

Memorandum of Understanding

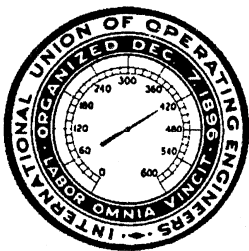
July 1, 2010 – June 30, 2013



South Bayside System Authority

JOINT POWERS AUTHORITY

A PUBLIC ENTITY



STATIONARY ENGINEERS, LOCAL 39

INTERNATIONAL UNION OF OPERATING ENGINEERS AFL-CIO

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MEMORANDUM OF UNDERSTANDING

Between

SOUTH BAYSIDE SYSTEM AUTHORITY

And the

INTERNATIONAL UNION OF OPERATING ENGINEERS

STATIONARY ENGINEERS LOCAL 39, AFL-CIO

This Memorandum of Understanding supersedes that Certain Memorandum of Understanding between the parties, that expired June 30, 2010, pursuant to the provisions of Section 3500 et seq of the Government Code of the State of California and upon execution shall replace that Memorandum of Understanding.

The parties have met and conferred in good faith regarding wages, hours and other terms and conditions of employment for the employees in said representation unit, and have freely exchanged information, opinions and proposals and have reached agreement on all matters relating to the employment conditions and employer-employee relations of such employees.

Nothing herein contained is intended to restrict, modify or amend the provisions heretofore adopted by the Commission of the South Bayside System Authority governing the relationship of employment.

Section 1. Recognition.

1.1 Union Recognition

International Union of Operating Engineers Stationary Local 39, AFL-CIO, hereinafter referred to as the "Union", is the recognized employee organization for the classifications listed in Section 12.

1.2 Authority Recognition

The Manager, or any person or organization duly authorized by the Manager, is the representative of the South Bayside System Authority, hereinafter referred to as the "Authority", between the Authority and the Union.

Section 2. Union Security.

2.1 Modified Agency Shop The parties hereto recognize that membership in the Union is not compulsory, that employees have the right to join, not join, maintain, or drop their membership in the Union and that neither party shall exert any pressure on or discriminate against an employee regarding such matters. In recognition of Section 8.2 of this Memorandum of Understanding, if an employee who is not paying Union Dues or a service fee requests individual representation from the Union, the Union may charge the employee for the reasonable costs of such representation

The parties agree that in recognition of a prior Memorandum of Understanding entered into by the Union and the Authority, a modified Agency Shop will be in effect as hereinafter described:

An employee of the Authority as of October 1, 1996, who was a member of the Union on October 1, 1996, or who subsequently joined, and all employees in the Unit hired on or after January 1, 1997 shall, as a condition of continued employment, either be required to belong to the Union or to pay to the Union an amount equal to a service fee of that which would be paid by an employee who decides to become a member of the Union at the time of employment. The Union shall notify the Authority in writing as to the amount of such dues uniformly required of all members of the Union and the amount of the service fee. The Authority shall withhold the amount of such dues or fee from the compensation of each employee in the Unit, commencing the pay period next following receipt of notification of the amount thereof.

Any employee who is a member of a religious body whose traditional tenets or teachings include objections to joining or financially supporting employee organizations shall not be required to financially support the Union. That employee, in lieu of Union dues or a service fee deduction, shall instruct the Authority to deduct and pay sums equal to the service fee to a nonreligious, non-labor organization charitable fund agreed to by the Authority and the Union.

The employee's earnings must be regularly sufficient after other legal and required deductions are made to cover the amount of the dues or service fee check-off authorized. When an employee is in a non-pay status for an entire pay period, no withholding will be made to cover the pay period from future earnings. In the case of an employee who is in a non-pay status during only part of the pay period, and the salary is not sufficient to cover the full withholding, no deduction shall be made. In this connection, all other legal and required deductions have priority over Union dues.

Monies withheld by the Authority shall be transmitted to the Treasurer of the Union at the address specified. The Union shall indemnify, defend and hold the Authority harmless against any claims made, and against any suit instituted against the Authority on account of check-off of Union dues or service fees. In addition, the Union shall refund to the Authority any amount paid to it in error upon presentation of supporting evidence.

Section 3. Union Representative.

Authority employees who are shop stewards of the Union shall be given reasonable time off with pay to attend meetings with management representatives or to be present at hearings where matters within the scope of representation or grievances are being considered. The use of official time for this purpose shall be reasonable and shall not interfere with the performance of Authority services as determined by the Authority. Such employee representatives shall submit a written request for excused absence to their respective department heads with an information copy to the Manager at least two (2) working days prior to the scheduled meeting whenever possible. Except by mutual agreement, the number of employees excused for such purposes shall not exceed three (3).

Section 4. Access to Work Locations.

4.1 Reasonable Access

Reasonable access to employee work locations shall be granted officers of the union and their officially designated representatives for the purpose of processing grievances or contacting members of the Union concerning business within the scope of representation. Such officers or representatives shall not enter any work location without the consent of the Manager. Access shall be restricted so as not to interfere with the normal operations of the department or with established safety or security requirements.

4.2 Solicitation

Solicitation of membership and activities concerned with the internal management of the Union, such as collecting dues, holding membership meetings, campaigning for office, conducting elections and distributing literature shall not be conducted during the working hours.

Section 5. Use of Authority Facilities.

5.1 Prior, Written Approval Required

Authority employees or the Union or their representatives may, with the prior approval of the Manager, be granted the use of Authority facilities during non-work hours for meetings of Authority employees provided space is available. All such requests shall be in writing and shall state the purpose or purposes of the meeting.

5.2 Use of Equipment Prohibited

The use of Authority equipment other than items normally used in the conduct of business meetings, such as desks, chairs, and blackboards is strictly prohibited, the presence of such equipment in approved Authority facilities notwithstanding.

Section 6. Bulletin Boards.

The Union may use one of the four Authority bulletin boards in the employee lunch room under the following conditions:

6.1 Materials Must be Dated

All materials must be dated and officially issued or published by the Union and must identify the union that published them.

6.2 Removal of Materials

Unless special arrangements are made, materials posted will be removed thirty-one (31) days after the publication date.

6.3 Forfeiture of Privilege

If the Union does not abide by these rules, it will forfeit its right to have materials posted on Authority bulletin boards.

Section 7. Advance Notice.

Except in cases of emergency, reasonable advance written notice shall be given the Union of any ordinance, rule, resolution or regulation directly relating to matters within the scope of representation proposed to be adopted by the Commission and the Union shall be given the opportunity to meet with such body prior to adoption. In cases of emergency when the Commission determines that an ordinance, rule, resolution or regulation must be adopted immediately without prior notice or meeting with the Union, the Authority shall provide such notice and opportunity to meet at the earliest practical time following the adoption of such ordinance, rule, resolution or regulation.

Section 8. Authority Rights.

8.1 Authority Rights

Nothing herein shall be construed to restrict any legal or inherent exclusive right of the Authority with respect to matters of general legislative, contractual, or managerial policy, which include, without limitation: The exclusive right to determine the mission of the Authority, its constituent departments, divisions, or other organizational subdivisions; set standards of service; determine the procedures and standards of selection for employment and promotion of employees; direct its employees; relieve its employees from duty; maintain the efficiency of the Authority's operations; determine the methods, means and personnel by which such operations are to be conducted, including but not limited to, the contracting and subcontracting of work, the assignment of work in accordance with the requirements of the Authority, and the determination as to the type of work to be performed by such personnel; expand or contract the scope and type of its services; take all necessary actions to carry out its mission in emergencies; and exercise complete control and discretion over the organization, staffing, and the technology of conducting its operations and performing its work.

8.2 At-will Employment

Every employee shall serve at the will and pleasure of the Authority. No employee has, or may acquire, a property interest, nor any other kind of interest in, or right to, continuing employment with the Authority. The Manager, upon request of an employee who has been discharged, will review all the circumstances of such discharge.

Section 9. No Discrimination.

The Authority condemns and prohibits discrimination against or harassment of an individual because of that individual's sex, race, religious creed, color, national origin, ancestry, marital status, physical or mental disability, medical condition (cancer or genetic characteristics), political opinions or affiliations, sexual orientation, nor to the extent prohibited by applicable state or federal law, shall there be any discrimination or harassment because of age or military service.

Section 10. Hours of Work – Appointments, Regular Workweek and Regular Workday.

The regular workweek shall consist of forty (40) hours. Work weeks and work days may be scheduled for the convenience and efficient operation of the Authority without regard to calendar days or calendar weeks. Except when the Authority determines that urgent operational needs dictate otherwise, the Authority will notify the Union at least seven (7) work days in advance and offer the Union an opportunity to meet within that period to discuss the planned change(s) in work schedule before implementing such change(s). In an urgent situation, the Authority may implement the change before giving such notice, but shall afford the Union an opportunity to meet to discuss the change as soon thereafter as is reasonably practicable.

Section 11. Overtime, Call Back, Stand-by, and Shift Differential.

11.1 Overtime

(A) Excess of 40 Hours

Overtime work is work required of any general employee in excess of 40 hours in any one week.

(B) Authorization

All overtime worked must be approved in advance by the Manager or his or her designated representative except when such work is required in an emergency in order to prevent loss of life, injury or damage to person or property or to insure the proper operation of the Authority's facilities.

(C) Policy

It is the policy of the Authority that overtime work shall be discouraged. However, in the case of an emergency, or whenever the public interest or necessity requires, the Manager may require any general employee to perform overtime work.

11.2 Compensation - Overtime

Compensation for overtime work shall be in an amount equal to one and one-half times the applicable hourly rate of pay of the employee entitled to such compensation times the number of hours of overtime worked. Notwithstanding the foregoing, and upon request of the employee, the Manager may, at the Manager's discretion, approve compensatory time off with pay in advance of the overtime being worked for a period equal to one and one-half (1½) times the amount of time during which such overtime work was performed, in lieu of overtime pay. An employee may accrue compensatory time off up to a maximum of sixty (60) hours of time off. Compensatory hours on the books as of the signing date of this agreement that exceed the sixty (60) hour maximum shall be taken off at a time mutually agreed upon by the Manager and the employee no later than ninety (90) days after the signing date of this Agreement. The unused compensatory time off balances of all employees shall be paid off at the end of each fiscal year.

11.3 Minimum Unit of Work

The smallest unit of working time which may be credited as overtime shall be one-quarter hour. General employees called back to work ("call-back time") shall be entitled to overtime compensation (including time consumed in going to and returning from work), for such call-back time; provided, however, that such employees shall be entitled to a minimum of two hours of overtime compensation for such work, irrespective of the actual time worked.

11.4 Call Back

If an employee is called back to work, he or she shall perform a minimum of two (2) hours work; provided, that if two (2) hours work is not performed, never-the-less he or she shall be compensated for a minimum of two (2) hours at time and one-half (1½) his or her regular straight-time rate of pay. This provision does not apply to instances in which the employee is called to report before his or her regular starting time and works from the time he or she reports to his or her regular starting time. Call back pay shall be figured on a portal-to-portal basis, and shall be administered in accordance with the Authority's Administrative Policy No. 2005-01, a copy of which is attached hereto as EXHIBIT A .

11.5 Stand-by assignments and pay

Subject to the requirements of this subsection 11.6, the Authority may assign employees to stand-by status outside regular work hours. While on stand-by status, the affected employee shall carry an Authority-provided pager, cell phone or other such communication device at all

times. Such employee(s) shall refrain from using alcohol or non-prescribed controlled substances while on stand-by status, and remain able to report to work within one (1) hour, if called to report to an SBSA facility for duty. If the employee's residence is more than one (1) hour away from his or her normal Authority report location, the Authority will extend this one (1) hour period by a reasonable period as determined by the Authority to accommodate the additional necessary travel time. An employee on stand-by status may otherwise freely use such time for his or her personal activities. When the employee receives and responds to the call to work from standby status stand-by status ends and the Authority shall thereafter compensate the employee at his or her base hourly rate or, if applicable, the overtime rate of one and one-half (1½) times his or her regular rate of pay, for all hours worked after such call until he or she is authorized to terminate the work for which he or she was called to work. For each sixteen (16) hour period spent on stand-by status on a day within the employee's regularly scheduled work week the Authority shall pay the employee thirty-five dollars (\$35); for each twenty-four (24) hours spent on stand-by status on the employee's regularly scheduled day(s) off or on fixed Authority holidays the Authority shall pay the employee fifty dollars (\$50). Such payments shall be prorated for half or less of said stand-by periods. Time in stand-by status is not time worked for pay purposes. Before assigning employees to stand-by on a regular or on-going basis, SBSA will notify and offer the Union the opportunity to meet and confer over the manner in which stand-by duty is distributed among the employees qualified to perform duties for which the stand by status is assigned. This does not preclude the Authority from assigning an employee to stand-by status on an incidental basis during an emergency or when unusual operational circumstances necessitate such an assignment.

11.6 Shift Differential

An employee who is assigned to work an eight (8) hour swing or night shift shall receive a shift differential of One Dollar sixty-four Cents (\$1.64) per hour on swing shift and Two dollars forty-six cents (\$2.46) per hour on night shift for all hours worked in addition to the employee's base pay. An employee who is assigned to work a ten (10) hour shift shall receive a shift differential of Two Dollars seventy-nine cents (\$2.79) per hour for all hours worked between 6:00 p.m. and 6:00 a.m. Beginning July 1, 2011 and each subsequent July 1 that falls within the term of this MOU shift differential shall increase by the same percentage as the general wage increase, if any, on the corresponding July 1.

Section 12. Salaries.

12.1 Base Wage Rates

- (A) Through June 30, 2011, employees in the bargaining unit shall be compensated in accordance with the base hourly wage rate schedule set forth in Exhibit B attached hereto. Exhibit B will be reviewed and adjusted according to the provisions set forth.
- (B) Effective July 1, 2011 the wage rate schedule set forth in Exhibit B of this MOU shall be increased by the percentage rise, if any, in the San Francisco Region Consumer Price Index for Urban and Clerical Workers ("CPI-w") published by the U.S. Bureau of Labor Statistics (1982-84 = 100 base) occurring in the twelve (12) month period of April 2010 to April 2011 with a maximum increase in wage rates of three percent (3.0%) and a minimum increase of two percent (2.0%). (EXAMPLE of calculation: Assume that the April 2010 index reading was 218.6 and the April 2011 index reading was 225.6. The wage increase would be calculated by subtracting 218.6 from 225.6 (7 points). The result is divided by 218.6 resulting in a figure of 3.2%. Since the maximum wage increase under the formula is 3.0% the wage increase in this case would be 3.0%.) (SECOND EXAMPLE of calculation: Assume that the April 2010 index reading was 218.6 and the April 2011 index reading was 222. The wage increase would be calculated by subtracting 218.6 from 222 (3.4 points). The result is divided by 218.6

resulting in a figure of 1.55%. Since the minimum wage increase under the formula is two percent (2.0%) the wage increase in this case would be two percent (2.0%).)

- (C) Effective July 1, 2012 the wage rate schedule set forth in Exhibit B of this MOU shall be increased by the percentage rise, if any, in the San Francisco Region Consumer Price Index for Urban and Clerical Workers ("CPI-w") published by the U.S. Bureau of Labor Statistics (1982-84 = 100 base) occurring in the twelve (12) month period of April 2011 to April 2012 with a maximum increase in wage rates of three percent (3.0%) and a minimum increase of two percent (2.0%). (EXAMPLE of calculation: Assume that the April 2011 index reading was 218.6 and the April 2012 index reading was 225.6. The wage increase would be calculated by subtracting 218.6 from 225.6 (7 points). The result is divided by 218.6 resulting in a figure of 3.2%. Since the maximum wage increase under the formula is 3.0% the wage increase in this case would be 3.0%.) (SECOND EXAMPLE of calculation: Assume that the April 2011 index reading was 218.6 and the April 2012 index reading was 222. The wage increase would be calculated by subtracting 218.6 from 222 (3.4 points). The result is divided by 218.6 resulting in a figure of 1.55%. Since the minimum wage increase under the formula is two percent (2.0%) the wage increase in this case would be two percent (2.0%).)

12.2 Adjustments in Compensation

Increases within salary ranges established by the Commission shall be administered as follows:

(A) Starting Rate

Initial appointments shall normally be made at the minimum salary for the classification; provided, however, that the appointing authority may make an initial appointment at any step or rate of pay above the minimum when justified by reason of:

- (1) the difficulty of locating qualified personnel or,
- (2) an appointee's experience, education, knowledge of the particular duties required, personal fitness for the position, and
- (3) such other criteria as may reasonably be related to preferential consideration on the basis of merit.

(B) The Manager's decision shall be final.

12.3 Step Increases

- (A) No increase in salary shall be automatic merely upon completion of a specified period of service. All increases shall be based on merit as established by record of the employee's performance and shall require recommendation of the Department Manager and approval by the Manager.
- (B) An employee may be eligible for a salary adjustment to the next higher step or rate above the initial or any other step or rate from which advancement is proposed normally upon completion of a minimum period of one (1) year at such lower step or rate, and upon consideration of such employee's performance of duties, experience, education,

personal fitness for the position, and other criteria reasonably related to awarding increased compensation.

12.4 Certification Pay

When an employee achieves a level of certification higher than specified for his or her current classification the employee will qualify for certification pay. Employees who have not qualified for certification pay shall be paid according to the **CLASS 0** salary schedule. Employees who have qualified for certification pay shall be paid according to the **CLASS 1** salary schedule.

The following tables show the level of certification required to qualify for pay according to the **CLASS 1** salary schedule.

OPERATIONS DEPARTMENT

<u>Position</u>	State Water Resources Control Board Operator <u>Certification</u>		California Water Environment Association Certified Mechanical <u>Technologist</u>
Certified Operators	Operator Certification at a grade level higher than the minimum required for their current merit pay step.		Not Applicable.
Utility Worker	Pass Grade I Exam	Or	Grade 1

MAINTENANCE DEPARTMENT

<u>Position</u>	State Water Resources Control Board Operator <u>Certification</u>		California Water Environment Association Certified Mechanical <u>Technologist</u>
Plant Mechanic I	Grade I		Grade 2
Plant Mechanic II	Grade I		Grade 3 or completion of an apprenticeship program recognized by the California Division of Apprenticeship Standards and approved by the Authority
Material Services Coordinator	Pass Grade I Exam		Grade 1

TECHNICAL SERVICES DEPARTMENT

California Water Environment Association

<u>Position</u>	<u>Certified Laboratory Analyst</u>	<u>Or</u>	<u>Certified Environmental Compliance Inspector</u>
Water Quality Specialist - <u>Laboratory Division</u>			
Entry Level (A)	Grade I		Grade I
Level 1 (B)	Grade II		Grade I
Level 2 (C)	Grade II		Grade I
Level 3 (D)	Grade III		Grade I

Field Sampling (E)	Grade III	Grade II
Additional Non-core (F)	Grade III	Grade II

California Water Environment Association

<u>Position</u>	<u>Certified Laboratory Analyst</u>	<u>Or</u>	<u>Certified Environmental Compliance Inspector</u>
<u>Water Quality Specialist – Source Control Division</u>			
Entry Level (A)	Grade I		Grade I
Level 1 (B)	Grade I		Grade II
Level 2 (C)	Grade I		Grade II
Level 3 (D)	Grade I		Grade III
Daily Lab (E)	Grade II		Grade III
Additional Non-core (F)	Grade II		Grade III

Section 13. Health and Welfare

13.1 Medical and Dental

Employees in the bargaining unit will be required to enroll in an approved California Public Employees' Retirement System ("PERS") Health Benefits Plan. The Authority will pay on behalf of each such employee and on behalf of retirees from the bargaining unit, in either case who remain eligible for coverage and irrespective of the specific provider of health insurance coverage selected by the employee from those offered under the PERS Health Benefits Plan, an amount equal to the minimum monthly employer contribution required by law (currently \$108 per month). For active employees any remaining premium shall be paid by the employee through their section 125 Plan benefit (described below) or by payroll deduction or a combination thereof. Any remaining premium not otherwise paid for retirees by the Authority under the terms set forth in this section 13 will be paid by deduction from the retiree's retirement check.

13.2 Section 125 Flex Plan Contributions

- (A) The Authority will provide a Flexible Benefits plan, subject to the requirements and availability of Internal Revenue Code Section 125, allowing employees to use pre-tax compensation for PEMCHA medical premiums for their own coverage and that of eligible dependents, eligible dependent care expenses (through a dependent care account), eligible uninsured medical expenses (through a medical spending account), or a combination thereof. For purposes of this Section 9.2, a "dependent" shall be defined as a person qualifying as such pursuant to the definition thereof under the PERS Health Benefits Plan selected by the employee.
- (B) The Authority shall contribute each month the amounts listed below, based on the employee's level of medical plan enrollment, to each active employee's section 125 Flex Plan account.

Level of Medical Plan Enrollment	Amount of Monthly Authority Contribution
Employee Only	2011 Kaiser 1 party rate minus PEMCHA minimum
Employee + One	2011 Kaiser 2 party rate minus PEMCHA minimum
Employee + Two or more	2011 Kaiser 2+ party rate minus PEMCHA minimum

The Authority's contribution to the section 125 Flex Plan account set forth above will increase January 1, 2012 by ninety percent (90%) of the percentage increase in the Kaiser medical premium rates for the employee's respective level of plan enrollment, minus the dollar increase in the PEMCHA minimum contribution that takes effect on that date pursuant to section 13.1 above. Effective January 1, 2013 the Authority's contribution to the section 125 Flex Plan account set forth above will increase January 1, 2012 by ninety percent (90%) of the percentage increase in the Kaiser medical premium rates for the employee's respective level of plan enrollment, minus the dollar increase in the PEMCHA minimum contribution that takes effect on that date pursuant to section 13.1 above.

- (C) Employees who have Authority Section 125 Flex Plan contributions remaining after deduction of all PEMCHA Plan premiums, dependent care, and amounts designated by the employee for that purpose may choose to receive the remaining amount as taxable compensation or direct that it be deposited in the employee's I.R.S. Section 457 deferred compensation account (subject to applicable contribution maximums).

13.3 Longevity Recognition Benefit

Employees hired by the Authority before January 30, 2011 who have completed at least five (5) years of continuous service with SBSA immediately preceding such retirement through CalPERS shall be eligible for a monthly longevity recognition benefit payment by the Authority that, when added to the amount of the minimum contribution provided under subsection 13.1 above, equals the PEMCHA Kaiser rate applicable for the retiree's level of enrollment (i.e., single, two party, or 2+ parties), except that this amount shall decline to the applicable Kaiser Medicare supplemental plan rate when the employee reaches Medicare eligibility age. Employees hired on or after January 30, 2011 who retire from the Authority will not be eligible for longevity recognition benefits.

13.4 Voluntary Employee Benefit Association ("VEBA")

Subject to the requirements of applicable law, the Authority will establish a Voluntary Employee Benefit Association for members of the bargaining unit into which the bargaining unit may elect as a group to direct their vacation pay off on termination for use on a tax preferred basis for eligible uninsured health related expenses. Following establishment of the VEBA, longevity recognition benefits payable under section 13.3 above shall be paid into the retired employee's VEBA account.

13.5 Dental

An employee shall select dental insurance coverage under the plan offered by the Authority. Effective January 1, 2011 the Authority shall contribute up to one hundred eighty-five dollars and four cents (\$185.04) per month toward the premium payable on behalf of each employee

for the dental plan offered by the Authority. Any premium amount in excess of the foregoing limitations shall be paid by the employee.

13.6 Life Insurance

Subject to all terms and conditions of any agreement which may be entered into between the Authority and any organization or organizations offering life insurance coverage benefits, the Authority shall furnish to each employee, general life insurance coverage, the face amount of One Hundred and Fifty Thousand Dollars (\$150,000) Employees may voluntarily elect to opt-out at time of hire and only receive the benefit of life insurance coverage with the face amount of Fifty Thousand Dollars (\$50,000) The Authority shall pay the premiums for and on behalf of each such employee for the insurance so provided. However, the employer premium in excess of \$50,000 is taxable income and the employee will be responsible for any tax due on that income.

13.7 Change in Employee Benefit Plans

The Authority may choose to evaluate the Health and Welfare plans currently available to employees to determine if similar or better coverage may be available at lower cost to the Authority. The Authority may substitute new insurance carriers or arrange for self-insurance, provided that the overall coverage is acceptable to the Union.

Section 14. Retirement Plan

- (A) For employees hired before July 1, 2011, the Authority will provide for the participation of such employees in the California Public Employee Retirement System ("PERS") under the PERS "2% at 55" Miscellaneous employee formula with the following additional features: One-Year Final Compensation, 4th Level Survivor Benefits, and Public Service Credit for Military, Peace Corps, Americorps or Vista Service. For employees hired on or after July 1, 2011 the Authority will provide for the participation of such employees in the PERS "2% at 60" retirement formula with the following features: three year compensation base calculation feature, 4th Level Survivor Benefits, and Public Service Credit for Military, Peace Corps, Americorps or Vista Service.
- (B) The Parties acknowledge that the current employer cost of pension contributions represents a major premise for the Authority's willingness and ability to provide wages and other benefits under this M.O.U. Therefore, if the Authority's PERS employer contribution rate for either of the above PERS pension plans exceeds twelve percent (12%) as announced by PERS from time to time, compensation under this MOU of employees covered by the affected formula shall be reduced to offset the employer's additional cost. Such reductions in employee compensation will be made by payroll deduction, if legally permissible, or if such deduction is not legally permissible then as a uniform percentage reduction of base wage rates applicable to such employees reasonably calculated by the Authority to generate an amount equal to the Authority's increased cost for the excess contributions required of the Authority by PERS. If the Authority PERS employer contribution rate subsequently declines, the reduction in employee compensation provided in this paragraph will be restored to the extent of such decline. The restoration process will end when the Authority's PERS employer contribution rate returns to the level at which the employee payment of excess employer contributions began. However, if after exceeding twelve percent (12%) the employer contribution rate falls below twelve percent (12%) the employer will, on each pay day, place a dollar amount equal to the difference between the cost of an twelve percent

contribution rate and the lower actual employer contribution rate for that pay period in an interest bearing reserve account. The placement of funds into the reserve will cease when the fund contains the approximate equivalent of a four percent (4%) employer PERS contribution per year for three years based on the payroll in effect at the time the limit is reached. Unless otherwise agreed by the Parties, funds in the account will be used only to offset employer contribution rates that subsequently exceeds twelve percent (12%), in lieu of employee's paying an additional contribution, until the funds are exhausted. After they are exhausted, employees will pick up the employer contribution exceeding twelve percent (12%).

Section 15. Safety Boots and Uniforms

The Authority shall reimburse employees for the purchase of up to two (2) pairs of steel-toed safety boots in an amount not to exceed two hundred thirty dollars (\$230) during the first year of the term of this MOU and an additional Five (\$5.00) each subsequent year. Up to eleven (11) sets of uniforms will be provided by the Authority, at its cost, to each employee required to wear such uniforms. Three (3) coveralls will be provided by the Authority, at its cost, to each operator. The Authority Manager may authorize a substitution of coveralls for uniforms or uniforms for coveralls if requested by the employee.

Section 16. Holidays

16.1 Entitlements

Regular full-time employees shall be paid eight (8) hours for each designated Holiday, provided they are in a pay status on both their regularly scheduled workdays immediately preceding and following the holiday.

16.2 Regular Holidays

The holidays for this Authority are from 12:01 a.m. to the following midnight on:

- (a) New Year's Day
- (b) Presidents' Day
- (c) Memorial Day
- (d) Independence Day
- (e) Labor Day
- (f) Thanksgiving Day
- (g) Day after Thanksgiving Day
- (h) Christmas Day
- (i) Four (4) Floating Holidays

If the holiday (other than a floating holiday) falls on the employee's first regularly scheduled day of rest, the employee's immediately preceding regularly scheduled work day will be observed as that employee's holiday. If the holiday (other than a floating holiday) falls on the employee's second or third regularly scheduled day of rest the holiday will be observed on the employee's next regularly scheduled day of work.

16.3 Floating Holidays

Floating holidays will be credited and must be used in accordance with Administrative Policy No. 1986-02. To be eligible for a floating holiday, the employee shall request from the

Manager or his designated representative, the scheduling of said holiday a minimum of seven (7) working days prior to the commencement of said holiday.

16.4 Holiday Pay

If an employee works on a holiday, the employee shall receive the employee's regular pay plus one and one-half (1½) times the employee's hourly rate of pay, times the hours worked on the holiday.

Section 17. Vacation

17.1 Vacation Benefits

Upon date of hire through the fourth year of service, workers shall accrue vacation at a rate (3.077 hours per pay period) that yields 80 hours of vacation per year. The fifth through the ninth year of service, workers will accrue vacation at a rate (4.616 hours per pay period) that yields 120 hours of vacation per year. The tenth through the sixteenth year of service, workers will accrue vacation at a rate (6.154 hours per pay period) that yields 160 hours of vacation per year. The seventeenth through the nineteenth year of service, workers will accrue vacation at a rate (6.923 hours per pay period) that yields 180 hours of vacation per year. The twentieth and subsequent years of service, workers shall accrue vacation at a rate (7.692 hours per pay period) that yields 200 hours of vacation per year. The accumulation of vacation is suspended when the employee reaches the accumulation ceiling set forth in section 17.3 below, and resumes when the employee drops below that ceiling.

17.2 Vacation Scheduling

The times during the calendar year at which an employee shall take vacation shall be determined by the Manager or the Manager's designated representative with due regard to the wishes of the employee and particular regard to the need of the Authority. All employees shall, on a form provided by the Authority, indicate their preference for vacation for the coming calendar year during the first two calendar weeks of October beginning in 2008. Preference of vacation date shall be given to employees according to their length of service in as reasonable a manner as possible. The Authority will post a final vacation schedule by November 15 of each year to be effective through the end of the following calendar year. Ad hoc requests for vacation not scheduled through the annual sign up must be submitted by the employee in writing to his or her supervisor at least seven (7) calendar days in advance of the desired vacation time. The supervisor shall respond to the employee's request in writing within three (3) business days (Monday through Friday excluding holidays).

17.3 Vacation Accumulation

No employee may accumulate more than twice the employee's annual entitlement of vacation at any one time.

17.4 Vacation Pay at Termination

Upon termination of employment, a regular employee shall be paid cash value of his or her accrued vacation leave at the time of termination.

Section 18. - Income Protection Plan

18.1 Definitions

For the purposes of this section, the following words shall have the meaning respectively ascribed thereto:

- (A) **Absence Occurrence:** An absence from work arising out of a single illness or a combination of illnesses (but which together give rise to the absence), whether for one day or for any number of consecutive work days excluding, however, an absence from work arising out of the following:
 - (1) Illness, bodily injury, or exposure to contagious disease qualifying for benefits pursuant to the Workers' Compensation Laws of the State of California, or Section 19.5 hereof, or both such provisions; or
 - (2) Any office visit of not more than one day's duration to be attended by a duly licensed physician or dental surgeon; provided, however, that such absence shall have been approved prior thereto by the Manager.
- (B) **Eligible Employee:** Employees holding his or her position of employment under regular appointment.
- (C) **Family Member:** A spouse, state registered domestic partner, parent, child (natural or adopted) or other person under the legal custody or care of an Eligible Employee.
- (D) **Illness:** Disease, exposure to contagious disease, bodily injury, or pregnancy related disability or any other cause of incapacitation of an Eligible Employee except that covered by the provisions of the Workers' Compensation Laws of the State of California, or Section 19.5 hereof, or both such provisions.
- (E) **Unit of Benefit:** The measure of the frequency of the right to obtain benefits accruable under the Income Protection Plan established herein, each one of which may be used by an Eligible Employee upon any one Absence Occurrence to receive compensation at said employee's regular rate of pay, or 67 percent of said rate, during such absence, subject to the terms and conditions hereof.

18.2 Continuation of Compensation

Whenever an employee is incapacitated by an illness or injury not arising out of his or her employment which results in an Absence Occurrence, he or she will continue to receive compensation at the regular rate of pay, or 67 per cent of said rate, subject to the terms and conditions of this section.

18.3 Accrual of Units of Benefit (First 15 Months)

Eligible Employees shall accrue Units of Benefit at a rate of one unit for each three consecutive months of employment until 15 months have been completed. During said 15-month period, no Unit of Benefit shall accrue for any such employee for any month during which an Absence Occurrence is incurred; provided, however, that if, during any 3-month period which Units of Benefit accrue at the foregoing rate, such an employee does work not less than one month, a unit of Benefit shall accrue for such employee for said 3-month period.

18.4 Accrual of Units of Benefit (After 15 Months)

After the foregoing 15-month period shall have elapsed, such Eligible Employees shall accrue Units of Benefit at the rate of one unit per month (after the initial maximum of 5 units shall have been achieved, but reduced by reason of an Absence Occurrence); provided, however, that no Unit of Benefit shall accrue for any such month during which an Absence Occurrence is incurred.

Notwithstanding the foregoing, if an Absence Occurrence is less than 4 weeks and falls within 2 months, accrual shall recommence in the month in which the Eligible Employee returns to work and shall continue, subject to reduction for Absence Occurrences, to a maximum of 5 units.

18.5 Use of Units

If the accrued balance of Units of Benefit credited to an Eligible Employee is 2 or more units, with respect to any Absence Occurrence, an Eligible Employee may elect to use one (and only one) Unit of Benefit in order to receive compensation at said employee's regular rate of pay for the duration of said Absence Occurrence, but for no longer than 90 consecutive days. If but 1 Unit of Benefit has accrued for an Eligible Employee, or the balance of such units remaining for such employee is 1 unit, with respect to any Absence Occurrence, such Eligible Employee may elect to use said unit in order to receive compensation at the rate of 67 percent of said employee's regular rate of pay for such Absence Occurrence, but for no longer than 90 consecutive days. The accrued balance of Units of Benefits credited to an Eligible Employee shall be reduced by one unit for each Absence Occurrence for such Eligible Employee electing to use a Unit of Benefit therefor.

However, if the Absence Occurrence is a result of hospitalization or any absence from work immediately preceding and/or following such hospitalization related to the same illness or combination of illnesses giving rise to the absence, the accrued balance of Units of Benefit credited to an Eligible Employee shall not be reduced by one unit for the Absence Occurrence.

If but one Unit of Benefit has accrued for an Eligible Employee, or the balance of such units remaining for such employee is one unit, with respect to an Absence Occurrence which results in hospitalization, such Eligible Employee may elect to use said unit in order to receive compensation at said employee's regular rate of pay for the duration of said Absence Occurrence, but for no longer than ninety (90) consecutive days. The accrued balance of Units of Benefit credited to an Eligible Employee shall not be reduced by one unit for that Absence Occurrence.

In the event of hardship of an unusual nature the Commission of the South Bayside System Authority will consider an employee's request for special consideration.

18.6 Illness of Family Member

One Unit of Benefit in any calendar year may be used by an Eligible Employee for an Absence Occurrence not to exceed a total of forty (40) work hours arising out of illness, bodily injury, or other incapacitation of a family member including a state-registered domestic partner, or as otherwise required under CFRA or FMLA.

18.7 Notice

Notice must be given by the Eligible Employee intending to use the Unit of Benefit in accordance with Section 18.6 prior to the commencement of such Absence Occurrence. No Unit of Benefit may be used in advance of its accrual. No Unit of Benefit may be converted into cash or its equivalent, or time off, nor other benefit. The Manager may require, at his or her discretion, written verification of the cause of any Absence Occurrence by a duly licensed physician or dental surgeon.

18.8 Health and Welfare Coverage

An employee receiving benefits under the Income Protection Plan will receive four (4) months of extended Health and Welfare coverage, at the Authority's expense, commencing the first day following the expiration of a Unit of Benefit when such Unit of Benefit is used for an Absence Occurrence that results in hospitalization and subsequent recovery from the illness or injury giving rise to the hospitalization.

Section 19. Leaves of Absence

19.1 Leave Without Pay

The Manager may grant employees leave of absence without pay. No leave shall be granted except upon written request of the employee. Such requests shall be submitted to the Manager. Such leaves shall normally be granted to permit the employee to engage in activities that will increase his or her value to the Authority upon return, or because of sickness, injury or personal hardship. Employees may not be granted a leave of absence until all accrued vacation is taken. Failure on the part of an employee on leave to report promptly at its expiration shall result in dismissal of the employee. Vacation and sick leave credits shall not accrue to an employee on leave of absence. The decision of the Manager on granting or refusing to grant a leave of absence or extension thereof shall be final and conclusive and shall not be subject to the grievance procedure of this Memorandum of Understanding. The Authority shall make no payment toward Health and Welfare during the employee's leave without pay.

19.2 Jury Duty

An employee summoned to jury duty shall inform his or her manager and, if required to serve, may be absent from duty with full pay only for those hours required to serve. Any jury fees, excluding mileage, received by an employee shall be remitted to the Authority.

19.3 Military Leaves of Absence

The provisions of the Military and Veterans Code of the State of California shall govern military leave of Authority employees.

19.4 Maternity Leave

(A) Physical Verification

Maternity leave will be granted only for that period of time that an employee is medically disabled and unable to perform the duties of the job as determined and verified by the employee's physician. An Authority employee needing maternity leave must request the

leave in writing prior to the time of taking such leave. Verification of need from the employee's physician must accompany the request for leave. This verification is to include the reason for the leave, the last date the employee will work before the leave is to begin and the estimated date the employee will return to work. Any change, in the estimated date of return must be made in writing by the employee's physician and must be received by the Authority prior to the estimated date of return.

(B) Time Period for Coverage

Maternity leave will cover the period of time necessary for medical recovery as specified by the employee's physician. This is normally considered to be the period from two weeks before the due date until four weeks after the due date. For cesarean sections this is usually the period from two weeks before the due date until six weeks after the due date.

(C) Coverage Requires Written Verification

The Income Protection Plan provides an employee with up to ninety (90) days coverage so long as written verification of the extent and duration of the medical disability is provided by the employees physician. Medical and dental coverage will continue uninterrupted and vacation leave will continue to accrue for all leave covered by the Income Protection Plan.

(D) Statutory Requirement

California State law requires that up to four months pregnancy disability leave be provided any female employee who suffers from a pregnancy-related disability. Any maternity leave in excess of ninety (90) days and up to one hundred twenty (120) days will be an unpaid leave. Employees may use any accrued vacation during this period of time. Medical and dental coverage will not continue during this period unless paid for by the employee. Vacation leave will not accrue during this period of time.

(E) Child Bonding Leave

Child bonding leave will be provided in accordance with applicable state and federal law.

19.5 Industrial Disability Leave

(A) Eligibility

Whenever an employee appointed on a full time basis is disabled whether temporarily or permanently, by injury or illness arising out of and in the course of his or her duties, he or she shall become entitled to disability leave while so disabled without loss of compensation for the period of such disability, up to ninety (90) consecutive days from and after the date of such disability, or until such earlier date as he or she is retired.

(B) Disability Leave Defined

Disability leave means absence from duty of an employee because of illness or bodily injury when such absence is covered by the provisions of the Workers' Compensation Laws of the State of California. All payments made under this section shall be charged

on a calendar day basis, and any benefits received from Workers Compensation Insurance shall be remitted to the Authority. Whether a leave claimed by an employee is chargeable as a Unit of Benefit under the Income Protection Plan, as described in Section 18 of this Memorandum of Understanding, or to disability leave, shall be determined by the Agency or officer hearing worker's compensation cases and shall be final and conclusive. The Authority may, at its discretion, withhold payment of any benefits under this section until such time as there has been a final adjudication as to whether or not the illness or injury is one covered by Workers' Compensation. In any event, the Authority shall not be required to pay any benefits which will exceed the maximum Units of Benefit or grant disability leave until such final adjudication has been made. Benefits under the Income Protection Plan and disability leave shall be mutually exclusive. Vacation leave shall be credited, and shall accrue while the employee is on disability leave.

(C) Determination of Disability

The manager of the SBSA, according to the Public Employees Retirement Law, and Government Code Section 21034, as contracting agency shall determine whether an employee is disabled for purposes of that law, subject to the approval of the Commission.

(D) Application for Disability Retirement

The manager of the SBSA shall make applications for disability retirement to the Public Employees Retirement System and take all other appropriate actions with regard to disability retirement and reinstatement of members under the Public Employees Retirement Law.

19.6 Funeral Leave

When death in the employee's immediate family requires his or her presence at home, an employee may use up to, but not to exceed three (3) days to make arrangements for the funeral and attend same. One (1) additional day if the funeral is held three hundred miles (300) miles or further from Redwood City. For the purpose of this Section, "immediate family" is defined as spouse, children, parents, siblings, grandparents, mother-in-law and father-in-law.

Section 20. Personnel Files

An employee or his or her representative, on presentation of written authorization from the employee, shall have access to the employee's personnel file on request. The Authority shall furnish the employee copies of all performance evaluation reports and letters of reprimand or warning prior to placement of such documents into the employee's personnel file. The employee may be required to acknowledge, at the sole discretion of the Authority, the receipt of any document entered into his or her personnel file without prejudice to subsequent arguments concerning the contents of such documents.

Section 21. Grievance Procedure

21.1 Definition

A grievance shall be defined as any dispute arising during the term of the Memorandum of Understanding which involves the interpretation or application of any provision of this Memorandum of Understanding.

21.2 Initial Discussions

Any employee who believes that he or she has a grievance may discuss his or her complaint with the top management official in the department in which he or she works, or with such subordinate management official as the department head may designate. If the issue is not resolved within the department, or if the employee elects to submit his or her grievance directly to an official of the employee organization which is formally recognized as the representative of the classification to which he or she is assigned, the procedures hereafter specified may be invoked.

21.3 Referral to Manager

Any employee and an official of the Union which has jurisdiction over any position directly affected by the grievance may notify the Manager in writing that a grievance exists, and in such notification, state the particulars of the grievance and, if possible, the nature of the determination which is desired. No grievance may be processed under Section 21.4 below which has not first been filed and investigated in pursuance of this Section. A grievance which remains unresolved thirty (30) calendar days after it has been submitted in writing may be referred to the Adjustment Board.

21.4 Adjustment Board

(A) Composition of Board

In the event the Union and the Authority are unable to reach a mutually satisfactory accord on any grievance (as the term "grievance" is hereinabove defined) which arises and is presented during the term of this Memorandum of Understanding, such grievance shall be submitted to an Adjustment Board comprised of two (2) employee representatives and two (2) representatives of the Authority. The Union shall be an indispensable party to any grievance which is submitted to the Adjustment Board.

(B) Majority Vote Required

If an Adjustment Board is unable to arrive at a majority decision, either the Union or the Authority may require that the grievance be referred to the Manager. No Adjustment Board shall entertain, hear, decide or make recommendations on any dispute involving a position over which a recognized employee organization has jurisdiction unless such dispute falls within the definition of a grievance as hereinabove set forth Section 21.1.

(C) Amendments to Memorandum of Understanding Not Grievable

Proposals to add to or change this Memorandum of Understanding or written agreements or addenda supplementary hereto shall not be grievable and no proposal to modify, amend or terminate this Memorandum of Understanding, nor any matter or subject arising out of or in connection with such proposal, may be referred for grievance under this Section; and no Adjustment Board shall have the power to amend or modify

this Memorandum of Understanding or written agreements or addenda supplementary hereto or to establish any new terms or conditions of employment.

(D) Agreement Required for Amendment

No changes in the Memorandum of Understanding or interpretations thereof (except interpretation resulting from Adjustment Board proceedings hereunder) will be recognized unless agreed to by the Manager and the Union.

21.5 Manager

(A) Recommendations By the Adjustment Board

The Manager shall consider the recommendations of the Adjustment Board. The Manager may accept, modify, or reject the recommendations of the adjustment Board and he or she shall notify the interested parties of his or her decision, including a statement of the reasons therefor, in writing within ten (10) working days after the receipt of the recommendations of the Adjustment Board.

(B) Acceptance by Default

In the event the Manager fails to render a decision within the ten (10) working day period, he or she must render written acceptance of the recommendations of the Adjustment Board.

21.6 The Commission of the South Bayside System Authority

(A) Decision of Manager

In the event the Union does not accept the decision of the Manager, the Union may file in writing, within five (5) working days of constructive receipt of the Manager's decision, an appeal for final review of the grievance by the Commission of the South Bayside System Authority.

(B) Final Decision by Commission

At a date and time mutually agreeable to the parties, The Commission of the South Bayside System Authority will schedule a hearing on the grievance. The decision of The Commission on the merits of the grievance shall be final and binding to the parties.

21.7 Pay Claim

All complaints involving or concerning payment of compensation shall be filed in writing and no adjustments shall be retroactive for more than sixty (60) days from the date of filing.

21.8 Disciplinary Action for Suspension, Demotion, Reduction in Pay or Other Disciplinary Measures Less Than Termination

(A) Purpose

The purpose of this Section is merely to facilitate communication between the Authority and its employees regarding personnel problems. All disciplinary action may be

initiated and imposed at the discretion of the Authority, based on the circumstances of each case.

(B) Discharge at the Will of the Authority

This Section shall not apply to the discharge of employees from their employment with the Authority. All employment with the Authority shall be on an at-will basis. Nothing in this Memorandum of Understanding in any way abrogates, limits, or modifies the right of the Authority to terminate or discharge any employee without cause, or shall be deemed to create a constitutional property right on the part of employees to continued employment absent a showing of cause for termination.

Section 22. Outside Employment

No full-time employee shall engage in employment which is incompatible with the employment with the Authority. No employee shall apply himself whatsoever to any outside employment during his or her regular working hours. No emblem, badge or other employee identification shall be worn by any person while in the employment of someone other than the Authority.

Section 23. Miscellaneous

23.1 Drug/Alcohol Program

The Authority prohibits the unlawful manufacture, distribution, dispensation, possession or use of a controlled substance while on Authority property, at work locations, or while on duty. An employee may not sell or provide drugs or alcohol to any other employee or any person while such an employee is on duty. An employee reasonably believed to be under the influence of alcohol or drugs shall be prevented from engaging in further work. Violation of this Section 23.1 may result in discipline up to and including termination. This program is a condition of employment. Employees must notify the Authority of any criminal drug statute conviction immediately following conviction. In case of such a conviction, the Authority may take appropriate personnel action up to and including termination or require the employee to satisfactorily participate in a drug abuse assistance or rehabilitation program.

The emphasis of this program is to recognize that substance abuse is a form of illness and to assist with the rehabilitation of first-time offenders. Any disciplinary action shall be determined by the individual circumstances of each case.

23.2 Non-Economic Issues

Commencing upon the expiration of the second year of the term hereof, and for each successive year thereafter, each party may each year select a single non-economic issue of concern regarding which the parties shall meet and confer.

23.3 Layoff Discussions

If the Authority concludes that a layoff(s) affecting bargaining unit members is needed, it shall notify the Union in writing at least ten (10) days before implementing such action and provide the Union an opportunity within that ten (10) day period to meet to discuss such planned action. At the end of the ten (10) day period the Authority may proceed with the planned action. In a bona fide emergency the Authority may implement the layoff(s) without giving the

notice first, but shall offer the Union an opportunity to meet as soon as is reasonably practicable under the circumstances.

Section 24. Severability of Provisions

24.1 Unaffected Sections Remain in Force

If any section, clause or provision of this Memorandum of Understanding is declared illegal by final judgment of a court of competent jurisdiction, such invalidation of such section, clause or provision shall not invalidate the remaining portions hereof, and such remaining portions shall remain in full force and effect for the duration of this Memorandum of Understanding.

24.2 Substitute Provisions

Upon such invalidation the parties agree to meet and confer concerning substitute provisions for those rendered or declared illegal.

Section 25. Past Practices and Existing Memorandum of Understanding

25.1 Continuance of Working Conditions

Continuance of working conditions and practices not specifically authorized by ordinance or resolution of the Commission is not guaranteed by this Memorandum of Understanding.

25.2 Memorandum of Understanding Supersedes Others

This Memorandum of Understanding shall supersede all existing Memoranda of Understanding between the Authority and the Union.

Section 26. Effective, Operative Dates and Termination.

This Memorandum of Understanding shall be effective on the date it is made and entered into as stated below, and shall remain in effect through June 30, 2013 at which time it shall terminate.

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Made and entered into this _____ day of April, 2011.

FOR THE INTERNATIONAL UNION OF
ENGINEERS, STATIONARY AUTHORITY:
ENGINEERS LOCAL 39:

FOR THE SOUTH BAYSIDE SYSTEM OPERATING

By _____
Matt Bland
President

By: _____
Daniel Child
Manager

By _____
Jerry Kalmar
Business Manager/Secretary

By: _____
Linda Bruemmer
Support Services Manager

By _____
Joan Bryant
Director of Public Employment

By: _____
Darrell Murray
Chief Negotiator - I.E.D.A.

By _____
Richard J. Putz
Business Representative

By _____
Walter Walsh
Steward

By _____
Brian Kettler
Steward

By _____
Enrique Salvatierra
Steward

EXHIBIT A

ADMINISTRATIVE POLICY NO. 2005-01

(REV DATE: ISSUE DATE: 6/23/05)

SUBJECT: CALL BACK PAY FOR OVERTIME

PURPOSE:

The purpose of this policy is to define when the overtime constitutes Call Back.

REFERENCES

Memorandum of Understanding Section 11.4 – Call Back

BACKGROUND

When the need for overtime is known in advance, arrangements are normally made ahead of time (planned overtime) with the employee during their work hours. There are occasions where overtime is needed on short notice (e.g. someone calls in sick, plant emergencies, etc.). When short notice (unplanned) overtime is needed, arrangements are made with the employee during their work hours if possible, but contacting an employee while away from work may be necessary.

DEFINITIONS

Planned Overtime is that which is scheduled more than three days in advance when arrangements are made during the employee's non-working hours and more than two days when arrangements are made during the employee's working hours.

Unplanned Overtime is overtime that is scheduled less than three days in advance when arrangements are made during the employee's non-working hours and less than two days when arrangements are made during the employee's working hours.

UNPLANNED OVERTIME QUALIFYING FOR CALL BACK PAY

Employee is not working when overtime arrangements are made and the overtime will be worked on the same day, the following day (tomorrow), or the third day. (Three day notice)

Employee is working when overtime arrangements are made and the overtime will be worked on the same day or the following day (tomorrow). (Two day notice)

OVERTIME NOT QUALIFYING FOR CALL BACK PAY

Overtime in which the employee is called to report before their regular starting time and works from the time they report to their regular starting time is not considered Call Back.

RESPONSIBILITIES

When assigning overtime the Supervisor will specifically state whether or not the overtime qualifies for Call Back pay.

EXHIBIT B

COMPENSATION PLAN EFFECTIVE 07/01/11 THROUGH 06/30/12

POSITION - CLASS 0	COMPENSATION STEPS (MONTHLY RATES)						
	A	B	C	D	E	F	G
Senior Operator	6447	6768	7105	7462	7836	8228	8638
Operator	5151	5414	5680	5968	6272	6582	6908
Plant Mechanic II	6213	6526	6850	7189	7553	7930	8329
Plant Mechanic II - Electrician	6641	6976	7322	7686	8074	8477	8903
Plant Mechanic II - Instrumentation Tech	6641	6976	7322	7686	8074	8477	8903
Plant Mechanic I	4780	5020	5271	5537	5818	6106	6409
Plant Mechanic I - Electrician	4780	5020	5271	5537	5818	6106	6409
Plant Mechanic I - Instrumentation Tech	4780	5020	5271	5537	5818	6106	6409
Materials Services Coordinator	6158	6473	6802	7137	7491		
Utility Worker	4423	4669	4924	5197	5481		
Water Quality Specialist	6011	6378	6773	7184	7625	8095	

POSITION - CLASS 1	COMPENSATION STEPS (MONTHLY RATES)						
	A	B	C	D	E	F	G
Senior Operator	6577	6904	7247	7612	7992	8391	8811
Operator	5254	5522	5794	6086	6398	6713	7045
Plant Mechanic II	6337	6656	6986	7334	7704	8089	8493
Plant Mechanic II - Electrician	6774	7115	7469	7839	8236	8647	9082
Plant Mechanic II - Instrumentation Tech	6774	7115	7469	7839	8236	8647	9082
Plant Mechanic I	4877	5121	5376	5647	5934	6227	6536
Plant Mechanic I - Electrician	4877	5121	5376	5647	5934	6227	6536
Plant Mechanic I - Instrumentation Tech	4877	5121	5376	5647	5934	6227	6536
Materials Services Coordinator	6282	6602	6938	7280	7641		
Utility Worker	4512	5793 ⁴⁷⁶³	5023	5301	5590		
Water Quality Specialist	6131	6507	6908	7328	7779	8256	

1 Rates shall be adjusted for shift differential compensation for qualified employees pursuant to section 11.6 of Memorandum of Understanding between the Authority and Stationary Engineers Local 39, AFL-CIO effective July 1, 2010 ("MOU").

2 Class 1 rates are applicable to employees entitled to certification pay pursuant to Section 12.4 of the MOU.



SOUTH BAYSIDE SYSTEM AUTHORITY

JOINT POWERS AUTHORITY ————— *A Public Entity*

1400 Radio Road • Redwood City, California 94065-1220 •

650/591-7121

FAX 650/591-7122

City of Belmont

City of Redwood City

City of San Carlos

West Bay Sanitary District

ADDENDUM TO MOU

Mr. Richard J. Putz
IUOE Stationary Engineers Local 39
337 Valencia Street
San Francisco, CA 94103

July 12, 2011
17-10

Dear Mr. Putz:

This Letter of Understanding memorializes salary issues in which agreement has been reached between the South Bayside System Authority (SBSA) and Stationary Engineers Local 39 on April 21, 2011.

A typographical error has been noted by all parties for the salary of a Class 1 Utility Worker Step B on Exhibit B of the MOU. The salary as it appeared on the originally signed version of the MOU was stated as \$5793 per month; the correct salary should be \$4763 per month. The revised schedule will be added to the Memorandum of Understanding between SBSA and Local 39 of the MOU and distributed accordingly to the membership.

If the foregoing is in accordance with your understanding, please indicate your acceptance and approval in the space provided below.

Dated 7-12-2011

For the Authority:



Daniel Child/Manager



Richard J. Putz, Business Representative, Local 39

COMPENSATION PLAN EFFECTIVE 07/01/11 THROUGH 06/30/12

POSITION - CLASS 0	COMPENSATION STEPS (MONTHLY RATES)						
	A	B	C	D	E	F	G
Senior Operator	6447	6768	7105	7462	7836	8228	8638
Operator	5151	5414	5680	5968	6272	6582	6908
Plant Mechanic II	6213	6526	6850	7189	7553	7930	8329
Plant Mechanic II - Electrician	6641	6976	7322	7686	8074	8477	8903
Plant Mechanic II - Instrumentation Tech	6641	6976	7322	7686	8074	8477	8903
Plant Mechanic I	4780	5020	5271	5537	5818	6106	6409
Plant Mechanic I - Electrician	4780	5020	5271	5537	5818	6106	6409
Plant Mechanic I - Instrumentation Tech	4780	5020	5271	5537	5818	6106	6409
Materials Services Coordinator	6158	6473	6802	7137	7491		
Utility Worker	4423	4669	4924	5197	5481		
Water Quality Specialist	6011	6378	6773	7184	7625	8095	

POSITION - CLASS 1	COMPENSATION STEPS (MONTHLY RATES)						
	A	B	C	D	E	F	G
Senior Operator	6577	6904	7247	7612	7992	8391	8811
Operator	5254	5522	5794	6086	6398	6713	7045
Plant Mechanic II	6337	6656	6986	7334	7704	8089	8493
Plant Mechanic II - Electrician	6774	7115	7469	7839	8236	8647	9082
Plant Mechanic II - Instrumentation Tech	6774	7115	7469	7839	8236	8647	9082
Plant Mechanic I	4877	5121	5376	5647	5934	6227	6536
Plant Mechanic I - Electrician	4877	5121	5376	5647	5934	6227	6536
Plant Mechanic I - Instrumentation Tech	4877	5121	5376	5647	5934	6227	6536
Materials Services Coordinator	6282	6602	6938	7280	7641		
Utility Worker	4512	4763	5023	5301	5590		
Water Quality Specialist	6131	6507	6908	7328	7779	8256	

1 Rates shall be adjusted for shift differential compensation for qualified employees pursuant to section 11.6 of Memorandum of Understanding between the Authority and Stationary Engineers Local 39, AFL-CIO effective July 1, 2010 ("MOU").

2 Class 1 rates are applicable to employees entitled to certification pay pursuant to Section 12.4 of the MOU.