

MEMORANDUM OF UNDERSTANDING

BETWEEN

**OPERATING ENGINEERS LOCAL UNION NO. 3
PUBLIC EMPLOYEES DIVISION, ON BEHALF OF THE UTILITY UNIT**

AND

OLIVEHURST PUBLIC UTILITY DISTRICT

JULY 1, 2007 THROUGH JUNE 30, 2010

OLIVEHURST PUBLIC UTILITY DISTRICT

UTILITY UNIT

THIS AGREEMENT, made and entered into this ___ day of _____, 2008, and effective as of the initial date of the Term hereof, by and between OLIVEHURST PUBLIC UTILITY DISTRICT, hereinafter referred to as the District, and OPERATING ENGINEERS LOCAL NO. 3 OF THE International Union of Operating Engineers, AFL-CIO; hereafter referred to as the Union, on behalf of the Utility Unit. The agreement relates to and applies only to those employees within the unit specified who are members of the Union.

ARTICLE I – UNIT OF REPRESENTATION AND RECOGNITION

The Utility Unit is a duly created and recognized Unit of Representation within the employee ranks of the District. Union is a recognized employee representative of employees in the Utility Unit of Representation. Union has not been accorded exclusive or majority representation status.

ARTICLE II – CHECK OFF

Section 1. Dues Check-Offs – During the term of this Agreement, the District shall deduct from the first pay check of each month the monthly Union Dues (But not assessments or fines), provided earnings after legal deductions are sufficient to cover such monthly Union dues (but not assessment or fines), of each employee who has signed voluntary check-off authorization (in the form appended hereto as Exhibit A). All amounts deducted by the District under this check-off agreement shall be remitted by the District to the Financial Secretary, Operating Engineers Local Union No. 3. The District shall also furnish to the Union, with each remittance, a list showing the name and Social Security Number of each employee whose monthly dues are included in the remittance and the amount thereof.

Section 2. Credit Union Deductions – Upon receipt of a written request by an employee of the Utility Unit who is a member of Local No. 3, the District shall withhold from said employee's pay the amount specified by the employee and deposit same with the Credit Union of Operating

Engineers Local Union No. 3. All necessary forms shall be provided by the Union. The District shall also furnish to the Union with each remittance, a list showing the name and Social Security Number of each employee whose monthly deductions are included in the remittance and the amount thereof.

Section 3. The Union hereby indemnifies the District and holds it harmless against any and all suits, claims, demands and liabilities that shall arise out of or by reason of any action taken or not taken by the District for the purpose of complying with any provision of this Article.

ARTICLE III – SHIFTS, HOURS, OVERTIME AND WORKING RULES

Section 1. The District shall assign the daily hours of work of Employees and designate shifts to meet the operational needs of the District. The normal shift may be one of 8 hours per day, 40 hours weekly schedule; 9 hours per day, 80 hour biweekly schedule; or 10 hours per day, 40 hour weekly schedule. In assigning hours worked, and shifts, the District shall reasonably endeavor to accommodate the wishes of the Employees regarding the assignment of hours of work, provided the District determines such accommodation is consistent with the operational and financial needs of the District. The District is not hereby required to allow part-time, permanent part-time, or other forms of accommodation that permits employees to work less than full time.

Section 2. Starting times shall be assigned by the District's General Manager and may be changed following consultation with the Union. All work performed outside the regular working hours shall be paid for as provided in Section 10 of this Article pertaining to Shifts, Hours, Overtime and Working Rules.

Section 3. Hours of employment shall be as established for the shift assigned, except overtime which shall be computed in half hour increments. District and Union agree to work cooperatively to ensure that the shift of an employee is operationally effective and efficient. The parties agree to meet at least twice each year to assess service levels to the public, and to resolve any operating

problems associated with the work schedules.

Section 4. Union acknowledges that the 9/80 work schedule or 10/40 work schedule is authorized and continued at the discretion of District. Any decisions to cancel the 9/80 or 10/40 schedule either in total or as to individual employees shall be discussed with the Union prior to taking final action. In no event shall an individual's schedule be changed on less than 14 days notice to the employee.

Section 5. There shall be a regularly scheduled meal period during each shift. The meal period shall be one (1) hour, and shall be scheduled by the District so that the beginning or the ending, or some portion of such meal period shall be approximately at the mid-point of the scheduled hours of work for each shift.

Section 6. If the District requires the employee to work through his/her scheduled meal period, the employee shall be paid at the applicable overtime rate of such meal period.

Section 7. No employee shall work more than one (1) shift at straight time in any consecutive 24 hours. No arrangement of shifts shall be permitted that prevents any employee from securing 8 consecutive hours of rest in any consecutive 24 hours.

Section 8. The District shall provide two (2) rest periods of 15 minutes each, one in the first half, and one in the last half of each shift. A 5 minute wash-up period before the Noon lunch period and also before the end of the shift shall also be provided. Nothing in this provision shall interfere with the right of the employee to take time off from work to meet the ordinary needs of personal hygiene.

Section 9. The District shall furnish the employee all the tools needed to perform his/her work. Employee shall be responsible for the reasonable care and safekeeping of tools furnished to the employee.

Tools are issued for District purposes only and shall not be used for personal, or private, use without the prior permission of the General Manager.

Section 10. Overtime and Pay for Holidays Worked

- (a) Overtime – All work performed outside the regular working hours shall be paid for at one and one-half (1-1/2) times the applicable straight time rate. Overtime shall be computed in one-half (½) hour increments at the applicable overtime rate in compliance with the Fair Labor Standards Act (FLSA).
- (b) C.T.O. – Compensatory Time off. Employees shall have the option of payment for overtime in cash payment or in compensatory time off, all which shall be at the time and one-half (1-1/2) rate. Employees shall designate on their time card for which the overtime is worked that they wish C.T.O. The maximum accrual for C.T.O. shall be 40 hours as of the last day of the last pay period in December. If the Employee commences any unpaid leave of absence, including Worker’s Compensation leave, accrued C.T.O. shall be paid in cash. If C.T.O. is not requested, employee will be paid overtime in cash.
- (c) Callback – After an employee has completed his/her normal or regular workday, and is called back to work, he/she shall be guaranteed a minimum of two (2) hours callback at the time and one-half (1-1/2) rate.
- (d) Employees who are designated by the Department Manager to work overtime shall be obligated to perform overtime work. The District shall endeavor to fairly distribute overtime work on Saturdays, Sundays, or holidays provided it can do so in a manner which provides staff of appropriate grade and expertise to assure the safe and reliable operation of the Utility systems.
- (e) Weekend Shift Rotation –District and the Union agree that weekend duty should be

shared and rotated provided it can be done consistently with the District's judgment of qualified and adequate staffing levels. Weekend duty shall be assigned at the discretion of the Department Manager and employees so assigned will be obligated to carry out weekend shifts as assigned.

(f) On Call/Standby – Employees shall be assigned “on-call”, or standby, duty in the discretion of the respective Department Manager. “Standby” refers to a status whereby employee(s) is/are designated to respond outside the normal workday to conditions requiring attention in the District's water production, treatment, and distribution systems, or to similar conditions within the sewer collector system. “On Call” refers to a status whereby employee(s) is/are designated to respond to SCADA system notifications from the District's WWTP. All employees designated for standby or on-call shall maintain themselves in a condition to be fit and available to respond as required during the period when they are so designated. Duration of an employee's designation of standby or on-call shall be as assigned by management, but shall not be longer than one seven day work week without a break of at least one week. Standby and on-call assignments shall receive a supplementary compensation of \$30 per day of designated status, or \$210 per seven day week. If Unit members so request in writing each year, on-call and standby pay shall be paid in two payments, semi-annually. Actual time spent in responding to SCADA and/or performing field services shall be compensated at the overtime rate of one and one half times base hourly compensation, and shall be subject to the minimum call out period set forth in Article III, Section 10. It is agreed that hours spent on standby or on-call shall not be considered “hours worked” under applicable Federal wage and hours laws. On call and standby duties shall be rotated and shared to the extent practicable, provided adequate coverage with qualified personnel is available.

(g) Holiday Pay – An Utility employee whose normal work week requires him or her to work on an observed holiday shall be paid straight time pay for 8 hours for the holiday. In addition, employees working on the observed holiday shall receive one and one-half (1-

1/2) times the straight time pay rate for each hour worked on the observed holiday.
“Observed holiday” for purposes of this section shall be the holiday that is authorized by the District as a paid holiday under Article IV, Section 1, for employees on a Monday – Friday work week. Floating holidays shall not be considered observed holidays.
Treatment of paid holidays that fall on a Saturday or Sunday, or on another day that is part of the normal two days off for employees working other than a Monday to Friday week, is addressed in Article IV, Section 2, below.

Section 11. Special Training Classes – All employees on duty may be required to attend “on-the-job” training sessions, including safety, public relations, improving skills, supervisory training, etc. These sessions will be conducted on District time by personnel or other specialized instructors.

ARTICLE IV – HOLIDAYS

Section 1. The following days are recognized as paid holidays by the District:

- § The 1st day of January (New Year’s Day)
- § The 3rd Monday in January (Martin Luther King Day)
- § The 3rd Monday in February (Presidents’ Day)
- § Friday before the 31st day in March (Cesar Chavez Day)
- § The last Monday in May (Memorial Day)
- § The 4th Day of July (Independence Day)
- § The 1st Monday in September (Labor Day)
- § The 11th day of November (Veterans’ Day)
- § The day in November proclaimed as Thanksgiving Day
- § The day after Thanksgiving Day
- § Christmas Eve Day
- § The 25th day of December (Christmas Day)

§ New Year's Eve Day

§ Any day designated as a holiday by proclamation of the Governor of the State of California or the President of the United States when affirmatively made a holiday by Resolution of the Board.

In any year, in which Christmas Day and New Year's Day are observed on Monday, each employee will be given the choice of being off the preceding Friday or the following Tuesday. The day chosen by the employee shall be considered the observed holiday for that employee, the alternative day shall be considered a regular work day.

Section 2. For employees on a Monday – Friday work week, should any of these paid holidays fall on Saturday, the preceding Friday shall be the observed paid holiday; and, should any of these holidays fall on Sunday, the following Monday shall be the observed paid holiday. For employees whose work week includes Saturday and Sunday (who have regularly scheduled days off other than Saturday and Sunday) their regularly scheduled days off shall be treated as “Saturday” and “Sunday” respectively for purposes of determining applicability of pay and overtime for observed holidays falling on their normal days off. For example, if the employee's work week is Saturday through Wednesday, and the normal days off are Thursday and Friday, and a paid holiday falls on a Thursday, Thursday shall be considered like Saturday, and the “observed holiday” for such employee shall occur on Wednesday, and the provisions of Article III, Section 10 (g) shall apply to work on that day.

Section 3. Two Floating Holidays in each calendar year shall be granted to each employee in the Utility Unit, to be used in the year of accumulation. Floating Holidays shall not accrue to succeeding years.

ARTICLE V – WAGES

Section 1. Salaries for classifications in these units of representation shall be as set forth in Attachment 1 hereto. The listed salaries represent an increase of base pay by the amount of 5%, which increase is retroactive to July 1, 2007, and which amount has been paid as of the execution hereof.

Section 2. COLA. Commencing July 1, 2008, a cost of living adjustment equal to the CPI, All Urban Consumers, Western States, BC, or its successor, using the index for the period ending the preceding May 31. The COLA to be made effective July 1, 2008 has been implemented prior to the execution hereof.

Section 2. Performance Review/Merit Increase. Merit increases shall be based upon satisfactory performance. Employees shall be evaluated on an Employee Performance Report (EPR) on each employee's anniversary date until an employee reaches the maximum salary step for such employee's salary range. Each employee shall, upon receipt of a satisfactory EPR and the approval of the Board of Directors, will receive a merit increase in salary and shall be advanced to the next higher step of such employee's salary range. If the salary increase is withheld because of a below-standard or unsatisfactory evaluation, and the employee remains employed, second consideration must be given within six (6) months of the anniversary date and at least every six (6) month period thereafter or until the employee receives the merit increase or is terminated.

If the employee disagrees with the EPR, he/she shall have the right to discuss such grievance with his/her immediate supervisor as the first step. If not satisfied at the first step, he/she may discuss such grievance with the General Manager. If not satisfied at that point, he/she shall have the right to discuss the EPR with the Board of Directors as part of a closed session evaluation of the employee. At any level of this procedure, the employee may request Union representation. The scoring within the EPR reflects the direct observations of the supervising employee(s) preparing the EPR and is a tool to improve employee performance. Therefore, the EPR and the scores shall not be considered an action subject to the Grievance Procedure. An employee who

is denied a Step increase shall, however, have the right to grieve such denial to his/her immediate supervisor, and if not satisfied with the supervisors decision on review, that decision may be reviewed by the General Manager, whose decision shall be final. At either level of this review the employee may request Union representation.

Section 3. Education Incentive Plan. Education incentive increases will be authorized as set forth below, subject to the prior approval of the General Manager that receipt of such education/certification reasonably meets the needs of the District. Any certification that is incorporated into the requirements of the applicable position description will not be additionally compensated beyond base salary/wages.

(a) A one percent (1%) wage increase shall be granted for each grade level, up to and including five (5) grade levels for the following:

1. Wastewater Operator Certificate, State of California
2. Water Operator Certificate, State of California
3. Wastewater Maintenance Certificate, California Water Pollution Control Association.
4. Laboratory Analyst, California Water Pollution Control Association or American Water Works Association.
5. Water Distribution Operator Certificate, State of California
6. Bi-lingual
7. Class B License

(c) A three percent (3%) wage increase shall be granted for Cross Connection/Backflow Certificate

The incentive pay for the above certificates will be granted beginning the first pay period following passage of the required written examination. Actual payment will only be

made after receipt by the General Manager, of the official certificate or any official letter from the issuing agency stating that the individual has qualified for a certificate and that the certificate is forthcoming.

- (d) District is in the process of developing a number of job classifications and pay ranges to more accurately reflect the duties performed by employees. The goal of the program is to reduce incentive payments, while increasing job prerequisites, and establishing base compensation accordingly. District shall continue with this process which, upon meeting and conferring, could result in the adoption of additional classifications, incorporating higher standards and compensation, and the elimination and/or adjustment of the incentives identified in (a), (b), and (c) above. This MOU is subject to reopening and such changes may be negotiated and, following meet and confer, implemented during the term hereof.

ARTICLE VI – VACATIONS

Section 1. Employees shall be entitled to one and one-fourth (1-1/4) days per month for each month worked, or 15 working days per year. For 10 or more years of service, employees shall receive 20 days vacation per year. The maximum accrual shall be 280 hours, after which accrual shall stop until the employee has used vacation time under the accrual cap.

Section 2. In the event of termination of an employment, such employee shall be paid for his/her accrued vacation leave.

Section 3. In the event one or more observed holidays fall during an annual vacation leave, the observed holidays shall be observed as such and shall not be charged as vacation leave.

Section 4. Vacation shall not accrue during any period of unpaid leave, including leave taken in accordance with the Workers' Compensation Laws. If unpaid leave is supplemented with paid sick leave or vacation leave, then vacation and sick leave accruals shall only apply to the extent

that vacation and sick leave is used.

Section 5. Use a week/Sell a week. To encourage the use of vacation, the District will allow a vacation leave sell-back policy whereby employees with at least 180 hours of accrued vacation may sell back up to one week of leave provided that the leave tendered for sell back is offered in conjunction with the employee taking a week of leave.

ARTICLE VII – SICK LEAVE

Section 1. Employees shall earn and be entitled to 1 day per month worked, or 12 days of sick leave with pay per year worked.

Section 2. Unused sick leave shall be cumulative from year to year.

Section 3. For an absence in excess of 2 days, the District may require the employee to file a physician's certificate or a personal affidavit stating the cause of the absence. Securing of the certificate shall be at the employee's expense, unless the District requires such certificate from a physician of the District's, rather than the employee's, choosing.

An employee absent for 30 days or more on sick leave or other authorized medical leave may be required to file a physical fitness report every 30 days, certified by a physician of the District's choice. If a physician is chosen by the District, the District will pay the physician's fees.

Section 4. As an additional recognition for employees who spend a working career with the District and who leave the District's employ in good standing, upon retirement or death of an employee (or in the instance of death, the employee's estate) who is at least 53 years of age and who has at least 15 years of continuous service for the District shall be paid a sum equal to 25% of his/her accrued sick leave. Such payment shall be computed on the basis of the employee's regular hourly wage at the time of such retirement or death. Additional recognition payment as

described in this section shall not be paid for an employee who is terminated for just cause.

Section 5. If an employee is injured on the job, for the day of injury only, time off required for medical attention or recuperation ordered by the employee's physician, shall not be charged to the employee's accrued time.

Section 6. Sick leave shall not accrue during any period of unpaid leave, including leave taken pursuant to the Workers' Compensation laws. If unpaid leave is supplemented with paid sick leave or vacation leave, then accruals of sick leave and vacation shall apply to the extent of use of such paid leave.

ARTICLE VIII – BEREAVEMENT LEAVE

Section 1. Death of Member in Employee's Immediate Family – The immediate family is defined as a person related by blood or marriage who is a husband, wife, son, daughter, sister, brother, mother, father, grandmother, grandfather, grandchild, mother-in-law, father-in-law, sister-in-law, or son-in-law. Each such absence shall be charged to bereavement leave and shall not exceed 3 days, or 5 days for out-of-state death. If such absence requires additional time away from work, the employee has the option to charge additional leave time with pay to his/her sick leave or annual vacation leave, to the extent that such leave time has been accumulated by the employee.

ARTICLE IX – BASIS FOR LAYOFF AND SEVERANCE PAY

Section 1. In the event of reduction of force for any reason, employees so laid off shall be laid off in accordance with seniority in the classification to which their positions are allocated or in higher classifications.

Section 2. No regular employee shall be discharged from the District without being given at

least two (2) weeks notice and severance pay, nor shall such employee leave his/her employment without giving a similar notice to the District.

Section 3. This Article will not apply to an employee who is discharged for just cause.

ARTICLE X – HEALTH & WELFARE, PENSIONED HEALTH & WELFARE & PENSION

Section 1. Health & Welfare –

- (a) The District will pay one thousand two hundred and twelve dollars (\$1,212) per month for each employee toward the cost of PERS Health and Welfare insurance costs. This payment is composed of an amount of \$1080 (the “Base Amount”) paid by the District toward the cost of medical insurance, and \$132 per month (the “Supplement Amount”) which represents an amount formerly provided toward Retiree Health and Welfare. Effective January 1, 2008 the Base Amount shall be increased by an amount of 2.7%, representing the CPI, B/C, increase for the preceding May to May period. The Base Amount shall be further increased, on January 1, 2009, and January 1, 2010 by the same percentage as the computed COLA on July 1, 2008, and July 1, 2009, respectively. The Supplement Amount shall not be subject to adjustment, but shall be added to the Base Amount.
- (b) Health and Welfare insurance shall be provided through PERS Healthcare during the term hereof.
- (c) Employees who do not use all of the sums in Article X, Section 1 (a) above for H & W insurance may place the unspent funds in a Cafeteria Plan when and if such plan is created, and until such time, said excess funds will be deposited in a IRC 457 Deferred Compensation Fund for the employee.
- (d) Employees choosing to opt out of the District’s Group Health Plan shall receive 50% of the Base Amount and 100% of the Supplement Amount, provided it is deposited in accordance

with the provisions of (c) above. Any employee opting out will be subject to the rules of the District's Group Health Plan should they seek to re-enter the Plan. For an employee opting out of medical, but retaining dental and/or vision coverage, the employee shall receive 50% of the Base Amount as salary, net of dental and vision cost, and 100% of the Supplement Amount provided it is deposited in accordance with the provisions of (c)

Section 2. Pension. The following options are available, subject to subsection (e) below:

- (a) District shall pay into the OE-3 pension fund ten percent of employee's base hourly rate.
- (b) District shall pay into an employee 457 deferred compensation fund 10% of the employee's base hourly rate. The investments available under the deferred compensation fund shall be designated by the employees and the District from time to time by majority vote of the employees, reasonably approved by the District. The terms of the Deferred Compensation Plan shall be consistent with the requirements of law.
- (c) The employee shall be allowed to apportion the contributions between the Pension Trust Fund for Operating Engineers or the Deferred Compensation Plan .
- (d) District and Union shall continue to evaluate the feasibility of implementing a PERS retirement program to replace (a) and (b) above and in the event that PERS retirement program becomes available, this MOU shall be subject to reopening by either party for purposes of implementing that change.
- (e) Employees understand that the OE 3 Plan is undergoing reassessment and that changes to the OE 3 Plan, ordered by its Trustees, may substantially reduce the benefits of the OE 3 Plan, increase its costs, or both. The District has no control over these changes nor can the District predict what will occur. It's also possible that such changes will restrict or prohibit the District's employees from placing their retirement funds in the 457 Plan directly, or impose substantial penalties on the District because the prior and present actions of employees in depositing retirement funds in the 457 Plan constitutes a technical withdrawal from the OE 3 Plan. District does not hereby commit to maintaining the 457 Plan, nor to paying any penalties, surcharges, or increased costs associated with the changes to the OE 3 Plan. Costs

of such changes shall not be an obligation of the District but shall necessitate the reopening of this MOU and continued meet and confer regarding the treatment and responsibility for such costs.

ARTICLE XI – UNIFORM COSTS

Section 1. Effective July 1, 2000, and continuing, the District shall pay 100% of the cost of rental and laundering of uniforms and will require that all employees in the service field be in uniform.

ARTICLE XII – VEHICLES

Section 1. Employees on weekend duty call who live within 10 miles of the District office shall be permitted to take a District vehicle to their residence after normal working hours, and such vehicle shall be used only for District business. The 10-mile limit may be extended by express written authorization of the General Manager.

ARTICLE XIII – LONGEVITY SALARY PLAN

Section 1. The longevity rate per years of service will be as follows:

- | | | | |
|-----|---------------------|---|--------------------|
| (a) | 5 years of service | = | 2% of base salary |
| (b) | 10 years of service | = | 4% of base salary |
| (c) | 15 years of service | = | 6% of base salary |
| (d) | 20 years of service | = | 8% of base salary |
| (e) | 25 years of service | = | 10% of base salary |

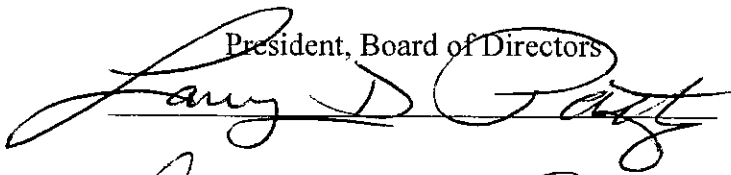
ARTICLE XIV – EFFECTIVE AND TERMINATION DATE

This Agreement shall be effective as of the 1st day of July 2007, and will remain in effect until the 30th day of June 2010.

OLIVEHURST PUBLIC UTILITY DISTRICT

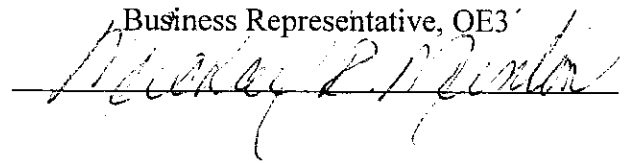
OPERATING ENGINEERS LOCAL UNION
NO. 3 of the International Union of Operating
Engineers, AFL-CIO

President, Board of Directors



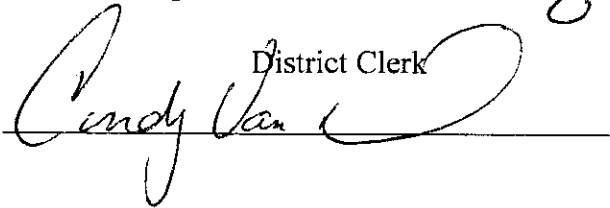
A handwritten signature in cursive script, appearing to read "Larry D. Goff", written over a horizontal line.

Business Representative, OE3



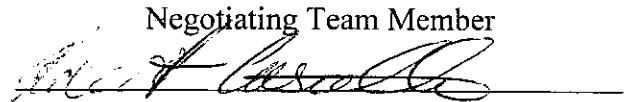
A handwritten signature in cursive script, appearing to read "Mickey R. Sigler", written over a horizontal line.

District Clerk



A handwritten signature in cursive script, appearing to read "Cindy Van", written over a horizontal line.

Negotiating Team Member



A handwritten signature in cursive script, appearing to read "Mickey R. Sigler", written over a horizontal line.

EXHIBIT A

Utility Unit Pay Scale

POSITION	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5
Maintenance Worker I	\$11.49	\$12.06	\$12.67	\$13.30	\$13.97
Maintenance Worker II	\$14.32	\$15.04	\$15.79	\$16.58	\$17.41
Water Treatment Operator	\$17.35	\$18.22	\$19.13	\$20.08	\$21.09
Engineering Technician	\$14.39	\$15.11	\$15.86	\$16.66	\$17.49
Field Service Technician	\$11.41	\$11.98	\$12.58	\$13.21	\$13.87
Laboratory Sampler (Limited Term)	\$11.41	\$11.98	\$12.58	\$13.21	\$13.87
Utility Operator I	\$15.00	\$15.75	\$16.54	\$17.36	\$18.23
WWTF Operator Grade II	\$17.35	\$18.22	\$19.13	\$20.08	\$21.09
Park Maintenance Worker I	\$12.05	\$12.65	\$13.29	\$13.95	\$14.65
Park Maintenance Worker II	\$14.63	\$15.36	\$16.13	\$16.94	\$17.78