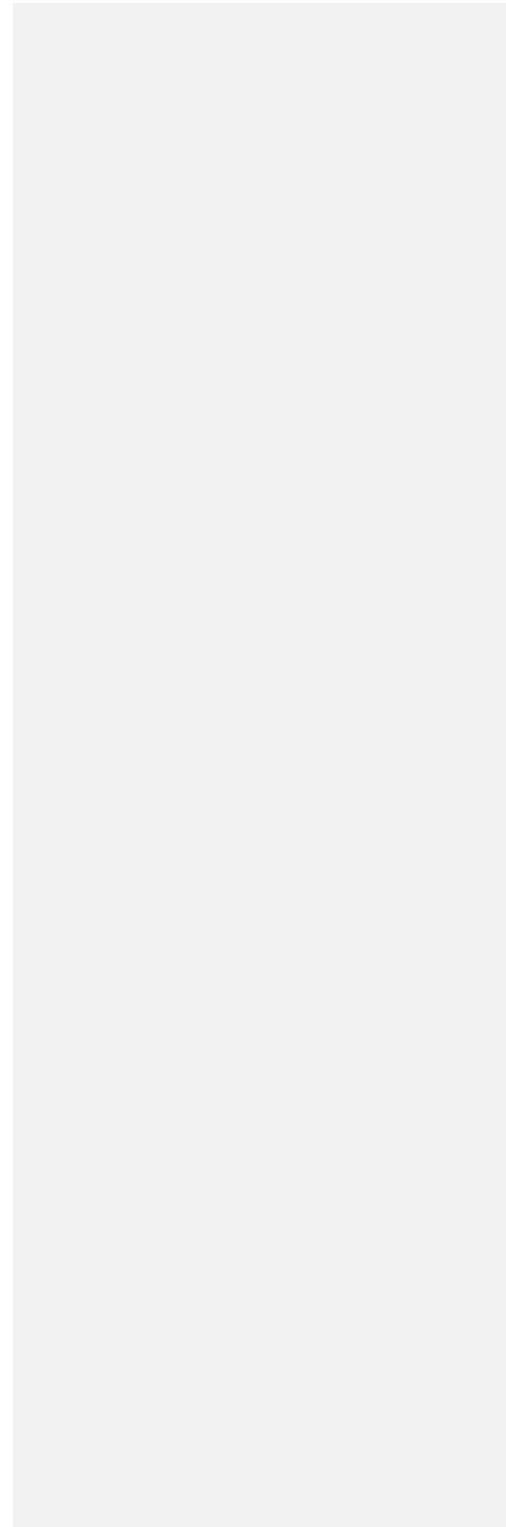
Unauthorized leave of absence shall be considered to be without pay and reductions in the employee's pay shall be made accordingly. An employee is deemed to have resigned if the employee is absent for more than three (3) consecutive working days without notifying the General Manager and may result in termination of employment. Such termination shall not be subject to appeal.

#### **4.15 School Activities Leave**

Any employee who is a parent, guardian or grandparent having custody of one or more children in kindergarten or grades 1 through 12 or attending a licensed day care facility shall be allowed up to forty (40) hours each school year, not to exceed eight (8) hours in any calendar month of the school year, without pay, to participate in activities of the school of their child. Such employee must provide reasonable advance notice of the planned absence. The employee may use accrued vacation or compensatory time off to cover the absence. The District may require the employee to provide documentation from the school as verification that the employee participated in school activities on a specific date and at a particular time. If both parents, guardians or grandparents having custody, work for the

agency at the same work site, only the first parent requesting shall be entitled to leave under this provision.

(continued on next page)



## **Chapter 5: General Conduct**

### **5.1 Policy Prohibiting Dishonesty/Fraud**

The District is a public entity whose mission involves the public trust. This policy requires that each and every employee, vendor, contractor or other party that works for or with the District is required to act honestly and truthfully with respect to the District business at all times. The District will not tolerate any form of dishonesty or fraud.

#### **5.1.1 Scope**

The term dishonesty includes dishonest speech (for example, lying) and dishonest acts (for example, theft), as well as fraud, and misappropriation of funds or property. Dishonesty also shall include, but is not limited to:

- A. Any dishonest, fraudulent, or otherwise unlawful act;
- B. Misappropriation or misapplication of funds, property or other assets;
- C. Profiting on insider knowledge;
- D. Destroying or taking without authorization any the District records, property or other assets;
- E. Forgery or altering the District documents or the documents of third parties submitted to the District;
- F. Unauthorized disclosure of the District's confidential information, including but not limited to information discussed in Closed Sessions of the Board.
- G. Falsely reporting transactions, events, work schedules or other the District events;
- H. Receiving kickbacks from any source.

#### **5.1.2 Employee Duty to Report Dishonesty/Fraud**

Any employee who believes that an act of dishonesty in violation of this Policy has occurred shall immediately contact either their supervisor or the General Manager. In the event that the employee is unable, for any reason, to report the conduct to their supervisor or to the General Manager, or in the event that the General Manager is the person accused, the employee shall report the conduct to the District Board President or the District Board Vice President in absence of Board President. This report may be made in writing or orally.

#### **5.1.3 Investigation**

The General Manager or other person appointed by the District Board of Directors shall investigate any report of dishonesty promptly and thoroughly. Furthermore, to the extent possible and compatible with an investigation, a report of dishonesty shall be kept confidential. Following the investigation, the General Manager or the District Board of Directors, as necessary and appropriate, shall take appropriate corrective action, including discipline or termination. In all events, the investigation and corrective action shall be accomplished as soon as possible.

#### **5.1.4 No Reprisals**

The District prohibits retaliation of any kind against a reporting employee (including volunteers and interns) or any other employee who has assisted in any way in the investigation of a report of dishonesty.

#### **5.2 Policy Prohibiting Harassment and Discrimination**

Harassment and discrimination in employment on the basis of sex, race, color, national origin, ancestry, citizenship, religion, age, physical or mental disability, medical condition, sexual orientation, gender identity or gender expression, veteran status, marital status, registered domestic partner status, genetic information, or any other protected basis is prohibited by federal and state law. The District does not tolerate unlawful discrimination or harassment in the workplace or in a work-related situation. Unlawful discrimination and harassment is a violation of these Guidelines. Section 5.2 through 5.4 shall also include and applied to members of the District Board of Directors including the use of complaint procedures described herein.

**5.2.1 Unlawful harassment** in employment may take many different forms. Some examples include, but are not limited to:

- Verbal conduct such as epithets, derogatory comments, slurs, or unwanted comments and jokes;
- Visual conduct such as derogatory posters, cartoons, drawings, or gestures;
- Physical conduct such as blocking normal movement, restraining, touching, or otherwise physically interfering with work of another individual;
- Threatening or demanding that an individual submit to certain conduct or to perform certain actions in order to keep or get a job, to avoid some other loss, or as a condition of job benefits, security, or promotion; and
- Retaliation by any of the above means for having reported harassment or discrimination, or having assisted another employee to report harassment or discrimination.

**5.2.2 Sexual harassment** under state and federal laws includes unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature when:

- submission to such conduct is made either explicitly or implicitly a term or condition of an individual's employment;
- submission to or rejection of such conduct by an individual is used as the basis for employment decisions affecting such individual; or
- such conduct has the purpose or effect of unreasonably interfering with an individual's work performance creating an intimidating, hostile, threatening or offensive working environment; or adversely affecting the employee's performance, appraisal, assigned duties, or any other condition of employment or career development; or

- such conduct is offered in order to receive special treatment or in exchange for or in consideration of any personal action

It is a violation of this policy if an employee is subject to any act of retaliation for reports of violation of this policy or participating in the investigation of a sexual harassment complaint.

Other examples of sexual harassment include, but are not limited to, unwelcome sexual flirtations or propositions; verbal abuse of a sexual nature; graphic verbal comments about an individual's body; sexually degrading words used to describe an individual; e-mails that may be inappropriate, offensive, harassing, or creating a hostile work environment; and the display in the work environment of sexually suggestive objects or pictures, posters, jokes, cartoon, or calendar illustrations. Sexual harassment conduct need not be motivated by sexual desire.

### **5.2.3 Policy Prohibiting Abusive Conduct/Workplace Bullying**

Abusive conduct or workplace bullying of the District's employees, by any person in or from the work environment, is strictly prohibited. Abusive conduct or workplace bullying is the conduct of any employer or employee in the workplace, with malice, that a reasonable person would find hostile, offensive, and unrelated to an employer's legitimate business interest. Abusive conduct or workplace bullying includes, but is not limited to:

- Repeated infliction of verbal abuse;
- Derogatory remarks, insults, epithets;
- Verbal or physical conduct that a reasonable person would find threatening, intimidating, or humiliating; or
- Gratuitous sabotage or undermining of a person's work performance.

## **5.3 Complaint Procedure**

### **5.3.1 Internal Complaint Procedure**

Any individual who believes that he or she is the object of harassment, abusive conduct, or discrimination on any prohibited basis, or who has observed such conduct, or who believes he or she has been subjected to retaliation, should first notify his or her supervisor, the District's General Manager or his or her designee either in writing or verbally. The District will investigate the matter and take such action as is warranted under the circumstances, which may include discipline up to and including termination. If a complaint is made against the General Manager, then the employee should report the issue to the District's Board President.

The District will maintain strict confidentiality ensuring the privacy of all parties concerned.

### **5.3.2 Agency Complaint Procedure**

Both the state and federal governments have agencies whose purpose is to address unlawful discrimination in the workplace. If an individual who provides services to the District believes he or she has been harmed by unlawful workplace discrimination, abusive conduct, or harassment, and is not satisfied with the District's response to the problem, he or she may file a written complaint with these agencies. For the State of California, the agency is called the Department of Fair Employment and Housing ("DFEH"). The local address for the DFEH is 1277 East Alluvial Avenue, Suite 101, Fresno, California 93720 (559) 244-4760.

For the federal government, the agency is called the Equal Employment Opportunity Commission ("EEOC"). The local address for the EEOC is 2300 Tulare Street, Suite 215, Fresno, California 93712.

### **5.4 Retaliation**

Retaliation against any individual for making a report, or for participating in an investigation, under this policy is strictly prohibited. Individuals are protected by law and by District policy from retaliation for opposing unlawful discriminatory practices, for filing an internal complaint under this policy or for filing a complaint with the DFEH or EEOC, or for otherwise participating in any proceedings conducted by the District under this policy or by either of these agencies.

## **Chapter 6: No Smoking/Tobacco Policy**

### **6.1 Smoking**

The District is committed to a philosophy of good health and a safe workplace. In keeping with this philosophy, smoking, including vaping or e-cigarettes, is not permitted inside the District buildings, District properties, vehicles or enclosed work areas or anywhere else prohibited by law.

### **6.2 Chewing Tobacco**

Chewing tobacco is not permitted inside the District buildings, District properties, vehicles or enclosed work areas or anywhere else prohibited by law.

## **Chapter 7: Drug and Alcohol-Free Workplace**

### **7.1 Scope and Purpose**

The District recognizes the problem of substance abuse as a serious threat to the welfare of District employees and the public. To address this problem, the District has implemented a "Drug and Alcohol-Free Workplace Policy", incorporated to the Personnel Guidelines by reference. The ultimate goal of this Policy is to maintain a safe, productive, drug- and alcohol-free working environment.

## **Chapter 8: Conflict of Interest**

District employees shall not place their personal business interest above the best interest of the District or Board's constituents. Accordingly, employees of the District shall not:

- Engage in a substantial financial transaction for private business purposes with another employee whom he or she supervises;
- Take any official action directly and substantially affecting his/her economic benefit with any business, undertaking, or enterprise doing business with the District;
- Disclose or use confidential information acquired in the course of his or her official duties without authorization from the District; or
- Employees may not receive gifts valued over \$10 from any single source per year.

## **Chapter 9: District Property**

### **9.1 Use of the District Property**

District property is to be used only for official district business, in an appropriate manner, and in accordance with all applicable rules, operating procedures, or directives. No employee shall remove, misuse, damage, or destroy District property, or the property of other employees, from the District premises or work site.

### **9.2 Use of the District Vehicles**

District vehicles may be used only for the purpose and in the manner authorized by the General Manager. Employees shall conduct pre-operation inspections of vehicles and equipment as well as report any repairs made and perform any minor repairs, or initiate a work or service order request to repair said vehicle or equipment.

Only authorized and state licensed District employees may operate the District vehicles, in accordance with all applicable traffic laws and designated proper use. Use of the District vehicles outside the District boundaries is permitted only with prior approval from the Department Head and/or General Manager. The District encourages employees to carpool when on official business. District employees may not have family members or friends in District vehicles, except for parades or similar events. Employees are expected to leave vehicles in clean and working order.

Employees are required to be in possession of a valid California Driver's license for the class of vehicle being operated. The revoking of that license for any reason by the State of

California, or a driving record deemed unacceptable by the District for any reason, may be sufficient cause for termination of employment. Use of personal vehicles for District business is not allowed, unless said use is pursuant to an executed contract agreement, i.e.: General Manager, or is allowed by the District's Purchasing Policies and Procedures sections applicable to mileage reimbursement and use of personal vehicles for District business allows said use. The District's adopted Purchasing Policies and Procedures are incorporated herein by reference as a part of this Policy Manual.

Employees who are assigned District vehicles shall temporarily parked the assigned District vehicle at a District facility when the vehicle assignee is on vacation or extended leave for a period greater than five (5) days.

Traffic citations are the employee/driver's responsibility. If an employee is involved in an accident, the employee must immediately notify his or her immediate supervisor or General Manager and should not make any statement concerning the responsibility for the accident to anyone, but a District representative. This applies to accidents while operating personal vehicles on District business as well as District-owned vehicles. Cooperation should be extended to law enforcement officers. Failure to comply shall be subject to disciplinary action up to and including termination.

#### 9.2.1 Driver Training and Record Review District Policies

- A. Purpose. The purpose of this policy is to reduce the frequency and severity of vehicle-related accidents and losses by: (a) applying uniform criteria in evaluating the acceptability of driver-record information of individuals driving District vehicles or driving a personal vehicle while on District business, and (b) establishing disciplinary procedures for different types of driving violations.
- B. Scope. This policy applies to all District employees and volunteers who drive a District-issued vehicle or his or her own personal vehicle on behalf of the District.
- C. Implementation. The District shall participate in the Department of Motor Vehicles ("DMV") Employer Pull Notice Program ("Pull Program"). Records for anyone operating vehicles on District business shall be requested from DMV: (a) every six months; and, (b) immediately in the event of new activity (e.g., moving violation, accident, address change, etc.).
- D. Review Criteria. Information that will be generated during the record review will include: (a) type of license; (b) expiration date; (c) endorsements, if applicable; (d) DMV actions, which may include suspensions, revocations, and penal code violations; and, (d) Vehicle Code violations.
- E. Disciplinary Procedures.

**Commented [HS2]:** What is the current practice? Does the District request records for *anyone* operating *any* vehicle? Or just those who operate a District vehicle?



I. A qualified employee will immediately attend a qualified defensive driver training course (State of California Defensive Driver Training, National Safety Council Defensive Driver Training, etc.) if:

- (a) they earn two points within 36 months of report date; or,
- (b) they receive any moving violation in a District vehicle within 36 months of report date; or,
- (c) they are involved in an accident within 36 months of report date.

**Commented [HS3]:** What is a report date?

II. A driver will be placed on a 12-month driving probation if they earn three points within 36 months of report date. Additional point violations within this probation period will affect a 120-day suspension of District driving privileges. If their job routinely involves driving a vehicle and if having driving privileges suspended would impose a hardship on normal District operations, they may be terminated from employment, in accordance with the procedures in Chapter 10 of the Personnel Rules.

**Commented [HS4]:** Is the probation only applicable to driving District vehicles or from driving any vehicle for District business?

**Commented [HS5]:** Too ambiguous.

III. A driver will be suspended from District driving privileges for 120 days if:

- (a) they earn four or more points within 24 months of report date; or,
- (b) they earn six or more points within 36 months of report date; or,
- (c) they receive a citation for DUI, DWI, reckless driving, or speed contest on personal time within 36 months of report date; or,
- (d) if they are involved in two chargeable (resulting in a point violation) accidents within 24 months of report date. If their job routinely involves driving a vehicle and if having driving privileges suspended would impose a hardship on normal District operations, they may be terminated from employment, in accordance with the procedures in Chapter 10 of the Personnel Rules.

IV. A driver will be permanently suspended of District driving privileges if:

- (a) they receive a citation for DUI, DWI, reckless driving, or speed contest while driving during District business within 36 months of report date; or,
- (b) they receive two citations for DUI and/or DWI, two citations for reckless driving, or two citations for speed contest on personal time within 12 months of report date. If their job routinely involves driving a vehicle and if having driving privileges suspended would impose a hardship on normal District operations, they may be terminated from employment, in accordance with the procedures in Chapter 10 of the Personnel Rules.

V. Occasionally, it may be brought to the District's attention that an employee is exposing the District to undue liability through poor driving techniques and habits. All such complaints will be investigated and acted upon accordingly.

- VI. Defensive Driver Training. All drivers shall attend an approved defensive driver-training course at least once every four years. Directors are encouraged to attend courses, but cannot be required to do so in accordance with State law.

### **9.3 Cellular Telephone Usage**

Employees may be provided with a business cell phone, tablet, or camera for conducting official business. All uses of cell phones, tablets, or cameras shall be done in conformance with District policies and federal and State law. Cellular telephone usage includes, but is not limited to phone calls, text messaging, and usage of applications on smart phones (“Phone Usage”).

Personal cellular telephones may be used by employees during work time hours only for essential personal calls, or for an occasional personal business call. Essential personal calls are defined as calls of minimal duration and frequency that are urgent in nature and cannot be made at another time. Examples of essential personal calls are calls to arrange for care of a child or other family emergency, to alert a family member of an unexpected delay due to a change in work schedule, or to arrange for transportation or service in the event of car trouble, etc.

To the extent possible, Phone Usage must be confined to rest and lunch breaks, and in locations such that the conversation is not disrupting to other employees or District business.

#### **9.3.1 Cellular Phone Safety**

For safety reasons personal and District-owned Phone Usage is not permitted while employees are engaged in a continuous operation, such as a member on a utility crew engaged in the construction or repair of District facilities.

Employees are expected to operate District vehicles and equipment in a safe and prudent manner. Accordingly, employees may not use cell phones while driving unless the phone is specifically designed and configured to allow hands-free listening and talking. Similarly, employees are not permitted to text while driving.

## Chapter 10: Disciplinary Action

### 10.1 General Rules of Conduct

The District expects all of its employees to act in the best interest of the District and its customers and residents. It is the responsibility of all employees to observe all rules, guidelines, and operating procedures of the District. The District further expects that each of its employees will act in a polite and professional manner when dealing with members of the public and other employees. These General Rules of Conduct, along with the “Examples of Unacceptable Conduct” listed below, are not meant to be all inclusive, but rather to provide illustrations of acceptable conduct versus problematic conduct.

### 10.2 Examples of Unacceptable Conduct.

The following list presents examples of some of the types of unacceptable conduct that may result in disciplinary action, up to and including immediate termination. This list is not an exhaustive list of what may result in discipline, up to and including immediate termination:

- A. Fraud in securing employment;
- B. Abuse of sick leave, continued absenteeism or tardiness, and/or unexcused absences;
- C. Falsification of records;
- D. Inadequate job performance;
- E. Dishonesty;
- F. Violence or threat violence towards other employees or the public;
- G. Conviction of a felony or misdemeanor involving a crime of moral turpitude;
- H. Theft;
- I. Negligent or reckless operation of District vehicles and equipment;
- J. Falsification of, or material omission from any employment application, payroll records, time reports, or other the District documents;
- K. Violation of any of the District's Policies, Procedures, Administrative or Operational Directives, including any policies in these Personnel Guidelines, or inducing other employees to violate any such rules;
- L. Violation of the District's Purchasing Policies;
- M. Violation of safety rules or practices;
- N. Violation of the District's policy prohibiting harassment, abusive conduct or discrimination;
- O. Violation of the District's Drug and Alcohol Free Workplace Policy;
- P. Sleeping during work hours is prohibited unless separate authorization has been given;
- Q. Possession of firearms or dangerous weapons on District property;
- R. Private use of District equipment, vehicles, tools, and materials.
- S. Unauthorized disclosure of or other failure to properly protect trade secrets of the District;

- T. Soliciting coworkers when either employee is on working time being paid for by the District is prohibited, including the use of e-mail. Distribution or posting of pamphlet, leaflets, or any other literature in the District offices is prohibited during working time of any employee involved.

### **10.3 Types of Disciplinary Action**

Disciplinary action includes oral warning, written warning, disciplinary probation, suspension, reduction in salary, demotion, reduction in salary, or termination of employment.

- A. Oral Warning: communication to an employee that his or her performance or behavior must be improved and failure to do so may result in more serious discipline. An employee's supervisor or the General Manager shall note the date, time, and content of oral reprimand, but no record of oral reprimand shall be placed in the employee's personnel file unless subsequent action is necessary.
- B. Written Warning: a formal written notice to an employee that further disciplinary action will be taken unless his or her performance or behavior improves. A copy of the written reprimand is given to the employee and the original is filed in the employee's personnel file. The employee must acknowledge receipt of the written warning by signing the letter at the time of presentation; this signature signifies only the receipt of the document; it does not signify the employee's agreement with the allegations.
- C. Disciplinary Probation: this form a disciplinary action lasts for a specified period of time, not to exceed six (6) months. Employees on disciplinary probation may be terminated for failure to meet performance or behavior standards as provided by in the employee's job classification.
- D. Suspension: the temporary removal of an employee from his or her duties without pay for disciplinary purposes for up to thirty (30) working days. Employees suspended from his or her employment with the District forfeit all rights, privileges, and salary with the exception of group health and life insurance benefits.
- E. Reduction in Salary: a decrease in salary paid to an employee for a specified period of time for disciplinary purposes.
- F. Demotion: the removal of an employee from a position to another position carrying a lower maximum rate of pay, as a result of a disciplinary action.
- G. Discharge: the removal of an employee from District services, as provided for in these Guidelines.

#### **10.4 Disciplinary Notice/Appeal Procedure**

This Section does not apply to probationary or temporary employees.

##### **10.4.1 Written Notice of Proposed Action**

In the event the District imposes disciplinary action as described in section 10.3, subsections C-G, the employee will be given a notice of the disciplinary action.

##### **A. Notice of Disciplinary Action**

Prior to the imposition of discipline as described in section 10.3, subsections C-G, a regular employee shall be provided a written notice or “Skelly letter” by the employee’s supervisor proposing to implement discipline which contains:

1. Notice of the proposed action;
2. The reasons for the proposed action;
3. A copy of the charges and any materials upon which the proposed action is based;
4. Notice that the employee is entitled to an opportunity to respond within five (5) working days after the notice has been served upon employee to the charges orally or in writing, or both, personally or with a representative who may be an attorney;
5. The date and time of the response or “Skelly” meeting, which shall be held according to section 10.4.2;
6. Notice that if the employee fails to attend the response meeting the employee shall be deemed to have waived all rights to said meeting and from appeal to any action taken.

##### **10.4.2 Response Meeting/Skelly Hearing**

No more than ten (10) business days after the notice has been served upon employee, employee shall have the opportunity to refute charges or present facts that is known as a “Skelly” Review meeting with the General Manager. The employee may respond orally or in writing, personally or with a representative. Neither party shall be entitled to call witnesses or take testimony.

If an employee fails to respond to the notice for a Skelly Review meeting, the General Manager or his or her designee shall notify the employee in writing that his or her time to respond has expired, and that the discipline shall be imposed.

If the employee requests a Skelly Review meeting, the General Manager shall consider information contained in the charges and recommendations, as well as information presented by the employee or his or her representative and issue a Final Notice as set forth in Section 10.4.3.

#### **10.4.3 Post-Skelly Final Notice**

Within ten (10) days after the Skelly Review meeting, the General Manager or his or her designee shall: 1) dismiss the notice and take no disciplinary action against the employee; 2) issue disciplinary action that is less severe than the intended disciplinary action; or 3) prepare and serve upon the employee a final notice of disciplinary action.

The final notice of disciplinary action shall include the following:

1. The disciplinary action taken.
2. The effective date of the disciplinary action taken.
3. Specific charges upon which the action is based.
4. A summary of the facts upon which the charges are based.
5. The written materials, reports and documents upon which the disciplinary action is based.
6. The employee's right to appeal.

If an employee fails to respond to the notice for a Skelly Review meeting, the General Manager shall notify the employee in writing that his or her time to respond has expired, and that the discipline shall be imposed.

Disciplinary action other than a suspension, demotion or termination (i.e., written or oral reprimands) shall not be subject to appeal. Disciplinary action consisting of a suspension, demotion or termination may be appealed by regular employees pursuant to Sections 10.4.4 and 10.4.6.

#### **10.4.4 Appeals of Disciplinary Action**

Any regular employee shall have the right to appeal to the General Manager from any disciplinary action taken by his or her supervisor following a Skelly hearing. Such appeal shall be in writing and must be filed with the General Manager within ten (10) business days after receipt of written notice of such disciplinary action. Failure to file an appeal within such period constitutes a waiver of right to appeal.

The appeal hearing shall be an evidentiary hearing with due process rights including the right to present witnesses, present evidence, cross examine opposing witnesses, the right to counsel and findings to support the decision. However, the formal rules of evidence shall not apply, and the hearing officer shall be entitled to rely upon any evidence that reasonable persons would commonly rely upon in the course of the conduct of their business.

The hearing officer shall conduct an appeal within thirty (30) days of receipt of employee's request for appeal or as soon as practical. The parties may continue the hearing either for the convenience of the District or for good cause upon written application of the appellant or District, for a period not to exceed an additional thirty (30) days from the receipt of the appeal. Written notice of the time and place of the hearing shall be conducted in accordance with the provisions of Section 11509 of the

Government Code of the State of California, except that the appellant and other persons may be examined as provided in Section 19580 of said Government Code, and the parties may submit all proper and competent evidence against, or in support of the causes.

Neither the provisions of this section or this Chapter shall apply to reductions in force or reductions in pay, which are part of a general plan to reduce or adjust salaries and wages. However, any non-disciplinary reduction in pay is subject to the meet and confer process pursuant to Government Code sections 3504.5 and 3505.

#### **10.4.5 Selection of Hearing officer for Appeal of Disciplinary Action**

Upon receipt of a disciplinary appeal hearing request, the General Manager or his or her designee shall order that the matter be heard by a neutral hearing officer selected from a listing of arbitrators supplied by the State Conciliation Service. The individual shall be selected from a listing of five (5) individuals identified by the State Conciliation Service. If the parties cannot mutually agree upon a hearing officer, the hearing officer shall be selected by the parties through alternate the striking of names. The cost of the hearing officer will be shared equally between the parties.

#### **10.4.6 Appeal Hearing**

The appointed hearing officer shall conduct an appeal within thirty (30) days of receipt of employee's request for appeal. The appointed hearing officer may continue the hearing either for the convenience of the District or for good cause upon written application of the appellant or District, for a period not to exceed an additional thirty (30) days from the receipt of the appeal. Written notice of the time and place of the hearing shall be conducted in accordance with the provisions of Section 11509 of the Government Code of the State of California, except that the appellant and other persons may be examined as provided in Section 19580 of said Government Code, and the parties may submit all proper and competent evidence against, or in support of the causes.

#### **10.4.7 Representation at Appeal**

Any District employee other than those appointed to supervisory, management, and confidential classifications shall be permitted to represent another District employee or group of District employees at the hearing of the appeal. The appellant may appear in person and/or be represented by counsel and/or a union representative.

#### **10.4.8 Notices to Witnesses: Cost**

The General Manager shall issue notice for the appearances of witnesses for the appellant upon his written request and at his cost. The General Manager may require such cost to be prepaid.

#### **10.4.9 Failure of Employee to Appear at Appeal Hearing**

Failure of the appellant to appear at the hearing, without the prior written approval of the hearing officer, shall be deemed a withdrawal of his or her appeal and the action of the General Manager or supervisor shall be final.

#### **10.4.10 Decision on the Appeal**

The hearing officer shall render a written decision within thirty (30) days after concluding the hearing or as soon as practical. The hearing officer's decision shall be final and binding.

#### **10.4.11 Time Limits**

In the event of extenuating circumstances, the time limits in this Section 10.4 may be extended to a definite date by written agreement between the employee and the District.

## **Chapter 11: Grievance Procedure**

With the exceptions below, a grievance is defined as a complaint by an employee that the District has violated a written policy contained in these Guidelines, an applicable MOU between the District and a recognized employee organization, or a provision of federal, state, or local law, which adversely affects the employee. Specifically excluded from the grievance procedures are claims or complaints of alleged discrimination or harassment, performance evaluations, and all disciplinary actions. Specific procedures for concerns regarding those items are addressed in separate sections of these Guidelines.

### **11.1 Grievance Procedure Steps**

**Level I, Preliminary Informal Resolution.** An employee who believes she or he has a grievance shall present it orally to her or his immediate supervisor within ten (10) business days after the employee knew, or reasonably should have known, of the circumstances that form the basis for the grievance. The immediate supervisor will discuss the grievance with the employee and respond to the employee in writing within ten (10) business days after their discussion. If the grievance is against the employee's supervisor, the employee may skip Level I and advance to Level II, provided he or she complies with all applicable time limits and other requirements for Level I.

**Level II, Supervisor.** If the grievance is not resolved at Level I, the employee may present her or his grievance in writing to his or her supervisor or to the General Manager within ten (10) business days of the date of the Level I response.

The Level II grievance shall include the following:



- A. A concise statement of the grievance, including specific reference to the policy allegedly violated;
- B. The circumstances involved;
- C. The decision rendered at Level I, if any;
- D. The dates when: (i) the grievance was first discussed with the immediate supervisor; (ii) the Level I response was issued; and (iii) the employee submitted the grievance to Level II; E. The specific remedy sought.

Within ten (10) calendar days of receipt of the employee's Level II grievance, the employee's supervisor or the General Manager shall meet with the employee and try to resolve the dispute. He or she shall issue a written response to the employee within ten (10) calendar days of the meeting with the employee. If no response is issued within the time limit, the grievance will be deemed denied at that level and the employee may appeal to the next level.

**Level III, General Manager.** In the event the grievance is not resolved at Level II, the employee may, within seven (7) business days of the date of the Level II response, appeal the decision in writing to the General Manager. If the decision being applied was made by the General Manager, then the employee may skip Level II and proceed to Level IV. The Level III appeal shall include a copy of the original grievance; a copy of the written Level II decision; and a clear, concise statement of the reasons for the appeal to Level III.

Within ten (10) calendar days from the date of General Manager's receipt of the Level III grievance, the General Manager will issue a written determination to the employee.

**Level IV, Hearing.** If the grievance is not resolved at Level III or if the grievance is against the General Manager, the employee may, within seven (7) business days of the date of the Level III written response, appeal the decision by submitting to the General Manager a written request for appeal by a designated hearing officer, who will be selected in accordance with section 10.4.5. After the hearing, the hearing officer will issue an advisory written recommendation on the matter to the Board of Directors, who will consider the recommendation in closed session. The Board of Directors will then issue a final decision on the appeal, subject to judicial review.

### **11.2 General Rules for Grievances**

All employee grievances must follow the steps outlined above. Except as expressly stated in this policy, at no time may an employee bypass a step. Employees shall not approach the General Manager directly with a grievance as an initial matter, unless the General Manager is the employee's direct supervisor. Time limits set forth above may be extended upon the written consent of both parties. Employees will not be retaliated against for filing or pursuing a grievance in good faith under this procedure. Employees are entitled to representation throughout the grievance process.

If an employee does not present the grievance, or does not appeal the decision rendered regarding the grievance, within the time limits specified above, the grievance shall be considered withdrawn.

A copy of all formal grievance decisions shall be placed in a grievance file belonging to the District. A copy of the grievance decision will be provided to the employee.

The parties by mutual written consent may extend any of the time limits set forth in this section.

### **11.3 Expungement of Written Reprimands**

A written reprimand may be expunged upon sustained corrective behavior, as determined by the General Manager, after a period of three (3) years from the date of the reprimand. It is the responsibility of the employee to request that his or her personnel file be purged of the written reprimand.

The General Manager will consider the following factors in making his or her decision:

1. whether the employee received further discipline of any kind;
2. employee's performance evaluation reviews are at least satisfactory in all categories; and
3. that the only one expungement can occur during their employment with the District.

## **Chapter 12: Employee Records**

### **12.1 Personnel Records and Information**

The District retains personnel records concerning its employees. Such records ordinarily include applications, insurance forms, payroll deduction authorizations, performance appraisals, certain pay records, transfer and promotion forms, records of disciplinary action, training records, and any certificates or credentials required for an employee's job. Other information concerning employees may be kept as personnel records at the discretion of the District.

In order to keep personnel records current, the General Manager or his or her designee must be notified of any change in an employee's personal status and information, which may include, but is not limited to: changes of address, telephone number, marital status, military status, any birth or death in an employee's immediate family, any change in the name or telephone number of the person to be notified in case of emergency, any change in insurance beneficiary, or any other information needed to maintain accurate records. These changes shall be provided to the General Manager or his or her designee within thirty (30) days of the change in an employee's personal status.

Each employee is also responsible for providing the District with records concerning any licenses or certificates required in the performance of his or her job, as well as any documents showing that education or training relevant to employment has been completed.

### **12.2 Release of Information**

Personnel records are considered confidential. Employees may examine their own personnel records, except for letters of reference, by contacting the General Manager. Employees may authorize the release of their own personnel records by executing a written request identifying the records to be released and the person or entity to which they may be released.

Ordinarily, no information on past or present employees shall be provided by the District, other than employment dates and job title, unless such requests for information are accompanied by a signed authorization by the employee to release the information requested.

## **Chapter 13: Personnel Actions**

### **13.1 Separation Procedures**

Employees who separate from the District for any reason will be paid for any comp time or vacation time that is accrued but unused at the time of their termination. Employees do not receive any pay out for accrued but unused sick leave at termination, or at any other time.

Terminating employees may be eligible to continue coverage under the District's group health insurance at their own expense pursuant to COBRA.

### **13.2 Disciplinary Termination**

Employees who are terminated for disciplinary reasons or for "good cause" as defined in these Guidelines are not eligible for rehire.

### **13.3 Layoff Policy and Procedure:**

- 1. Statement of Intent:** Whenever the Board determines necessary to abolish any District position, the employee holding such position or employment may be laid off or demoted without disciplinary action and without the right of appeal.
- 2. Notification:** Employees to be laid off will be given, whenever possible, at least fourteen (14) calendar days prior notice, if possible.
- 3. Order of Layoff:** Employees are generally laid off in the inverse order of their seniority in their classification in the department, although this order is subject to business needs. Seniority is determined based upon date of hire in the department. Within each class, and subject to business needs, employees will generally be laid off in the following order: temporary, part-time, probationary, and regular.

In cases where there are two or more employees in the classification in the department from which the layoff is to be made who have the same seniority date, such employees will be laid off on the basis of the last evaluation rating in the class, providing such rating has been on file at least 30 days and no more than 12 months prior to lay off, as follows:

First, all employees having ratings of “improvement needed;” second, all employees having ratings of “competent;” third, all employees having rating of “outstanding.”

4. **Transfer in Lieu of Layoff:** An employee affected by layoff may be transferred to a vacant position within the same or comparable classification, or a vacant position in any former classification, first within the affected department and then District-wide, which the employee once held as a regular employee, provided that the employee meets the minimum qualifications of said positions and the compensation is at the same or lower rate of pay.
5. **Re-employment Rights for Laid Off Employees:** Regular employees who have been laid off shall be automatically placed on a re-employment list for 2 years from the date of layoff for the classification from which they were laid off.
6. **Mass Layoff:** If the District finds it necessary to enforce a mass layoff, it must provide at least a sixty (60) day notice prior to the mass layoff. A mass layoff is defined as job loss for at least fifty (50) employees in a thirty (30) day period. California’s WARN Act, codified in Labor Code Sections 14001408 also applies to the closing of an industrial or commercial facility with at least seventy-five (75) employees, or the relocation of an industrial or commercial facility with at least 75 employees to a location at least one hundred (100) miles away.

#### **13.4 Voluntary Resignations in Good Standing**

An employee who resigns in good standing is eligible to seek for re-employment with the District. Good standing shall mean providing at least a two (2) week notice and the completion of all necessary exit forms and exit interview.

#### **13.5 Exit Interview**

All employees separating from the District for any reason shall be given an interview prior to termination.

The interview shall be conducted by the General Manager and shall produce specific information as to the causes and reasons for the separation. The information shall be

recorded on a standard form provided by the District, which the employee shall be required to sign.

A copy of the complete report shall be transmitted to the employee's immediate supervisor and General Manager for comment and be returned for retention in the employee's personnel file.

**13.5.1 Property Return Agreement**

Upon employment with the District, each employee may complete a Property Return Agreement if they receive any District property. Property includes, but is not limited to, laptops, cell phones, PDAs, equipment, keys, reports, proprietary information, and any other job related materials. All District property must be returned prior to departure.

**13.5.2 Employment Reference Checks**

All inquiries regarding a current or former District employee must be referred to the General Manager. Should an employee receive a written request for a reference, he or she must refer the request to the General Manager for handling. Employees may not issue a reference letter to any current or former employee without the permission of the General Manager.

Under no circumstances should an employee release any information about a current or former employee over the telephone. All telephone inquiries regarding any current or former employees of the District must be referred to the General Manager.

In response to an outside request for information regarding a current or former District employee, the General Manager will only verify an employee's name, date of employment, and job title. No other data regarding any current or former District employee will be released unless the employee authorizes the District to release such information in writing or the District is required by law to furnish any information.

If, however, an employee is contacted to give a personal reference regarding a current or former District employee, he or she is permitted to do so and should emphasize to the inquirer that the reference is personal only and not on behalf of the District.

Failure to follow these directions may be cause for corrective action up to and including termination.

## Chapter 14: Internet, E-mail and Electronic Communications

The District believes that employee access to and use of the internet, e-mail, and other electronic communications resources benefits the District and makes it a more successful local public agency. However, the misuses of these resources have the potential to harm the District's short- and long-term success. Employees should have no expectation of privacy in work-related emails or internet usage while using District computers.

The District has established this policy to ensure that the District employees use the District provided computer resources, such as the internet and e-mail, in an appropriate manner.

### 14.1 Rules Regarding Prohibited Use

Employees shall not use the District internet and e-mail in an inappropriate manner. Prohibited use of the internet and e-mail systems includes, but is not limited to:

1. Accessing internet sites that are generally be regarded in the community as offensive (e.g., sites containing pornography or that exploit children), or accessing sites for which there is no official business purpose (e.g., social media websites or online shopping websites).
2. Engaging in any profane, defamatory, harassing, illegal, discriminatory, or offensive conduct or in any conduct that is otherwise inconsistent in any way with the District policies.
3. Distributing copyrighted materials.
4. As computer viruses can become attached to executable files and program files, receiving or downloading executable files and programs via electronic mail or the internet without express permission of the Systems Administrator is prohibited. This includes, but is not limited to, software programs and software upgrades. This does not include e-mail or documents received via e-mail and the internet.
5. Use of another person's name or account, without express permission of the System Administrator, is strictly prohibited.
6. Using the District's computer resources for personal social media, online shopping, and other similar online commercial activity.
7. Employees must respect all copyright and licensed agreements regarding software or publication they access or download from the internet. The District does not condone violations of copyright laws and licenses and the employee will be personally liable for any fines or sanctions caused by the employee's license or copyright infringement.

### 14.2 Additional Guidelines

Employees are expected to understand and comply with the following additional guidelines regarding use of the internet and District computer systems.

1. Internet access is to be used for the District business purposes only. Employees who have completed all job tasks should seek additional work assignments. Use of

the internet should not interfere with the timely and efficient performance of job duties. Personal access to the internet and e-mail is not a benefit of employment with the District. Limited personal use of the District's systems to access internet, e-mail, and other electronic communications may be permitted only during the employee's authorized break time.

2. Employees do not have any right or expectation to privacy in any the District computer resources, including e-mail messages produced, sent, or received on the District computers or transmitted via the District's servers and network. The District may monitor the contents of all computer files and e-mail messages to promote the administration of the District operations and policies.
3. Employees' access to and use of the internet, e-mail, and other electronic communications on the District systems is monitored, and such files and electronic communications may be reviewed by the District at any time. Employees have no expectation of privacy.
4. Deleting an e-mail message does not necessarily mean the message cannot be retrieved from the District's computer system. Backup copies of all documents, including e-mail messages, that are produced, sent, and received on the District's computer system, can be made.
5. E-mail and any attachments are subject to the same ethical standards, and standards of good conduct, as are memos, letters, and other paper-based documents.
6. Currently all District e-mail sent is not encrypted. Unencrypted electronic mail is not a secure way of exchanging information or files. Accordingly, employees are cautioned against transmitting information in an electronic mail message that should not be written in a letter, memorandum, or document available to the public.
7. E-mail, once transmitted, can be printed, forwarded, and disclosed by the receiving party without the consent of the sender. Use caution in addressing messages to ensure that messages are not inadvertently sent to the wrong person.
8. Virus scanning software shall be used where provided.
9. It is advisable for all employees of the District to remind customers, clients, and contractors of security issues when sending confidential electronic mail or documents to the District via electronic mail. If applicable, our customer, clients, or contractors should be reminded to implement a security policy and make sure their employees understand the ramifications of sending confidential information via electronic mail.

10. Employees must scan all downloadable materials before using or opening them on their computers to prevent the introduction of any computer virus.

## **Chapter 15: Miscellaneous Policies**

### **15.1 Political Activity**

Every employee has the right as a citizen to participate fully in the political process. Employees are encouraged to participate by attending public meetings, running for elected office, voting, and otherwise participating in the community as a good citizen. No employee, however, shall campaign for himself or herself or any other candidate or cause during District business hours, or during employee work time or using the District resources. No employee shall publicly campaign for any candidate or cause while wearing a District uniform, insignia, or otherwise while representing the District.

### **15.2 Desks, Lockers, Storage, and Other Personal Inspections**

The District reserves the right to open and enter, upon reasonable suspicion and with or without the employee's permission any office, desk, locker, file cabinet, or other storage location on the District premises or work sites (including the District parking areas) and to inspect vehicles or any containers brought into the workplace or work site.

Although an employee may be assigned an office, desk, vehicle, locker, file cabinet, or other storage area or device by the District, such assignment shall not create an expectation of privacy in the use of such items or areas. These items remain the property of the District and may be searched at any time.

### **15.3 District Visitors**

Access to the District facilities, except for public areas, is restricted for safety reasons. Employees shall not receive visitors at non-public areas of District facilities office except with the express permission of the General Manager. All visitors must check in at the business office and wait until the District personnel are available to meet with them at the business office.

### **15.4 Media Contact Policy**

The General Manager is the designated point of contact for the District for all media contact, as the General Manager is the official spokesperson for the District. Any contact by the media to an employee of the District regarding the District shall be immediately reported to the General Manager. Unless approved by the General Manager, no employee shall issue a statement or communicate with the media on behalf of the District.

### **15.5 Phone Policy**

The personal use of District phones should be limited to break and lunch times unless it is an emergency. Long distance use of the District landline for personal use is prohibited unless specifically authorized by the employee's supervisor or General Manager.