

EXHIBIT 5-A

MEMORANDUM OF UNDERSTANDING BETWEEN THE MONTEREY PENINSULA WATER MANAGEMENT DISTRICT AND THE CONFIDENTIAL STAFF BARGAINING UNIT

This Memorandum of Understanding (M.O.U) sets forth the agreement between the representatives of the Confidential Staff Bargaining Unit and the representatives of the MONTEREY PENINSULA WATER MANAGEMENT DISTRICT (hereinafter referred to as "District") on all matters concerning wages, hours, working conditions and other terms of employment for employees within the CONFIDENTIAL STAFF BARGAINING UNIT (hereinafter referred to as Unit).

The District and Unit representatives have met and conferred in good faith and have arrived at an understanding concerning wages, hours, working conditions and other terms of employment. This agreement supersedes all prior District Personnel Policies that pertained to members of this bargaining unit, where such matters have been specifically addressed. In the event of a conflict between this contract and any policy, memorandum or directive, either written or verbal, this contract shall prevail.

ARTICLE 1 DISTRICT RIGHTS

- A. Except as modified by this Memorandum of Understanding, the District reserves, retains and is vested with, solely and exclusively, all rights of the District which are not expressly abridged by law to manage the District. The District also recognizes that employee contributions to the decision making process is valuable. The District agrees to encourage employee input on matters within the scope of representation. The sole and exclusive rights of the District shall include, but not be limited to, the following:
- To manage the District generally and to determine all issues of policy;
 - To determine the nature, manner, means and technology, and extent of services to be provided to the public;
 - To determine and/or change the facility, methods, technological means, size and composition of the workforce by which District operations are to be conducted;
 - To assign work to and schedule employees in accordance with requirements as determined by the District, and to establish and change work schedules, vacation schedules, and assignments upon reasonable notice and in accordance with these Rules and memoranda of understanding;

- To relieve employees from duties for lack of work, funds, or similar non-disciplinary reasons;
 - To determine and modify productivity and performance programs and standards;
 - To discharge, suspend, demote or otherwise discipline non-probationary employees for just cause;
 - To determine job classifications and to reclassify employees in accordance with these Rules and applicable resolutions and ordinances of the District;
 - To hire, transfer, promote and demote employees for non-disciplinary reasons in accordance with these Rules and applicable ordinances and resolutions of the District;
 - To determine and administer policies, procedures and standards for selection, training and promotion of employees in accordance with these rules and applicable resolutions and ordinances of the District.
 - To establish employee performance standards including, but not limited to qualification and quantity standards, and to required compliance therewith;
 - To determine satisfactory and unsatisfactory job performance levels, and evaluate employees based upon these criteria;
 - To take any and all necessary action to carry out the functions of the District in emergencies.
- B. Before submission of a recommendation to contract out any function traditionally performed by unit employees which would result in a reduction of the work force, the Unit will be offered the opportunity to examine the proposal for at least thirty (30) days prior to Board action, whenever possible and to submit recommendations. If requested, the District will meet and confer over the impact of proposed layoffs prior to the implementation of said layoffs.

ARTICLE 2 PERSONNEL ACTIONS

- A. A District list of all current job descriptions shall be available for review by unit employees. An employee may obtain a copy of any job descriptions from the Human Resources Analyst.

Upon appointment, each new employee shall be provided with a copy of the employee's job description. Further, an employee shall be given a copy of the amended job description as changes occur.

Job Descriptions shall be explicit as to the level of skills, knowledge, and ability required to perform the work. Specific detail of the work required will be used wherever reasonable and the work required shall be within the realm of that normally performed within the scope of the job classification.

- B. The District shall offer to meet and confer with representatives of the Unit regarding the impacts of an appropriate reclassification whenever the District intends to classify, reclassify, create, modify, and/or abolish classes existing in the bargaining unit. If an employee believes that he or she has been assigned duties that do not reasonably relate to the classification to which the employee is assigned, the Unit may request, and the District shall grant, an opportunity to meet and consult with the parties involved regarding such assignment.
- C. There shall be only one official personnel file that shall be maintained at the District's Human Resources Office. An employee shall have the right to review her/his personnel file or authorize in writing the review by a representative. No material will be inserted into the employee's personnel file without prior notice and a copy given to the employee. An employee may place in her/his personnel file a written response to adverse material inserted into the file in lieu of filing a formal grievance regarding the subject of the adverse material. In addition, an employee may place any letters of commendation received from the public or certificates of educational achievement in his/her personnel file.
- D. A written performance evaluation is intended to be a documented summary of the work performance of the employee and to encourage ongoing communication between the supervisor/rater and the employee. An evaluation is not to be used for discipline in and of itself.
- E. An employee shall have the right to review and respond in writing to any evaluation she/he considers derogatory, or otherwise inaccurate, within ten (10) days of receipt of a copy of the evaluation.
- F. Step increases recommended as a result of a delayed performance evaluation shall be effective retroactively on the first day of the month following the employee's anniversary date.
- G. An employee who voluntarily terminates her/his service with the District may receive an end-of-job performance evaluation if requested in advance by the employee.

- H. The parties agree that the District and its representatives and employees shall treat each other with mutual respect, dignity, courtesy, and trust in all work related matters. It is the intent of this Agreement to establish such a harmonious and constructive relationship among the parties.

ARTICLE 3 CATEGORIES OF EMPLOYEES

- A. The following definitions shall apply to this Memorandum:
1. Full-time Regular Employee: An employee of the District occupying a regular position who is employed 40 hours per week and who is not serving under a written contract or in an introductory status.
 2. Part-time Regular Employee: An employee of the District who is not a full-time regular employee, who is employed less than 40 hours per week and who is not serving under a written contract or in an introductory status.
 3. Introductory Employee: An employee of the District who is serving in the minimum six (6) month working test period required before the appointment as a full-time regular employee is completed, during which the terms of the extended introductory period must be satisfied. In the case of a part-time employee, the introductory period shall also be a minimum six (6) month period before the appointment as a part-time regular employee is completed. An employee on introductory status may be terminated without cause.
 4. Limited-Term Employee: An employee of the District who is not a regular employee, and who is hired for a project that is estimated to require 1,000 hours or less in a fiscal year. (July 1- June 30). If a project requires more than the originally estimated time, the limited-Term employee may be extended for additional 1,000-hour periods with Board approval. Any Limited-Term employee can be terminated without cause and shall not be entitled to employee rights or benefits specified in Article 4 with the exception of eligibility for PERS retirement benefits if the total worked in a fiscal year exceeds 1,000 hours.
 5. Volunteer: A person who is not a paid employee who participates in any District activity by providing their labor and services to the District free of charge. Use of volunteers on District projects must be approved by both the Division Manager and Risk Manager for liability and workers' compensation purposes. (Resolution No. 96-03 outlines the Board's authorization and governs of the use of volunteers.)

6. Exempt Employee: An employee of the District that is not subject to the overtime provisions of the Fair Labor Standards Act (FLSA).
7. Non-Exempt Employee: An employee of the District that is subject to the overtime provisions of the Fair Labor Standards Act (FLSA).

B. Employment Status is described as follows:

1. Introductory Status: The introductory period shall be used by the General Manager for the evaluation of any new employee, and for the termination of any introductory employee whose performance, work, or behavior does not meet the required standards of the Monterey Peninsula Water Management District. Each appointment, re-employment, or transfer to a regular position shall be subject to an introductory period of six (6) months for full-time and part-time positions. This introductory period is the final phase of the examination and qualification process before the appointment as a regular employee is completed.

The introductory period shall date from the time of initial employment in a position and shall not include time served as a limited-term employee nor any period of continued leave of absence without pay exceeding thirty (30) days.

The General Manager may extend the introductory period of an employee for a period not to exceed six (6) months upon furnishing the employee with a statement of the reasons for such extension and the required standards that must be met in order for the employee to successfully complete the introductory period.

2. Regular Status: Regular status is afforded all qualified employees of the District, other than employees who are on probation or are contract employees.
3. Limit-term Status: A limited-term employee is one hired for the purpose of filling short-term employment vacancies, vacation, sick leave, military leave, leaves of absence, and/or to meet other short-term business demands of the District. Limited-term employment may be terminated at the will of the General Manager or the employee.
4. Part-time Status: A part-time employee is an employee who works less than full-time and does not occupy a regular full-time position.

ARTICLE 4 ELIGIBILITY FOR EMPLOYEE BENEFITS

- A. Regular Employees: Regular employees are entitled to vacation, sick leave, leaves of absence without pay, and other benefits set forth in this section and as authorized by the District.
- B. Introductory Employees: Introductory employees shall accrue vacation and sick leave credit but shall not be entitled to use vacation credit until successful completion of the introductory period. However, any vacation time accrued by working on a District holiday may be used prior to the end of the probation period.
- C. Limited-term Employees: Limited-term employees shall not be entitled to any of the benefits set forth in this section. with the exception of those Limited-term employees who have been extended by Board approval for more than 1,000 hours of employment in a fiscal year, who will then become eligible for PERS retirement benefits.
- D. Part-time Employees: Part-time employees shall accrue pro-rata vacation and sick leave credit based upon the hours actually worked by each employee, but shall not be entitled to use accrued vacation hours until successful completion of the introductory period.

ARTICLE 5 OPTIONAL BENEFITS

- A. A deferred compensation plan (IRS Section 457) is available to all regular employees. Deferred compensation is an IRS-approved method of saving for retirement which includes deferring federal and state income taxes. Current District policy permits an employee to start, stop, increase, decrease, or change investment funds as often as he or she wishes without fees or penalties. The District does not contribute to the deferred compensation plan except as may be required by an individual employment contract.
- B. A Section 125 Flexible Benefits Plan is provided. This plan provides the opportunity to participate in an Unreimbursed Medical Expenses Plan and a Dependent-care Expense Reimbursement Plan on a pre-tax basis. Participants may contribute up to \$5,000 per year, beginning with the next Plan Year in January 2007. The District does not contribute to the Section 125 Flexible Benefits Plan.

- C. Supplemental insurance coverage is also available through AFLAC Insurance. Premiums are paid by employees.

ARTICLE 6 RETIREMENT BENEFITS

The District shall participate in the California Public Employees Retirement System (PERS) 2@55 Plan. The District shall pay both the employer's and the employee's share. The District shall also provide the PERS 1959 Survivor Benefit, Fourth Level, at no cost to the employee.

ARTICLE 7 HEALTH AND WELFARE BENEFITS

Medical, dental, vision, life insurance, short-term disability insurance, long-term disability insurance, and an employee assistance plan shall be provided for all regular employees, introductory employees, and their eligible dependents. Medical insurance will also be provided to eligible retirees and their eligible dependents. The terms and conditions of enrollment and the benefits provided under all health plans are subject to the plan documents which are controlling.

- A. **Premium Payment:** During the term of this agreement the District will pay the below designated amounts towards employee benefits. Should employees be required to make any premium payment, such payments shall be made by payroll deduction.

1. **Life, Survivor, LTD & EAP:** The District shall pay 100% of premiums for life insurance, survivor benefit, long-term disability insurance, and the employee assistance plan premiums for all regular and introductory employees.
2. **SDI:** The District will pay 50% of the premium for short-term disability insurance. Employees will be required to pay the other 50% of that premium.
3. **Employee Health Insurance**

Medical, dental (including orthodontia) and vision insurance shall be provided through Laborers Health and Welfare Trust Fund for Northern California Special Plan III. Should other plans become available, either party may request to meet and confer to discuss changing the health insurance provider.

The District will pay \$855 per month for all eligible employees and their dependents.

B. Employee Health Insurance Opt- Out:

Employees who have health coverage available through another family member may opt out of the District medical dental, or vision plan. The District shall reimburse the employee for that portion of the premium cost which is incurred, if any, to cover the employee and his/her eligible dependents under his/her family members' health plan up to a maximum amount equal to 75% of the total District premium payment for employee health premiums as stated in 3.A above

This opt-out provision will be cancelled, in whole or part, in the event the District transitions to a health provider that requires an employee participation rate that would, by necessity, include employees who had previously opted out of health insurance through the District. The option to opt out will be offered on a first-come, first-serve basis up to the maximum number allowable by the applicable District plan. In addition to reimbursing the opt-out employees for dependent coverage under their spouses' plan, the District will pay the premiums for employee elected AFLAC supplemental insurance policies. The cap at 75% of District health plan cost will be retained. Employees choosing to opt out of the District health plan shall receive no additional compensation beyond that described in this paragraph.

C. Retiree Medical Premiums

The District contribution towards retiree medical premiums will be available only to those retirees and their dependents or survivors who meet the eligibility criteria established by the District and/or the medical care provider. Retirees shall be eligible for enrollment in the plan in effect for members of the bargaining unit from which they retired. Retirees eligible for Medicare must enroll in a Medicare supplemental plan. To be eligible for paid retiree medical from the District, the retiree must not be entitled to receive equivalent health care through current or prior employment or the military.

- a. Less than 15 years of District service: The District will contribute the amount specified in Article 10, Section C. a. of the General Staff Unit Memorandum of Understanding.
- b. 15 or more years of District service: The District will contribute the premium required by its medical plan provider for employee-plus-one coverage up to \$855 per month. The District contribution will increase by 3% effective the beginning of each calendar year, beginning in 2007, if necessary to apply

to any increase in the premium for the retiree and one eligible dependent.

- c. For Unit members hired prior to July 1, 2006, the benefit in Article C. b. will apply, regardless of years of service.

D. Survivor Premiums

For a period of one year, the District shall continue to provide and will pay the entire premium for medical coverage for the surviving dependent(s) of an employee or retiree whose death occurs when the dependent(s) are receiving medical benefits from the District.

ARTICLE 8 VACATION

- A. Eligibility. Each full-time regular employee shall be eligible for vacation with full pay after six (6) months continuous employment. All vacations shall be scheduled upon prior approval of the Division Manager or General Manager. Introductory and contract employees shall not be entitled to vacation.

- B. Accrual Rate. Eligible full-time regular employees shall accrue annual vacation on the following basis:

<u>YEARS OF COMPLETED FULL-TIME TIME CONTINUOUS SERVICE</u>	<u>ANNUAL VACATION ACCRUAL</u>
0 - 1 year	10 days per year
1 year - 5 years	15 days per year
5 +years	20 days per year

Part-time employees shall accrue annual vacation on a pro-rata basis, based upon the hours actually worked by each employee. No employee shall be permitted to accrue unutilized annual vacation in excess of 60 days.

- C. Compensation in Lieu of Vacation. Each regular employee who separates from the District shall be entitled to compensation for all accrued but unutilized vacation, not to exceed the maximum allowed accrual of 60 days. Vacation is accrued monthly. A pro-rata calculation will be made for any portion of the month a separating employee has worked.
- D. Policy on Vacation Usage. Employees are encouraged to utilize their yearly vacation accrual on an annual basis.

- E. Management Leave. In addition to vacation accrual pursuant to the preceding paragraphs of this section, the Administrative Services Manager/Chief Financial Officer shall also be granted six (6) days of executive management leave each fiscal year. This leave may be taken only in the year in which it is granted, and no accrual or carry-over of unused executive management leave shall be allowed. No payment for unutilized executive management leave shall be allowed.

ARTICLE 9 SICK LEAVE

Sick leave shall be allowed employees only in case of necessity, when required by actual sickness or disability.

- A. Credits, Accumulation, Compensation. Sick leave with full pay shall be accrued by every regular and introductory employee at the rate of one day per month. Part-time employees shall accrue sick leave at this same rate, pro-rated in proportion to the hours they actually serve, calculated on a monthly basis. All unused days of sick leave shall be accumulated. There is no accrual limit for unutilized sick leave. At the time of termination of service, an employee shall be paid for a maximum of 75 days of accumulated sick leave. Any regular employee separated from service with less than one year's longevity as a regular employee shall not be entitled to payment for unused sick leave. An employee whose retirement date is within four months of his or her separation date from the District may choose to convert all or a portion of their unused sick leave to a credit of .004 years of service for each unused day of sick leave.
- B. Charges. Sick leave shall be charged against an employee's credit only for regular working days and shall not be charged for time absent on holidays or other authorized days off. Absences related to Pregnancy Disability Leave, or Family Medical Leave may be charged against accrued sick leave by employees. When sickness or injury is job-incurred, the regulations of the California Workers' Compensation Law shall apply. Sick leave shall not be granted to an employee for work-related sickness or injury incurred while employed elsewhere.
- C. Notification and Certification. In order to be granted sick leave for any period of time, employees shall, no later than four hours after the time established for reporting to work, notify their supervisor of their inability to report for work and the reason therefore. When an employee requests credit for more than three (3) consecutive days of sick leave or more than four (4) days of sick leave in any one thirty (30) day period, said employee shall file with his supervisor a certificate from a physician stating the justification for such absence.

ARTICLE 10 OTHER LEAVES

- A. BEREAVEMENT OR CRITICAL FAMILY ILLNESS LEAVE. Up to three (3) days of leave with pay per year may be requested by an employee to attend to the critical illness or the funeral of any member of the immediate family. Members of the immediate family are the mother, father, grandmother, grandfather, grandchild of the employee, the spouse/domestic partner of the employee, step-children, son, son-in-law, daughter, daughter-in-law, brother, brother-in-law, sister, sister-in-law of the employee, or any relative or person living in the immediate household of the employee. There shall be no accrual of bereavement leave.
- B. JURY OR WITNESS DUTY. In accordance with the provisions of Government Code Section 1230.1, deductions in the amount paid as witness or jury fees shall be made from the salary of an employee who is subpoenaed or appears as a witness or is called to jury duty.

Employees summoned to jury or witness duty shall receive only their regular salary for a period not exceeding 8 weeks per annum and shall, unless they elect to take vacation or other leave, be excused from their regular duty only to the extent necessary to fulfill their obligations as jurors or witnesses. Except as provided below, no time spent as a juror or witness shall count or be credited toward overtime eligibility, nor shall any other form of premium or extra compensation be paid for any time spent while serving as a witness or juror.

If an employee is subpoenaed as a witness in connection with his/her official duties as a District employee, the time actually spent serving as a witness shall be considered work time.

This section shall not apply to an employee who is a party or an expert witness.

- C. LEAVES OF ABSENCE.
1. Non-disability Leave of Absence. A leave of absence without pay may be granted by the General Manager for a regular employee for a period not to exceed two months. Granting of such leave is dependent upon the needs of the District and is totally discretionary. Requests for such leaves and action thereon will be in written form.
 - a. The Employee shall, except in extraordinary circumstances, notify the District thirty (30) days before the leave is anticipated to begin.

- b. When the leave is commenced, the employee will be placed on leave in a non-pay status. Use of sick leave, compensatory time, management leave and/or vacation time and holidays may be requested, so long as these leave banks have been accrued, and their use is approved by the General Manager. Sick leave, management leave, vacation and holiday credits cease to accrue once the leave of absence is commenced.
 - c. During any non-disability leave of absence, the District will maintain the employee's medical, dental, vision, life and long-term disability insurance at the employee's expense, subject to the restrictions of the policies. The employee will be placed on leave of absence status with PERS. Employees are responsible for timely payment of the entire premium payment while on leave of absence exceeding one full calendar month and are subject to plan termination in the event such payment is not received by the District.
2. Disability Leave of Absence. Based upon medical evidence of disability and a written request from the employee, any employee shall be entitled to a disability leave of absence for a period of time up to 120 days.
- a. The employee shall, insofar as possible, notify the District 14 days before the leave is anticipated to begin.
 - b. When the leave is commenced, the employee will be placed on disability leave in a non-pay status. Use of sick leave, compensatory time, management leave and/or vacation time and holidays may be requested, so long as these leave banks have been accrued, and their use is approved by the General Manager. Sick leave, management leave, vacation and holiday credits will cease to accrue once the leave of absence is commenced.
 - c. During a disability leave of absence, the District will maintain the employee's medical, dental, vision, life and long-term disability insurance at the District's expense, subject to the restrictions of the policies. The employee will be placed on a leave of absence status with PERS.
 - d. Actual duration and scheduling of the disability leave shall be based upon the doctor's certification of disability. The District reserves the right to have a physician of the District's selection verify the disability.

It is possible that non-disability and disability leaves of absence could be utilized sequentially.

For a leave of absence requested by the employee, the employee's position will be held open for that employee during the leave of absence, or if that is not possible, a different but similar position will be made available when the employee returns to work.

Once the approved leave period has lapsed, the employee must return to work or be terminated. Any employee who fails to report for duty as scheduled after a leave of absence shall be considered to have abandoned and constructively resigned his/her position unless an extension has been granted by the General Manager.

Notwithstanding any other provision of this section, the Board of Directors may, by resolution, make provisions for other leaves of absence without pay.

ARTICLE 11 HOLIDAYS

A. HOLIDAYS.

The following listed days shall be observed as legal holidays by the District:

New Year's Day	Thanksgiving Day
Martin Luther King's Birthday	Day after Thanksgiving
Presidents' Day	Christmas Eve
Memorial Day	Christmas Day
Independence Day	Columbus Day
Labor Day	Veterans Day
Admission Day	

- B. If one of the above-listed holidays falls on Sunday, the following Monday shall be the holiday in lieu of the day observed. If one of the above-listed holidays falls on a Saturday, the preceding Friday shall be the holiday in lieu of the day observed. When the day on which a District holiday is observed falls on a worker's regularly scheduled day off, during the worker's regularly scheduled vacation, or if the General Manager requests said employee to work on that day, the worker shall be entitled to holiday pay of up to 8 hours. In addition, all actual hours required to be worked on a holiday shall be converted to vacation time at the rate of 1-1/2 times and added to the employee's vacation leave balance.

C. HOLIDAY FURLOUGH

During December, 2006, the District shall be closed for the three regular work days that occur between the designated Christmas Day holiday and the designated New Year's Day holiday. Employees shall be on furlough and not allowed to work for these days, with the exception of those employees who are required to work in the field during the furlough period. These field employees, as well as any employees on bereavement leave during the furlough period, shall be required to take off a total of three days during the last pay period of December, 2006, or the first four pay periods of 2007. Other exceptions to the furlough requirement may be granted by the General Manager during a declared emergency.

Employees may take accumulated vacation leave to cover the time off work. Employees who do not have sufficient vacation leave to cover the entire time off work may use sick leave or will be charged leave without pay for the excess period. In the case of a new hire with less than 24 hours accumulated leave, vacation time to cover the furlough period may be advanced. This advanced vacation time will be deducted from subsequent leave accruals. Those who wish to retain their leave balances may also take leave without pay. Exempt employees will be required to take leave without pay in full-day increments.

ARTICLE 12 SALARY TABLES

- A. The salary ranges listed in Appendix C are hereby established as a basic salary plan. An employee shall be eligible for promotion to the next salary step by the General Manager upon recommendation of the Division Manager following six months satisfactory service in the first step and twelve months satisfactory service in each subsequent step.
- B. For the purposes of promotion eligibility, the determination of satisfactory services shall be a District right as defined within Article 1 of this Memorandum of Understanding. The General Manager may, in his discretion, approve an employee's promotion to any higher salary step at any time in order to make equitable salary adjustments or to compensate capable employees properly.
- C. A Y-rated employee is an employee whose rate of pay has been set above the highest step in the salary range by the Board of Directors.
- D. Salary Survey Recommendation. Annually, preceding the setting of the budget, the General Manager may make a recommendation to the Board of Directors regarding the initiation of a survey of compensation and or classification for the coming year. If such a survey is conducted, it shall be

implemented in accordance with the approach described in Appendix B, and the results will be submitted to the Board with implementation recommendations. The information contained in the survey shall be shared with the employee's Union representatives at the same time, and shall be made part of the meet and confer process.

- E. Cost of Living Adjustment. The Board will grant a cost-of-living adjustment to employees periodically to help maintain purchasing power. Effective July 1, 2006, there shall be a cost-of-living salary increase of 3%.
- F. PERS EPMC: The District has implemented Government Code section 20636, section (C)(4), pursuant to Government Code section 20691, by including the value of employer-paid member contributions in salary reported to PERS as compensation for all employees.
- G. On a one-time basis, the District shall contribute a payment of \$2725 to the ICMA 457 Deferred Compensation Plan account of each Unit member, in recognition of unique circumstances inherent in renewal of this M.O.U.

ARTICLE 13 OVERTIME

- A. Only FLSA non-exempt employees shall receive pay for overtime.
- B. Overtime work is performed either before or after the normal or assigned work schedule in excess of forty hours per week. Overtime also refers to hours employees are called back to work which fall outside of their regular work schedule. Time spent on District property which is not time spent working, either before or after work, or during the lunch period, shall not be included as overtime worked.
- C. Pay for overtime shall be at the rate of one and one-half times the rate of regular pay for any hours worked beyond 40 straight-time hours actually worked in week. Additionally, the eight hours paid for holidays shall be included in the computation of the 40 hours required before overtime is paid.
- D. Overtime is reported in quarter hour increments.
- E. Overtime shall be worked only upon the approval of a Division Manager or his/her designee if absent. Approval may be verbal and documented at a later date and shall indicate the time to be worked and the reason for the overtime.
- F. Unless otherwise defined, the work period is eight hours each day, to begin at 8 AM and end at 5 PM, Monday through Friday. Each employee is

entitled to one hour for lunch between noon and 1 PM. These hours apply to all employees unless other arrangements are approved by the Division Manager.

- G. The General Manager shall maintain a current classification of employee positions that are exempt and non-exempt under the Fair Labor Standards Act.
- H. The General Manager shall establish for each non-exempt position the designated work period, the designated work hours and the designated rate of pay. All such determinations shall be provided to each employee and shall be filed in the personnel file.
- I. Compensatory Time — Exempt employees will receive compensatory time for any “overtime” worked. Compensated time will be granted on an hour-for-hour basis and must be used by the end of the six-month period in which it was accrued, or it will be lost. The cut-off dates in which to use the compensatory time accrued within a six-month period are June 30th for January 1 – June 30 and December 31st for July 1 – December 31 of each calendar year. At the start of each six-month period, each exempt employee will have a zero balance of compensatory time, unless otherwise approved by the General Manager. The District will not pay cash or otherwise offer compensation for accumulated compensatory time under any circumstance.

ARTICLE 14 MILEAGE ALLOWANCE

Any officer or employee of the Monterey Peninsula Water Management District other than the General Manager who is required to operate his/her own or a privately owned automobile for the execution of official duties shall be allowed, reimbursed and paid the rate equivalent to that specified in current IRS guidelines.

ARTICLE 15 TRAVEL EXPENSE

In addition to the mileage allowance provided for, an employee of the Monterey Peninsula Water Management District is entitled to receive reimbursement for his/her actual and necessary expenses for other transportation and for meals, lodging, and incidentals incurred as a result of travel assigned as part of his/her official duties upon prior authorization of the Division Manager and approval of the General Manager.

ARTICLE 16 TRAINING.

The District strongly encourages training and education and shall reimburse tuition fees, cost of study materials, or other incidental training expenses when directly related to the functions of the employee, providing that the employee show proof of attaining a grade of C or better in a graded course or a satisfactory completion in a non-graded course. Approval for such training shall be at the discretion of the General Manager. The General Manager shall not authorize utilization of normal working hours for long-term schooling without prior Board approval.

ARTICLE 17 DISCIPLINARY ACTIONS

- A. Disciplinary Actions. The General Manager, for just cause, may take disciplinary action against any employee in the service of Monterey Peninsula Water Management District, provided that the rules and regulations prescribed herein are followed. Only a regular employee, not on introductory status, who has over six (6) months of continuous service, has the right to appeal pursuant to this section. As used in this section, "Disciplinary Action" shall mean dismissal, suspension, or formal written reprimand. No full or part-time employee serving on an introductory status is entitled to appeal pursuant to this Section 21, or any of its sub-parts.

Cause for discipline may include but is not limited to:

1. Incompetence, inefficiency or dereliction in the performance of the duties of his/her position.
2. Inability to perform assigned duties due to failure to meet or retain job qualifications (including but not limited to failure to possess required licenses, and failure to pass required tests).
3. Insubordination (including, but not limited to, refusal to do assigned work).
4. Carelessness or negligence in the performance of duty or in the care or use of District property.
5. Discourteous, offensive, or abusive conduct or language toward other employees, directors, or the public.
6. Dishonesty.

7. Possession of or drinking of alcoholic beverages on the job or reporting for work while intoxicated.
8. Addiction to the use of narcotics or a restricted substance, possession or use of narcotics or restricted substances while on the job or reporting to work while under the influence of a narcotic or restricted substances.
9. Personal conduct unbecoming an employee of the District in the course of performing her/his duties. Such conduct is defined as that which would undermine District goals and objectives and/or the employee's ability to perform the duties of his/her position.
10. Engaging in political activity during assigned hours of employment (including, but not limited to, campaigning on behalf of any candidate for public office, including himself or herself, whether by speaking, soliciting funds or support, distributing handbills, using any District property, equipment or facility for any political purpose during regular duty hours or after duty hours unless the use thereof is by law for such purposes and the employee has obtained prior written authorization from the General Manager or his authorized representative.
11. Conviction of any crime involving moral turpitude.
12. Absence without leave for three consecutive days or repeated tardiness.
13. Abuse of illness leave privileges.
14. Falsifying any information supplied to the District, including but not limited to, information supplied on application forms, employment records, or any other District records.
15. Offering anything of value or offering any service in exchange for special treatment in connection with the employee's job or employment, or accepting anything of value or any service in exchange for granting any special treatment to another employee or to any member of the public.
16. Willful or persistent violation of the rules and regulations of the District.
17. Any willful conduct tending to injure the public service.

18. Abandonment of position or excessive absenteeism.

19. Physical or mental incapacity.

- B. Notice of Disciplinary Action. Disciplinary actions, except reprimands, shall be taken against an employee having regular status by service upon such employee of a written notice of such action.

The notice of disciplinary action shall include the following:

1. The nature of the disciplinary action;
2. The effective date of the action;
3. The causes for the action and the material on which it is based, in ordinary concise language with the dates and places thereof, when known;
4. A statement that the material upon which the action is based is available for inspection; and
5. A statement as to the right of representation and appeal which shall include a referral to the section of this MOU titled "Grievance Procedure".

Service of a notice of disciplinary action shall be made as provided below, except when emergency or other special circumstances require immediate action:

1. Delivery to the employee, either personally or by United States Postal Service to the current address listed in the employee's personnel file, shall be made no less than five (5) calendar days prior to the effective date of any punitive action against the employee. In emergency situations, the five (5) day prior notice requirement shall not apply to the following disciplinary actions but may be given within a reasonable time after the commencement of such discipline:
 - a. Reprimand.
 - b. Suspension without pay of five (5) days
 - c. Suspension with pay of twenty (20) days or less.

2. The notice of disciplinary action is accompanied by the advice that the employee may respond either verbally or in writing to the representative imposing the action prior to its effective date and may be represented in the response.

- C. Reprimand. The General Manager may reprimand an employee by furnishing him/her with a statement, in writing, of the specific reasons for such reprimand. A copy of notice of the reprimand shall be included in the employee's personnel file and the employee shall have the right of rebuttal. The General Manager may correct the reprimand or notice of reprimand at his/her discretion.
- D. Suspension Without Pay. Any suspension invoked as a disciplinary action under this section against an employee, whether for one or more periods, shall not exceed fifteen (15) calendar days in any one (1) calendar year; provided, however, that where a suspension is made because of criminal information or indictment filed against such employee, the period of suspension may exceed ninety (15) calendar days and continue until, but not after, the dropping of charges or the judgment or conviction or acquittal of the offense charged in the complaint, or indictment has become final. Employees suspended shall forfeit all rights, privileges, and salary while on such suspension.
- E. Suspension With Pay. Notwithstanding other provisions of this section, an employee may be suspended with pay and benefits for a period not to exceed twenty (20) working days upon a determination by the General Manager that circumstances exist that make the immediate removal of the employee to be in the best interests of the Monterey Peninsula Water Management District, and that the employee cannot be effectively used in his/her job.

Notwithstanding the above provision, the General Manager may suspend an employee at any time for reasons of investigation for disciplinary action. Written notice of such suspension shall be given the suspended employee as soon as possible, but not later than seventy-two (72) hours after such action is taken. Such suspension is not a disciplinary action and shall not be subject to appeal unless it, or any portion of it, subsequently becomes a disciplinary action. The General Manager may reinstate any such suspended employee to his/her position for good cause and shall, upon reinstatement, restore his/her rights and privileges with back pay for time lost.

- F. Dismissal. The continued tenure of each employee shall be subject to his/her satisfactory conduct and the rendering of efficient service. Should the cause for disciplinary action so warrant, an employee may be dismissed.
- G. Absence Without Leave Termination. An employee who takes an unauthorized leave of three or more days may be deemed to have resigned their position.

ARTICLE 18 GRIEVANCE PROCEDURE

- A. Purpose. The purpose of the grievance procedure is to promote improved employer-employee relations by establishing a procedure for the prompt settlement of certain disputes, herein after defined as grievances.

A grievance shall be defined as a claim by an employee or group of employees of a violation, misinterpretation and misapplication, or improper application of written regulations, resolutions, ordinances, or a memorandum of understanding applicable to the employee.

Any appeal of the disciplinary actions of demotion, suspension or dismissal shall be filed and processed pursuant to this section.

- B. Applicability. Notwithstanding the foregoing, the grievance procedure is not applicable and shall not be used with the following:
 - 1. The exercising of management rights by Monterey Peninsula Water Management District, as defined in Article 1, District Rights.
 - 2. Any matter for which a statutory appeal procedure exists;
 - 3. Complaints relating to Equal Opportunity, Occupational Health and Safety, or Workers Compensation;
 - 4. The imposition of disciplinary action with respect to an employee on introductory status;
- C. Format. All grievances must be in writing. Grievances must explicitly specify the policy or the particular section of the agreement, rule, resolution or ordinance, the violation of which is being alleged as the basis for the grievance. The remedy requested must also be specified. An employee is entitled to individual representation at the employee's expense at any step of the grievance procedure.

D. Processing Grievances.

1. The grievant shall be granted reasonable time off with pay from regularly scheduled duty hours to process a grievance, provided that the time off will be devoted to the prompt and efficient investigation and handling of grievances.
2. In no case shall Monterey Peninsula Water Management District vehicles be used for transportation by employee representatives in connection with the processing of grievances nor will reimbursement be considered for the use of private vehicles.

E. Grievance Procedure Steps.

1. Informal Discussion.

- a. The grievance shall first be discussed on an informal basis by the aggrieved with his/her immediate supervisor within twenty-one (21) calendar days from the date of the action causing the grievance.
- b. Every effort shall be made to resolve the grievance at this level.

2. Formal Written Grievance.

- a. In the event the employee believes the grievance has not been satisfactorily resolved, the employee shall submit the grievance in writing to the General Manager.
- b. Within five (5) working days of receipt of the grievance, the General Manager shall schedule a meeting with the grievant, and the grievant's representative if she/he so chooses, to discuss the grievance. Within five (5) working days of the grievance meeting, the General Manager shall deliver a written decision to the grievant. Any grievance settled at this step shall be subject to Board review.

3. Appeal to the Board

Board review will only be initiated upon written application. Said written appeal shall be filed with the Clerk to the Board and state the basis of the appeal. Any appeal based upon a disciplinary action shall contain a specific admission or denial of the material allegations contained in the notice of disciplinary action.

At the next regularly scheduled meeting of the Monterey Peninsula Water Management District Board, after the filing of the order and appeal with the said Clerk, the Board shall determine whether it will hear the appeal or appoint a hearing officer for this purpose. If the Board determines to hear the appeal, it will set a time and place for such hearing and provide notice to the appellant. If the Board determines to appoint a hearing officer, the hearing officer shall be mutually agreed upon between the Board's representative and representatives of the Unit. In the event that the parties cannot mutually agree on a hearing officer, the parties shall request a list from the California State Conciliation and Mediation Service. The Hearing Officer shall then be selected by the parties alternately striking names until one remains. The Hearing Officer shall commence a hearing on the appeal as soon as possible. The appellant and General Manager may appear personally and the appellant may be represented by a Unit representative and/or by counsel at the hearing. The hearing shall be public unless the appellant requests a private hearing.

Before the hearing has commenced and during the course of the hearing, the hearing officer shall issue subpoenas "duces tecum" at the request of either party. Oral evidence shall be taken only on oath or affirmation. The appellant and the General Manager shall each have the right to call and examine witnesses, to cross-examine opposing witnesses on any matter relevant to the issues, to impeach any witness and to rebut the evidence against him/her. Technical rules relating to evidence and witnesses do not have to apply to such hearings. Hearsay evidence may be used for the purpose of supplementing or explaining any direct evidence but shall not be sufficient in itself to support a finding unless it would be admissible over objection in civil actions. At the hearing, the burden of proof shall be upon the appellant except in matters of discipline where the District is the moving party and therefore has the sole burden of proof.

At the conclusion of the hearing, the Board or the hearing officer shall prepare a summary record of the proceedings and prepare findings, conclusions and decision.

Where the Board has determined that a hearing officer will hear the appeal, the hearing officer shall submit a copy of said record and draft findings, conclusions and decision to the Board.

Within thirty (30) days after the filing of the record and recommended findings, conclusions and decision of the hearing officer with the Board, the Board shall adopt such recommended

findings, conclusion and decision, or shall reject the recommendations of the hearing officer and adopt its own findings, conclusions and decision after a review of the record. The Board shall affirm, modify or reverse the order of the General Manager. The decision of the Board shall be final, and any review of said determination must be commenced within the time set forth in the Code of Civil Procedure, Section 1094.6.

ARTICLE 19 OTHER EMPLOYMENT.

No employee shall engage in any occupational or outside activity which is incompatible with his/her employment.

An employee engaging in any occupation or outside activity for compensation shall inform his or her Supervisor of the time required and the nature of such activity. An employee engaging in any occupation or outside activity which may be incompatible with Monterey Peninsula Water Management District employment or for compensation who fails to inform his/her supervisor of such occupation or activity may be subject to disciplinary action up to and including dismissal.

ARTICLE 20 JOB SHARING.

The General Manager may hire two part-time employees to fill a regular full-time position if the Division Manager determines that the duties of the position can be shared.

ARTICLE 21 REDUCTION IN FORCE

A. General.

From time to time reductions in staff may be necessary. These reductions, (layoffs) occur without prejudice and without fault on the part of any employee. Reductions usually happen as a result of decrease or curtailment in revenues, reorganization of staff, termination of a program or activity, modification or change in service requirements or in the interest of efficiency or economy. Such changes are inevitable given the nature and mission of MPWMD. Alternatives to avoid or limit layoffs will be carefully considered. Unit representatives shall be given at least ten (10) days advance notice before a reduction in force that effects Confidential Staff Unit employees is presented to the Board for action and sixty (60) days advance notice before such a reduction in force is implemented. Upon request, the District shall meet with Unit representatives to discuss alternatives to an impending layoff. However, if layoffs are deemed necessary by the District, the parties shall meet and confer over the effects of such layoffs on the employees within the

bargaining unit. The District retains full authority to determine what measures are most appropriate under the circumstances.

B. Definition

A reduction in force or layoff is an involuntary separation of an employee from a class of position and from District service. Depending on the circumstances, it may be temporary or permanent.

C. Notice

An employee with one or more year's continuous service with the District shall receive as much notice as possible, but in no event shall notice be given less than two weeks before their effective layoff date.

D. Procedures

In the instance where reduction is necessitated by the termination of a program, employees will be laid off as dictated by mission requirements determined by the General Manager in consultation with the Division Manager. The order of layoff will be set by reverse seniority within a job classification within the program office or division. Employees will be placed on a layoff list, within their job classification, according to their category of employment. For purposes of layoff, categories are rank ordered as follows:

1. Limited-Term employees
2. Employees in introductory periods
3. Part-time regular employees
4. Full-time regular employees

An employee's position on the layoff list shall be based on the employee's total continuous service with MPWMD. For this purpose, continuous service includes employment as a limited-term, temporary, and part-time employee, excluding any break in service.

E. Recall.

If within six months of being laid off it is necessary for the District to increase the work force, laid off employees may be recalled to a vacancy in the last position held with the District or to a comparable position for which she or he is qualified. Such recalls will be according to continuity of employment, i.e., employees with greater continuity of employment e.g., higher in the layoff list, will be recalled from layoff first and placed in available positions, provided they have the necessary skills to perform the required tasks efficiently and are available. Recall notice to employees

on layoff will be sent by certified mail to the employee's last known address. An employee must make a written commitment to return to work from layoff within four working days after receipt of notice to return to work and, return to work with the District within 15 days of first notification or lose all recall privileges.

Employees who have been on layoff status longer than six months are not eligible to be recalled, but may apply for advertised employment opportunities and be considered for employment with the District.

Regular employees who are laid off will be notified of advertised vacancies for which their employment records indicate they may be qualified, for 12 months following layoff, if they keep the District advised of their current address and telephone number.

F. Benefits.

Employees who have been laid off are not entitled to benefits. However, they may be eligible for a continuation of some benefits under COBRA and for state unemployment insurance. Information on these topics will be provided by the Human Resource Analyst.

G. District Dissolution or Merger

MPWMD recognizes that a set of changed circumstances would arise, having an effect upon terms and conditions of employment with the District, in the event the District was dissolved, or its functions merged into another existing agency. The District agrees to meet and confer with the Confidential Unit to discuss whether these changed circumstances provide cause to modify terms and conditions of employment. Accordingly, this agreement shall be re-opened, and subject to modification as to wages, hours, terms of employment and working conditions, upon approval of legislation by both the California State Assembly and Senate, the effect of which would be to dissolve the District, or merge its functions into another existing public agency.

ARTICLE 22 DRUG-FREE WORKPLACE POLICY

The District is committed to maintaining a work environment free from the influence of alcohol and drugs in keeping with the spirit and intent of the Drug-Free Workplace Act of 1988. Illegal drugs in the workplace are a danger to all of us. They impair health, promote crime, lower productivity and quality, and undermine public confidence in the work we do. The use of any controlled substances is inconsistent with the behavior expected of our employees. It subjects all employees as well as visitors to our facilities and work sites to

unacceptable safety risks and undermines the District's ability to operate effectively and efficiently.

In this connection, any location at which Monterey Peninsula Water Management District business is conducted, whether on District property or at any other site, is declared to be a drug-free workplace. This means that:

1. All employees are absolutely prohibited from engaging in the unlawful manufacture, distribution, dispensation, possession, sale, or use of a controlled substance in the workplace or while engaged in District business off our premises. Any employee violating the policy is subject to discipline, up to and including termination for the first offense.
2. Should an employee be required to take any kind of prescription or nonprescription medication which could affect his/her job performance, the employee is required to report this to his/her supervisor. The supervisor will determine if it is necessary to temporarily place the employee on another work assignment or to take other action as appropriate.
3. Employees have the right to know the dangers of drug abuse in the workplace, the District's policy about it, and what help is available to combat drug problems. The District will provide educational material and conduct training for all employees on this subject. The District also recognizes that substance abuse is treatable and is willing to provide referral assistance to those who want to understand and correct their problem before it impairs their performance and jeopardizes their employment. One source of treatment for drug/alcohol dependency is provided to District employees through their coverage under the District's Employee Assistance Plan.
4. Any employee convicted of violating a criminal drug statute in this agency's workplace must inform the District of such conviction (including pleas of guilty and nolo contendere) within five (5) days of its occurrence.
5. The District reserves the right to offer employees convicted of violating a criminal drug statute in the workplace participation in an approved rehabilitation or drug abuse assistance program as an alternative to discipline. If such a program is offered, and accepted by the employee, then the employee must satisfactorily participate in the program as a condition of continued employment.

ARTICLE 23 VIOLENCE IN THE WORKPLACE POLICY

The Monterey Peninsula Water Management District recognizes the importance of maintaining a safe and violence-free workplace. In that spirit, all weapons are banned from the District. No District employee, customer, or visitor is allowed to carry weapons of any sort on District Property or in a District vehicle. All employees are required to immediately report any sightings of weapons or violent behavior on the premises or at their work sites.

It should be noted that a good deal of District business is conducted off of District property. Therefore, employees must be aware of the need to always take safety and security precautions when performing their duties on private property. However, District employees are prohibited from carrying weapons while conducting District business. Any violent behavior directed at District employees, either while they are conducting District business or related to the conduct of District business, should be immediately reported to the General Manager.

ARTICLE 24 WELLNESS PROGRAM

Employees are encouraged to participate in a fitness program. However, participation is voluntary, and employees do it at their own risk. To further encourage the wellness of its employees, the District authorizes employees (upon approval of an employee's supervisor) who participate in aerobic physical exercise (walking, jogging, swimming, etc.) to use up to 30 minutes of regular work time for this purpose.

Exercise is normally done over the lunch hour, with an extension of 30 minutes. This amount of time is intended to allow the exercising employee the opportunity to receive a thorough aerobic workout, and time to return to work refreshed and relieved of stress. A shower is available for employee use. Approval of wellness time will be dependent upon the division workload and coordination with the schedules of co-workers.

ARTICLE 25 SEVERABILITY

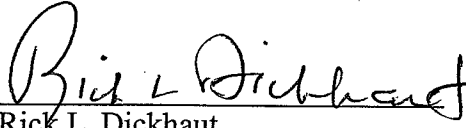
If any section, sub-section, paragraph, sentence, clause or phrase of this resolution is, for any reason, held to be invalid or unconstitutional, such invalidity or unconstitutionality shall not affect the validity or constitutionality of the remaining portions of this resolution, it being hereby expressly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

ARTICLE 26 TERM OF AGREEMENT

This Agreement shall be effective on the 1st day of July 2006 and shall remain in full force and effect without change, addition or amendment through June 30, 2007, and shall be renewed thereafter subject to reopening by either party upon written notice to the other party no more than 120 days prior to June 30, 2007 or any June 30 anniversary date thereafter.

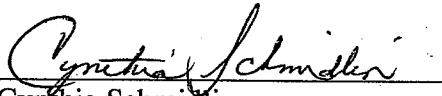
David A. Berger
General Manager, Monterey Peninsula
Water Management District

Date



Rick L. Dickhaut
Confidential Staff Bargaining Unit Member

10/10/06
Date



Cynthia Schmidlin
Confidential Staff Bargaining Unit Member

10/10/06
Date



Arlene Tavani
Confidential Staff Bargaining Unit Member

10/10/06
Date

APPENDIX A

JOB CLASSIFICATIONS IN THE CONFIDENTIAL UNIT

Administrative Services Manager/Chief Financial Officer
Executive Assistant
Human Resources Analyst

PERSONNEL COMPENSATION POLICY**A. PURPOSE:**

The purpose of this policy is to detail the Monterey Peninsula Water Management District's (or "District's") policy for setting the compensation for its employees. The District's compensation policy is important since it establishes the framework in which compensation decisions are made. Adoption of this policy by the District shows consensus regarding the District's compensation practices, and the information presented in each of the following areas will assist District staff in managing the plan over time:

1. Compensation Goals and Objectives
2. Criteria for Selection of Labor Market Survey Agencies
3. Use of Private Sector Employers
4. Balancing Labor Market Data and Internal Relationships
5. Labor Market Position
6. Point of Comparison
7. Survey Classification Selection
8. Compensation Survey Scope

B. COMPENSATION GOALS AND OBJECTIVES

The District's compensation plan is an important element of its personnel system and should accomplish the following goals and objectives:

1. Ensure that the Monterey Peninsula Water Management District has the ability to attract and retain well-qualified personnel
2. Provide a defensible and technically sound basis for compensating employees
3. Allow flexibility and adaptability for making District-wide compensation decisions based on changing market conditions
4. Recognize the Monterey Peninsula Water Management District's responsibility as a public agency in establishing a pay plan which is consistent with prudent public practices
5. Ensure that the District's compensation practices are competitive and consistent with those of comparable employers

C. CRITERIA FOR SELECTION OF LABOR MARKET SURVEY AGENCIES

The general objective in selecting survey agencies is to define as accurately as possible the District's "labor market." A labor market is generally that group of agencies with which the District competes in terms of recruiting and retaining personnel. Because of the uniqueness of the Monterey Peninsula Water Management District, the selection of the labor market survey agencies for the District involves the analysis of a variety of (special) factors. In order to select a list of comparable agencies, the following guidelines should be used:

1. Geographic Proximity Since the Monterey Peninsula Water Management District resides within Monterey County, competing area agencies within this county and/or its closest adjacent counties are the primary survey agencies to consider. Ideally, the geographic area should be limited to a region, which contains a sufficient number of comparably sized agencies (these are arguably the District's closest market competitors). Since, in the case of the Monterey Peninsula Water Management District, insufficient comparable water management agencies exist within close geographic proximity, a more extensive regional labor market is necessary.
2. Employer Size While employer size is a consideration, it is more important to find agencies which provide similar services within the geographic region. Since there are not many agencies which fit this initial criterion, size should not be used as a key selection component in Monterey Peninsula Water Management District's case.
3. Nature of Services Provided Another criterion typically utilized in identifying an organization's labor market is the nature of services provided. This criterion is important for the following reasons:
 - a) Employers who provide similar services are most likely to compete with one another for employees
 - b) These employers are most likely to have comparable jobs
 - c) These employers are most likely to have similar organizational and economic characteristics

This factor requires that the labor market include a significant number of comparable water agencies. This is difficult in the case of the Monterey Peninsula Water Management District, given the water and resource management role of the agency.

4. Cost of Living Differences To ensure consistency in the cost of living of each survey location, a cost of living index should be used for comparison with the District (A sample using the Economic Research Institute's (ERI) data is included as Attachment A, Table 1). This index identifies the percentage difference in cost of living between each survey location and the Monterey Peninsula Water Management District. Any location with a cost of living index greater than 100 has a higher cost of living while indices less than 100 indicate a lower cost of living. Generally, differences of less than five percent are not statistically significant. The use of a cost of living index minimizes the possibility of significant data skewing.

Using these selection guidelines, and to maintain continuity of agencies from study to study, Attachment A, Table 1 is provided as a sample set of survey agencies. While it is impossible to find agencies that are exactly comparable to the Monterey Peninsula Water Management District, the agencies listed do provide a representative "picture" of comparable agencies. In order to ensure that a sufficient and valid sample of data is collected, 12 to 15 survey agencies are used. The agencies used for comparison will be subject to review and revision in future compensation studies.

D. USE OF PRIVATE SECTOR EMPLOYERS

Since public agencies are only one type of employer with which the District competes for employees, it is important to consider private sector employers since they have a significant impact on the local labor market. While private sector employers can be important to consider, several difficulties exist in conducting a valid analysis of private data including:

1. Private employers are generally not willing to participate in surveys
2. Number of comparable jobs is limited
3. Pay philosophies and compensation structures are different
4. Recruitment and retention practices are distinct
5. Private sector data is often unreliable

Attachment A, Table 2 is a sample of private companies the District believes it competes with in order to recruit and retain high-quality employees. As with the public sector agencies above, the sample of private companies used for comparison will be subject to review and revision. Survey data should be collected and analyzed to identify private sector trends among jobs, which are comparable to selected District jobs in order to determine similarities and differences in compensation trends. Since it is impossible to find private sector data, which is comparable to a significant number of District jobs, a comparison analysis will provide the District with an accurate picture of how its compensation plan compares to the private sector without sacrificing the statistical integrity of the survey data.

E. BALANCING LABOR MARKET DATA AND INTERNAL RELATIONSHIPS

In addition to establishing market equity when considering compensation, equitable internal salary relationships and guidelines must be established. The rationale for the salary recommendation identifies the District's reliance on balancing labor market data and internal relationships in developing each specific recommendation. Attachment B, Tables 1 & 2 summarize a sample guideline of both the market ties (Benchmark and Class) used in setting salaries and applicable internal relationships. Beyond these considerations, internal relationship guidelines are established and applied within class series (see example at Attachment B, Table 2).

F. LABOR MARKET POSITION

It is necessary for the District Board of Directors to define the position in the labor market at which the District desires to compete. Considering that the survey agencies represent both a comprehensive and balanced set of employers, it is recommended that all initial analyses be based on the labor market *median*, versus the mean (average) or a percentile rank based statistic, in which a percentage of the data is above or below a specific point. The market median is the most stable statistical measure, in which half of the data is above the median and half the data is below. This statistic is based on the ranking of the data and represents the "middle" of the data set. The median statistic is stable for highly variable data sets and will not be significantly skewed by unusually high or low payers, or the addition of some larger survey agencies. Some key elements for consideration when setting the labor market position include:

1. The District's ability to pay
2. Priority of compensation versus other expenditures
3. Recruitment and retention problems
4. Private sector trends and their priority
5. Quality of staff required

A solid, defensible labor market position relies on a balancing of these factors in order to meet the District's compensation goals and objectives. This compensation policy sets the labor market median as the labor market position for the Monterey Peninsula Water Management District. The District may choose to place certain classes above the market median when characteristics unique to the District's position vs. labor market comparable positions, merit this consideration. For example:

1. Difficulty in recruitment and retention
2. High public contact and/or visibility
3. High level of responsibility and autonomy

G. POINT OF COMPARISON

When comparing District salaries with market agencies, it is important to establish a consistent point of comparison. Since all the agencies used in the market survey utilize pay range structures, a critical analysis is needed to find the salary range "control point." This is the top step or range maximum for those agencies that use the range maximum as the control point. Control point salaries are used if the agency's range structure utilizes a mid-point or similar reference point. The range control point is that point in the salary range that:

1. Is used to "anchor" the pay range to the labor market
2. Employees will attain through step increases or other increases based on satisfactory performance (range progression beyond the control point is usually based on superior job performance)

Since the District allows employees to reach the range maximum through usual salary range progression, the range maximum is used as the point of comparison with the market agencies.

H. SURVEY CLASSIFICATION SELECTION

Survey classifications represent a sample of all classifications contained in the District's classification plan and provide a reference point for the extrapolation of salary recommendations for non-survey classes. The criteria utilized in selecting these survey classifications are as follows:

1. Survey classes should have a clear and identifiable relationship to other classes in their occupational group. This assures that they will make good references in relating and establishing salaries for other classes.
2. They should be reasonably well known, and clearly and concisely described.
3. They should be commonly used classes such that counterparts may readily be found in other agencies in order to ensure that sufficient compensation data will be compiled.

These factors ensure that appropriate data can be collected in order to select benchmark classes and to determine appropriate internal salary relationships. Because of the size of the District and the unique characteristics of certain job classes, all job families should be represented in the scope of the survey.

I. COMPENSATION SURVEY SCOPE

A systematic methodology and approach supporting the collection and analysis of labor market survey data will provide the District with the guidelines it needs to update the survey in future years.

In addition to collecting base salary information, total compensation data should also be obtained. Attachment C presents a sample summary of the type of total compensation data collected through the survey process.

A systematic approach taken to collect the survey data will ensure the accuracy of the labor market data and will also serve to assist the District in maintaining a consistent, fair, and defensible compensation plan over time.

Future classification/compensation surveys will be considered as changes in the labor market become apparent, the District experiences difficulty in recruitment, hiring, or employee retention, or at such other times deemed appropriate by the Board.

TABLE 1 PUBLIC SERVICE AGENCIES	
Agency	*ERI Index
Monterey Peninsula WMD	100.0
Alameda County Water District	103.8
AMBAG	100
Carmel Area Waste Water District	N/A
CA. Dept. of Fish & Game	N/A
CA. Dept. of Parks & Recreation	N/A
CA. Dept. of Water Resources	N/A
City of Carmel	N/A
City of Monterey	100
City of Pacific Grove	104.3
City of Salinas	94.5
City of Santa Cruz	104.4
City of Seaside	96.5
Monterey County	100
Monterey Rgnl Water Plltn Cntrl Agcy	100
Pajaro Valley Water Mgmt Agency	97.5
Santa Clara Valley Water District	103

*Economic Research Institute (ERI) Cost of Living Index, 1996

TABLE 2 PRIVATE SECTOR AGENCIES		
Company	Industry	Location
DPIC Companies	Insurance	Monterey
California Insurance Group	Insurance	Monterey
Weyerhaeuser	Manufacturing	Salinas
CTB McGraw Hill	Publishing	Monterey
Tanimura & Antle, Inc.	Agribusiness	Salinas
Community Hospital of Monterey Peninsula	Health Care	Monterey
Monterey-Salinas Transit	Transportation	Monterey
Dole Fresh Vegetables	Agriculture	Salinas
Monterey Bay Aquarium	Aquarium	Monterey
Integrated Device Technology	Manufacturing	Salinas

TABLE 1. EXTERNAL AND INTERNAL TIES USED FOR SETTING SALARIES	
Benchmark Class	Internal Ties Built from Benchmark
General Manager	Planning & Engineering Mgr/District Engineer
Administrative Assistant	None
Administrative Services Manager	None
Accountant	None
Human Resources Analyst	None
Information Systems Manager	None
Office Specialist II	Senior Office Specialist Office Specialist I
Planning & Engineering Manager/District Engineer	None
Project Manager/Public Information Representative	None
Water Resources Engineer	Senior Fishery Biologist
River Maintenance Worker	River Maintenance Specialist
Associate Hydrologist	Assistant Hydrologist Associate Fishery Biologist
Conservation Representative II	Water Demand Manager Conservation Representative I

TABLE 2 – EXTERNAL AND INTERNAL TIES USED FOR SETTING SALARIES
Other Internal Relationships
<i>10% differentials between entry-journal and journey-advanced classes</i>
<i>15% differentials between technical and journey-level professional classes</i>
<i>20% differentials between supervisory and subordinate classes</i>
General Manager 10-15% above Planning & Engineering Mgr/District Engineer
Water Resources Manager 20% above Senior Hydrogeologist
Riparian Projects Coordinator same as Senior Hydrogeologist
Senior Hydrogeologist 10% above Associate Hydrologist
Senior Fishery Biologist 15% above Associate Fishery Biologist
Assistant Fishery Biologist 10% below Associate Fishery Biologist
Fishery Technician 15% below Assistant Fishery Biologist

COMPREHENSIVE DATA COLLECTION & ANALYSIS

BASE SALARY:

- ◆ Minimum
- ◆ Maximum
- ◆ Steps/Time
- ◆ Effective Dates

CASH SUPPLEMENTS:

- ◆ Deferred Compensation
- ◆ Educational Incentive
- ◆ Longevity Pay
- ◆ Employee Retirement Pick-up
- ◆ Others

EMPLOYER INSURANCE CONTRIBUTIONS:

- ◆ Health
- ◆ Dental
- ◆ Vision
- ◆ Life
- ◆ Other

EMPLOYER RETIREMENT CONTRIBUTIONS:

- ◆ Employer Contribution
- ◆ Social Security
- ◆ Other

PAID LEAVE BENEFITS:

- ◆ Vacation
- ◆ Holiday Leave
- ◆ Administrative/Management Leave
- ◆ Bereavement Leave

AUTOMOBILE SUPPLEMENT:

- ◆ Vehicle Allowance
- ◆ Assigned Vehicle

CONFIDENTIAL STAFF BARGAINING UNIT

SALARY SCHEDULE FY 2006-2007
 EFFECTIVE JULY 1, 2006
 (3% COST OF LIVING INCREASE INCLUDED)

RANGE	STEP A	STEP B	STEP C	STEP D	STEP E	ANNUAL
1	2401	2507	2618	2735	2857	34284
2	2454	2563	2677	2796	2922	35064
3	2508	2619	2737	2859	2988	35856
4	2564	2678	2797	2923	3055	36660
5	2621	2738	2860	2989	3125	37500
6	2679	2800	2925	3057	3196	38352
7	2740	2862	2991	3126	3268	39216
8	2801	2926	3059	3197	3343	40116
9	2863	2992	3128	3270	3415	40980
10	2928	3060	3199	3344	3498	41976
11	2994	3130	3272	3422	3578	42936
12	3062	3201	3346	3500	3661	43932
13	3131	3273	3423	3580	3745	44940
14	3202	3349	3502	3663	3832	45984
15	3275	3425	3582	3747	3920	47040
16	3351	3504	3665	3834	4011	48132
17	3427	3584	3749	3922	4105	49260
18	3505	3667	3836	4013	4199	50388
19	3586	3751	3924	4107	4297	51564
20	3669	3838	4015	4202	4398	52776
21	3753	3926	4109	4300	4501	54012
22	3840	4018	4204	4400	4606	55272
23	3928	4111	4302	4503	4714	56568
24	4020	4207	4403	4608	4825	57900
25	4121	4317	4523	4738	4966	59592
26	4209	4405	4611	4828	5055	60660
27	4307	4508	4719	4941	5174	62088
28	4407	4613	4831	5057	5296	63552
29	4510	4723	4944	5177	5422	65064
30	4616	4833	5060	5299	5550	66600
31	4725	4947	5180	5425	5681	68172
32	4836	5063	5302	5965	5816	69792
33	4949	5183	5428	5685	5954	71448
34	5067	5306	5556	5820	6097	73164
35	5186	5431	5688	5959	6242	74904
36	5309	5560	5824	6100	6391	76692
37	5434	5692	5962	6246	6544	78528
38	5604	5874	6157	6454	6767	81204
39	5695	5965	6249	6548	6861	82332
40	5830	6107	6398	6704	7025	84300
41	5969	6253	6551	6864	7194	86328
42	6111	6401	6707	7029	7367	88404
43	6256	6555	6868	7198	7543	90516
44	6406	6711	7033	7371	7725	92700
45	6559	6872	7202	7548	7910	94920
46	6716	7037	7375	7729	8101	97212
47	6947	7284	7638	8009	8399	100788
48	7041	7379	7733	8106	8498	101976
49	7210	7556	7920	8302	8702	104424
50	7383	7738	8110	8502	8913	106956
51	7560	7925	8306	8708	9129	109548
52	7743	8115	8507	8918	9349	112188
53	8023	8414	8825	9255	9707	116484
54	8119	8512	8923	9355	9809	117708
55	8419	8830	9261	9713	10188	122256
56	8517	8928	9361	9814	10291	123492
57	8722	9144	9587	10053	10541	126492
58	8933	9366	9820	10297	10797	129564
59	9149	9593	10058	10547	11060	132720
60	9371	9825	10303	10804	11330	135960