

MEMORANDUM OF UNDERSTANDING

BETWEEN

**OPERATING ENGINEERS LOCAL UNION NO. 3
PUBLIC EMPLOYEES DIVISION ON BEHALF OF THE BUSINESS OFFICE
UNIT OF REPRESENTATION**

AND

OLIVEHURST PUBLIC UTILITY DISTRICT

JULY 1, 2007 THROUGH JUNE 30, 2010

OLIVEHURST PUBLIC UTILITY DISTRICT

BUSINESS OFFICE UNIT

THIS AGREEMENT, made and entered into this day of January, 2008, 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 Business Office Unit. The agreement relates to and applies only to those employees within the unit specified who are members of the Union. Nothing herein shall restrict the District's Board of Directors from making the wages, hours, terms and conditions of employment specified herein applicable to all employees in the Business Office Unit, whether or not specified herein.

ARTICLE I – UNIT OF REPRESENTATION AND RECOGNITION

The Business Office Unit of Representation is a duly created Unit of Representation within the employee ranks of District. Union is a recognized employee representative of employees in the Business Office 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 District 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 in response to an official written request or demand by the Union.

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 General Manager 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 computed by the shift assigned, except overtime which shall be computed in halfhour 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, if requested by either party, 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 furnish and maintain for the Business Unit the office equipment and supplies customary for a utility office that are needed to perform his/her work. Employee shall be responsible for the reasonable care and safekeeping of their office equipment and supplies,

including the securing of data and information stored therein. It is understood that the customers' personal, financial, and usage data and information is confidential and shall not be subject to disclosure to the public or otherwise to those outside of the District without the approval of the General Manager.

Office supplies and equipment, including telephones, computers, and software, are for District purposes only and shall not be used for personal, or private purposes without the 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. at any one time shall be 40 hours. If CTO is not used in any year, then, as of the last day of the last pay period in December, accrued CTO shall be compensated in cash. 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 for 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) No overtime work shall be undertaken by employees of the Business Unit unless requested by, or approved in advance by, the District's Accountant. If overtime is required by the District, then the District shall endeavor to fairly distribute overtime work that it requires to be performed to all those employees requesting it, provided they possess, in the opinion of the District Accountant, the required skill and expertise to complete the required tasks. Employees who are designated to work overtime shall be obligated to undertake overtime work at the direction of the Department Manager.

- (e) Holiday Pay – An employee who works on an observed holiday shall be paid 8 hours for the holiday. "Observed holiday" for purposes of this section shall be the holiday authorized by the District for employees on a Monday – Friday work week. In addition, employees working on an observed holiday shall receive one and one-half (1-1/2) times the regular pay rate.

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, provided that the General Manager may designate employees in the Business Unit required to work on either day in the event the employees' preferred holiday results in inadequate staffing on either day. 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 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 first day off will be considered as Saturday and their second day off will be considered as Sunday for overtime and observed holiday purposes.

ARTICLE V – WAGES

Section 1. District agrees to implement the revised classifications described in the 2006-2007 MOU, along with the adjusted salaries set forth in those classifications. Salaries for classifications in the Business Unit shall be as set forth in Attachment 1 hereto. In lieu of a COLA for July 1, 2007, the salary under the new classification shall begin at Step 2.

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 the receipt of a satisfactory EPR and the approval of the Board of Directors, 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. The scoring within the EPR reflects the direct observations of supervisor preparing the EPR and such scores shall not, in and of themselves, be subject to the Grievance Procedure. An employee who is denied a Step increase shall have the right to grieve such denial with his/her immediate supervisor as the first step. If not satisfied at the first step, he/she may grieve the supervisor's denial to the General Manager. At any level of this procedure, 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%) incentive on base salary for Business Office personnel for the following:

1. Certificate of Specialized Computer Training.
2. Possession of an AA or AS Degree or upon completion of 20 college units in a business office education field.

(b) A two percent (2%) incentive on base salary for Business Office personnel who achieve established fluency in languages other than English that benefit the District in improving communications with significant populations served by the District. Determination of the degree of proficiency, and the determination of significant populations benefited thereby, shall be within the discretion of the General Manager.

(c) 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.

Section 4. During the term hereof, on July 1, 2008, and July 1, 2009, the District shall increase the base salaries shown on Attachment 1 by a Cost of Living Adjustment (COLA) calculated as a percentage equal to the Consumer Price Index, All Urban Consumers (CPI-U), West B/C, as computed for the twelve months ending May 31 of the year of adjustment.

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 per year of sick leave with pay.

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 submit a physician's certificate or a personal affidavit stating the cause of the absence. Securing of a physician's certificate shall be at the employee's expense, unless the District directs the employee to be examined by a physician of the District'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, including a fitness to return to work certificate, issued by the employee's physician, and at the employee's expense. The District may request that such certification(s) be issued 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 an employee in good standing, (or in the instance of death, the employee's estate) , upon retirement or death, 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. Such payment shall not be made for an employee terminated for 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 sick leave.

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 be reduced 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 (,\$1212) 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 (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:

- (a) Effective January 1, 2008, in lieu of the accrual of floating holidays, District shall pay into the OE-3 pension fund twelve percent of employee's base hourly rate; or,
- (b) Effective January 1, 2008, in lieu of the accrual of floating holidays, District shall pay into an employee 457 deferred compensation fund 12% 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 (the "OE 3 Plan") or the Deferred Compensation Plan (the "457 Plan").

- (d) 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 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.
- (e) District and Union shall continue to evaluate the feasibility of implementing a PERS retirement program to replace (a) and (b) above.

ARTICLE XI – UNIFORMS

District agrees to provide to each employee in the Business Unit five polo shirts, of the District's choosing, with the District logo. District shall replace the shirts, with the supervisor's approval, due to normal wear and tear. Employees shall be responsible for routine laundering.

ARTICLE XI – 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

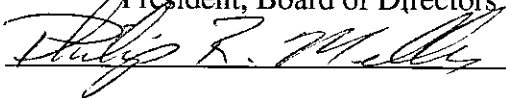
ARTICLE XIV – EFFECTIVE AND TERMINATION DATE

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. Notwithstanding the Agreement effective date, where this MOU specifies dates for a particular change, the specific date will govern the overall agreement date.

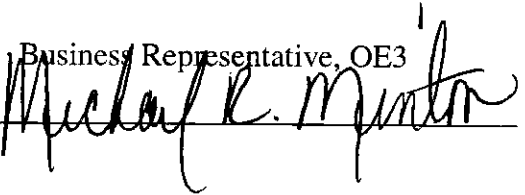
OLIVEHURST PUBLIC UTILITY DISTRICT

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

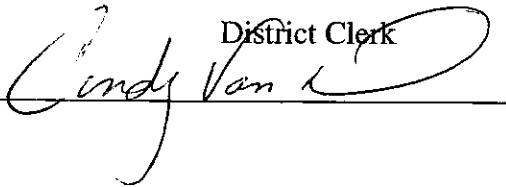
President, Board of Directors



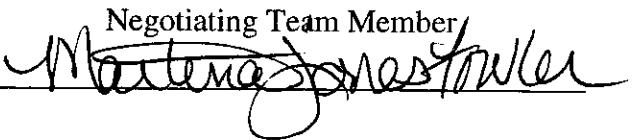
Business Representative, OE3



District Clerk



Negotiating Team Member



Attachment "1"
BUSINESS OFFICE PAY SCALE

JOB TITLE	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5
ACCOUNT CLERK I	\$13.67	\$14.35	\$15.07	\$15.82	\$16.61
ACCOUNT CLERK II	\$15.24	\$16.00	\$16.80	\$17.64	\$18.52