



September 25, 2018

**LETTER AGREEMENT  
BETWEEN THE  
MID-PENINSULA WATER DISTRICT AND  
MPWD EMPLOYEE ASSOCIATION**

This agreement (AGREEMENT) memorializes recent labor negotiations between the Mid-Peninsula Water District (MPWD) and MPWD Employee Association (ASSOCIATION).

**1. ASSOCIATION MEMBERS**

Updated MPWD employee classifications were approved by the Board of Directors on November 15, 2017, and therefore for clarification, the classifications included within this AGREEMENT are as follows:

- Accountant
- Administrative Assistant
- Administrative Specialist
- Lead Operator
- Maintenance Technician
- Operations Supervisor
- Water System Operator

**2. TERM AND POTENTIAL BARGAINING OPENERS**

The term of this AGREEMENT is five (5) years from October 1, 2018 through September 30, 2023, with reservation of two potential bargaining openers:

- A. For potential impact of increase in MPWD CDHP (Consumer Driven Health Plan) healthcare plan deductibles and the MPWD's HSA (Health Savings Account) contribution levels; and
- B. For potential effect of the Cadillac tax on the cost of healthcare benefits in the event the tax takes effect as currently scheduled.  
*Background information from Hanson Bridgett LLP: The ACA includes a provision to impose an annual excise tax on high-cost health coverage—the so-called “Cadillac tax”—that was initially scheduled to apply beginning this year (2018). Implementation of the Cadillac tax has been repeatedly delayed, and the federal budget bill passed in January 2018 delayed it again through December 31, 2021. Despite the repeated delays, the Cadillac tax has not been repealed and is currently scheduled to apply to health coverage offered on or after January 1, 2022.*

3. CHANGE IN WORK HOURS

In exchange for a reduction in annual PTO (Paid Time Off) leave from each ASSOCIATION member from 24 hours to 16 hours, and related ministerial amendment of PTO Section 7.02 of the MPWD Personnel Manual, employee work hours will change as follows:

- A. Operations Classifications (Lead Operator, Maintenance Technician, Operations Supervisor, and Water System Operator): 7:00AM to 3:30PM; and

Administrative Classifications (Accountant, Administrative Assistant, and Administrative Specialist): Flexible scheduling within the hours of 7:00AM to 4:30PM, as approved by the General Manager.

- B. Work Hours Section 3.01(B) of MPWD Personnel Manual dated 10/26/17 shall be reworded to read as follows:

*Employee work hours shall be an 8-hour shift within an 8.5 hour period between the hours of 7:00 a.m. and 4:30 p.m., Monday through Friday.*

*MPWD office hours shall begin at 8:00 a.m. and end at 4:30 p.m., Monday through Friday.*

4. UPGRADED SHORT-TERM DISABILITY BENEFIT

Effective August 1, 2018, the MPWD upgraded its Short-Term Disability Benefit to a 30-day Benefit Waiting Period (from 60 days) and increased Maximum Weekly Benefit up to \$2,308 (from \$1,731). The Maximum Benefit Period will increase to 150 days (from 120 days). This is a 24-hour plan, providing coverage for disabilities occurring on and off the job.

Short-Term Disability Insurance Section 6.F.5. of MPWD Personnel Manual dated 10/26/17 titled "Benefits provided" shall be reworded to read as follows:

*Short-term disability insurance provides an employee with income protection if they become temporarily totally disabled from a covered sickness, accident, or pregnancy. Accumulated sick leave can be used during the waiting period but cannot be used to integrate with short-term disability payments. The policy should be referred to for detailed information. These benefits are taxable. Any overpayment of benefits will require reimbursement. Refer to long-term disability insurance for continued coverage as applicable.*

5. UPGRADED LONG-TERM DISABILITY BENEFIT

Effective August 1, 2018, the MPWD upgraded its Long-Term Disability Benefit to insure Predisability Earnings up to \$15,000 (from \$7,500) and increased the Maximum Monthly Benefit to \$10,000 (from \$5,000).



6. TIER 2 EMPLOYEES HEALTHCARE BENEFITS CLARIFICATION

Clarifications were needed within the Tier 2 healthcare benefit sections to match the intent of what was bargained and to clear up inconsistencies:

- A. Medical Plan Section 6.A.3. of MPWD Personnel Manual dated 10/26/17 for Tier 2 – Group Insurance Plans (Active Employees hired on or after September 26, 2014), shall be reworded to read as follows:

*MPWD pays 100% of the premium for medical plan coverage for the employee equal to the value of the Consumer Drive Health Plan (CDHP).*

*MPWD pays 80% of the premium for medical plan coverage for the spouse/domestic partner/dependent(s) equal to the value of the CDHP for medical benefits offered.*

*If a Tier 2 employee elects a medical plan that costs more than the CDHP, the employee is required to contribute the difference between the cost of the CDHP and the higher cost plan.*

- B. Dental Plan Section 6.C.3. of MPWD Personnel Manual dated 10/26/17 for Tier 2 – Group Insurance Plans shall be reworded to read as follows:

*MPWD pays 100% of the premium for dental plan coverage for employee, and 80% of the premium for dental plan coverage for spouse/domestic partner/dependent(s).*

- C. Vision Plan Section 6.D.3. of MPWD Personnel Manual dated 10/26/17 for Tier 2 – Group Insurance Plans shall be reworded to read as follows:

*MPWD pays 100% of the premium for vision plan coverage for employee, and 80% of the premium for vision plan coverage for spouse/domestic partner/dependent(s).*

7. RETIREE HEALTHCARE BENEFITS CLARIFICATION

Clarifications were further required in Section 6.I.2. Retiree Health – Employer/Employee Contribution of MPWD Personnel Manual dated 10/26/17 for all Tiers 1, 2, and 3, effective January 1, 2017. All instances where the healthcare benefits language “value of the lowest cost plan” is cited shall be replaced with “value of the Consumer Driven Health Plan (CDHP)”.

8. 2018 CLASSIFICATION SALARY RANGE MARKET ADJUSTMENTS

On April 18, 2018, the MPWD contracted with Koff & Associates to conduct a comprehensive compensation study based on local market comparison with similar public utility agencies. The Final Report of the 2018 MPWD Total Compensation Study was distributed in advance to each ASSOCIATION member prior to a presentation and Q&A session by Koff & Associates and the General Manager on July 31, 2018. It was formally presented to the MPWD Board of Directors on August 23, 2018. Horizontal and vertical internal equities were improved upon as a result of the study, and the following salary

schedule reflects the adjusted salary ranges for ASSOCIATION classifications, effective October 1, 2018.

CLASSIFICATION	EFFECTIVE 10/01/18		
	SALARY RANGE	MINIMUM MONTHLY SALARY	MAXIMUM MONTHLY SALARY
Accountant	24	\$ 6,496	\$ 8,444
Administrative Assistant	11	\$ 4,712	\$ 6,126
Administrative Specialist	17	\$ 5,465	\$ 7,104
Lead Operator	20	\$ 5,885	\$ 7,650
Maintenance Technician	10	\$ 4,597	\$ 5,976
Operations Supervisor	31	\$ 7,721	\$10,038
Water System Operator	15	\$ 5,201	\$ 6,762

#### 9. EQUITY SALARY ADJUSTMENTS

The MPWD is committed to provide fair and comparable salaries to employees. Therefore, as a result of the proposed Salary Schedule outlined above in #8, and in recognition of employee loyalty and service dedication to the MPWD, including individual initiative as a “change agent” to improve operational efficiency, productivity, and work performance, equity adjustments will be made to employee salaries in the first full payroll period in October 2018 and October 2019, as follows, to be determined by the General Manager:

EMPLOYEE CLASSIFICATION	APPLIED FIRST FULL PAYROLL PERIOD IN OCTOBER 2018	APPLIED FIRST FULL PAYROLL PERIOD IN OCTOBER 2019
ADMINISTRATIVE ASSISTANT	Up to 3.5%	Up to 3.5%
ADMINISTRATIVE SPECIALIST	Up to 3.5%	Up to 3.5%
LEAD OPERATOR	Up to 0.5%	Up to 0.5%
MAINTENANCE TECHNICIAN	Up to 2.5%	Up to 2.5%
OPERATIONS SUPERVISOR	Up to 7.0%	Up to 7.0%
WATER SERVICE OPERATOR	Up to 1.0%	Up to 0.5%

#### 10. ANNUAL LIVING WAGE ADJUSTMENTS

In order to maintain competitiveness and market median wages, an annual living wage adjustment equal to the San Francisco/Oakland/San Jose CPI (Consumer Price Index) for Urban Wage Earners, U.S. Department of Labor, Bureau of Labor Statistics/Western Office will be made to the salary ranges for each employee classification, as cumulatively determined for the preceding 12-month fiscal year (July 1<sup>st</sup> through June 30<sup>th</sup>), and annually approved by the MPWD Board of Directors, effective August 1<sup>st</sup> in 2019, 2020, 2021, and 2022. These adjustments will not be automatically applied to employee’s salary.



11. MPWD COMPENSATION PLAN

The 2009 MPWD Salary Plan shall be rescinded and replaced with the new 2018 MPWD Compensation Plan. Other Related Policies Section 8.28(B) Salary Plan shall be revised to Compensation Plan.

12. REORGANIZATION

Effective October 1, 2018, a permanent part-time and non-benefitted Accountant position will be added to the MPWD organization and will report to the Administrative Services Manager.

13. PERFORMANCE EVALUATION REVISION

In FY 2018/2019, the MPWD will contract with Koff & Associates to work with ASSOCIATION members to revise the existing (and dated) performance evaluation form.

14. GOVERNANCE

Should there be any inconsistencies between the terms of this AGREEMENT and provisions within the MPWD's Personnel Manual dated 10/26/17, this AGREEMENT shall govern except for the vested rights contained within Section 6.06(B) "CalPERS Retirement Benefits."

TENATIVE AGREEMENT of bargaining provisions reached on September 24, 2018.

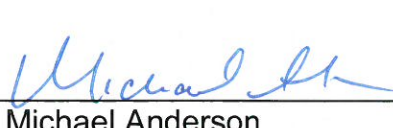
FINAL AGREEMENT reached between MPWD and MPWD Employee Association and Letter Agreement signed on September 25, 2018.

LETTER AGREEMENT will be presented for ratification by the MPWD Board of Directors at its regular meeting scheduled for Thursday, September 27, 2018.

**MPWD**

BY:   
\_\_\_\_\_  
Tammy Rudock  
General Manager

**MPWD EMPLOYEE ASSOCIATION**

BY:   
\_\_\_\_\_  
Michael Anderson  
President