



**FINAL 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 the MPWD Employee Association (ASSOCIATION).

1. ASSOCIATION MEMBERS. MPWD employee classifications included within this AGREEMENT are as follows:

- Customer Service Representative
- Engineering Technician
- Maintenance Foreman
- Maintenance Worker
- Mechanic
- Project Coordinator
- Pump/Regulator Specialist

2. TERM. The term of this AGREEMENT is four (4) years from September 26, 2014, through September 25, 2018.

3. EQUITY SALARY ADJUSTMENTS.

- A. As a result of negotiated permanent reductions in healthcare costs for existing active employees and new hires and permanent reductions in retiree healthcare costs for existing active employees and new hires, and in order to be competitive and achieve market median salaries within the MPWD, equity salary adjustments will be applied to the following **classification ranges** developed based on the May 2014 Koff & Associates Total Compensation Study and internal equity coordination, effective September 26, 2014:

Customer Service Representative	9.9%
Engineering Technician	5.0%
Maintenance Foreman	14.2%
Maintenance Worker	2.4%

Mechanic	4.3%
Project Coordinator	4.3%
Pump/Regulator Specialist	4.3%

- B. Effective September 26, 2014, employees that achieved a satisfactory rating or above on their most recent performance evaluation will receive equity salary adjustments in their October 15, 2014, paycheck, as determined by the General Manager.

If an employee received below a satisfactory rating on their most recent performance evaluation, the recommended equity adjustment will be made to the classification range only.

4. ANNUAL LIVING WAGE ADJUSTMENT. 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 each classification, as cumulatively determined for the first half of the year—January through June (semiannual), up to a cap of 3.0%. If the CPI is less than 0%, no adjustment will be made.

Effective September 26, 2014, the living wage adjustment will be 2.5%. Each employee with a satisfactory or above performance evaluation from the most recent review cycle will automatically receive the 2.5% living wage adjustment in their October 15, 2014 paycheck.

Effective August 1<sup>st</sup> in 2015, 2016, and 2017, a living wage adjustment equal to the San Francisco-Oakland-San Jose CPI for Urban Wage Earners, U.S. Department of Labor, Bureau of Labor Statistics/Western Office, as cumulatively determined for the first half of the year (semiannual), will be made to each classification, and each employee with a satisfactory or above performance evaluation from the most recent review cycle will automatically receive it.

#### 5. REVISIONS TO SALARY PLAN AND PERFORMANCE INCREASE RANGE

In exchange for:

1. Elimination of the existing 7-step salary plan and implementation of a minimum to maximum salary plan for each classification; and
2. Reduction in the range for annual performance merit increases and lump sum payments to 0% to 4% (from 0% to 5.5%),

an additional five percent (5%) was added to the top of the new salary range for each classification. It is further intended to serve as an incentive for employees to strive for higher levels of performance and productivity, including measurable cost savings to and operational efficiencies within the MPWD.



**Reference Attachment A – Salary Plan.** *Internal and external equities were considered when developing the attached salary plan. The Koff & Associates Total Compensation Study, May 2014, was considered and utilized for the most part. Internal relationships, job requirements, skills levels, career paths, and organizational succession planning were also included.*

6. HEALTH SAVINGS ACCOUNT ESTABLISHMENT AND FUNDING WITH ENROLLMENT IN ACCOUNT BASED HEALTH PLAN. Recognizing the short- and permanent long-term cost savings to the MPWD, beginning January 1, 2015, for employees that enroll in an Account Based Health Plan (ABHP) for their health care coverage, the MPWD will establish Tier 1 funding of an HSA (Health Savings Account) for participating employees at 100% of the ABHP's deductibles. For 2015, HSA funding for Tier 1 will be at the following levels:

Single (Employee only)	\$1,500
Family (Employee+1)	\$3,000

MPWD funding of Tier 1 HSAs at 100% of the ABHP's deductibles will occur on each January 1<sup>st</sup> of 2016, 2017, and 2018. Employees with a Tier 1 HSA who change from Single to Family coverage mid-year (for any reason permitted under the ABHP's terms) will receive pro-rated Tier 1 HSA funding at the Family rate for the remaining months of the year.

Tier 2 HSA funding shall apply to employees that enroll in an ABHP after the 2015 Open Enrollment period expires on November 14, 2014, AND for employees hired September 26, 2014, forward. The MPWD will annually fund Tier 2 employee HSAs at 80% of an ABHP's deductibles (e.g., for 2015 that would be \$1,200 Single/\$2,400 Family). Employees with a Tier 2 HSA who enter the ABHP mid-year or increase their ABHP coverage from Single to Family coverage mid-year (for any reason permitted under the ABHP's terms) will receive pro-rated Tier 2 HSA funding for the remaining months of the year at the Single or Family rate, as applicable.

7. HEALTHCARE BENEFITS PAID BY MPWD—AMENDED TIER 1 AND NEW TIER 2. Effective January 1, 2017, healthcare benefits paid by the MPWD are amended as follows for existing Tier 1 employees. Tier 1 includes all active employees of the MPWD, hired on or before September 25, 2014. Effective September 26, 2014, Tier 2 is added for new hires. Tier 2 includes employees hired by the MPWD on or after September 26, 2014.

<b>TIER 1</b>	<b>AMENDED TIER 1, EFFECTIVE JANUARY 1, 2017</b>	<b>TIER 2, EFFECTIVE SEPTEMBER 26, 2014</b>
100% coverage for employee and	100% coverage of the premium for employee and	Employees hired on or after September 26,



spouse/domestic partner/dependent(s) paid by the MPWD for healthcare benefits offered (medical, dental, and vision) and selected by employee.	<p>spouse/domestic partner/dependent(s) paid by the MPWD at the value of the Account Based Health Plan (ABHP), plus funding of employee HSA (Health Savings Account) on January 1<sup>st</sup> of each year.</p> <p>If an employee chooses a higher cost healthcare plan, they shall pay the difference between the cost of the ABHP plus HSA, and the higher cost plan.</p> <p>100% coverage of the premium for employee and spouse/domestic partner/dependent(s) paid by the MPWD for dental and vision benefits.</p>	2014, the value of the lowest cost plan for healthcare benefits offered (medical, dental, and vision) with 100% coverage of the premium for employee paid by the MPWD, and 80% of the premium paid by the MPWD for spouse/domestic partner/dependent coverage.
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8. HEALTHCARE BENEFITS PAID IN RETIREMENT BY MPWD—AMENDED TIER 1 AND TIER 2 AND NEW TIER 3. Effective January 1, 2017, healthcare benefits paid by the MPWD in retirement are amended as follows for existing Tier 1 and Tier 2 employees, and effective September 26, 2014, Tier 3 is added for new hires.

	<b><i>TIER 1</i></b>	<b><i>TIER 2</i></b>
<b><i>EXISTING</i></b>	<p>Eligibility: After 20 consecutive years of service with the MPWD, age 55 or older at time of termination of employment with the MPWD, and retirement under CALPERS from the MPWD.</p> <p>Benefits Provided: Eligible retiree originally hired as an MPWD employee on or before June 27, 2008, 100% coverage of healthcare benefits paid by</p>	<p>Eligibility: After 20 consecutive years of service with the MPWD, age 55 or older at the time of termination of employment with the MPWD, and retirement under CALPERS from the MPWD.</p> <p>Benefits Provided: Eligible retiree originally hired as an MPWD employee after June 27, 2008, 100% coverage of healthcare benefits paid by the</p>



	<p>the MPWD for eligible retiree and person who is the eligible retiree's spouse or domestic partner at the time the eligible retiree's MPWD employment terminates.</p>	<p>MPWD for eligible retiree only, up to the amount that the MPWD contributed for healthcare benefits of the eligible retiree immediately before the termination of their MPWD employment.</p> <p>No coverage will be provided to any spouse/domestic partner/dependent(s) of the eligible retiree.</p> <p>All healthcare benefit cost increases after retirement shall be borne by the eligible retiree. In no event will the MPWD be required to pay any portion of the increased cost. If the eligible retiree fails to pay any excess coverage cost within ninety (90) days after the payment due date, the MPWD will cease providing healthcare benefits coverage for the eligible retiree, and the eligible retiree will no longer be entitled to such coverage.</p>
<p><b>EFFECTIVE</b> <b>January 1, 2017</b></p>	<p>Eligibility: After 15 or 20 consecutive years of service with the MPWD, age 50 or older at time of termination of employment with the MPWD, and retirement under CALPERS from the MPWD.</p> <p>Benefits Provided: Eligible retiree originally hired as an MPWD employee on or</p>	<p>Eligibility: After 15 or 20 consecutive years of service with the MPWD, age 50 or older at the time of termination of employment with the MPWD, and retirement under CALPERS from the MPWD.</p> <p>Benefits Provided: Eligible retiree originally hired as an MPWD employee after</p>



	<p>before June 27, 2008, coverage of the healthcare benefits premium paid by the MPWD for eligible retiree and person who is the eligible retiree's spouse or domestic partner at the time the eligible retiree's MPWD employment terminates at the value of the <u>lowest cost plan for healthcare benefits offered</u> (medical, dental, and vision) after completion of the following consecutive years at the indicated percentages:</p> <p>15 Years: 75% 20 Years: 100%</p> <p>If an eligible retiree chooses a higher cost healthcare plan, they shall pay the difference between the lowest cost plan and higher cost plan.</p> <p>The MPWD will fund the eligible retiree's HSA at the active employee rate for Single (Employee only) or Employee+1, as applicable based on coverage, until the retiree reaches age 65.</p> <p>MPWD healthcare benefits in retirement become supplemental once retired employee or spouse reaches age 65 and transitions to Medicare.</p> <p>Retiree enrollment in Medicare Parts A and B is mandatory beginning</p>	<p>June 27, 2008, coverage of healthcare benefits premium paid by the MPWD for eligible retiree only at the value of the <u>lowest cost plan for healthcare benefits offered</u> (medical, dental, and vision) after completion of the following consecutive years at the indicated percentages:</p> <p>15 Years: 75% 20 Years: 100%</p> <p>No coverage will be provided to any spouse/domestic partner/dependent(s) of the eligible retiree.</p> <p>If an eligible retiree chooses a higher cost healthcare plan, they shall pay the difference between the lowest cost plan and higher cost plan.</p> <p>The MPWD will fund the eligible retiree's HSA at the active employee rate for Single (Employee Only) until the retiree reaches age 65.</p> <p>MPWD healthcare benefits in retirement become supplemental once retired employee reaches age 65 and transitions to Medicare.</p> <p>Retiree enrollment in Medicare Parts A and B is mandatory beginning</p>
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	January 1, 2015, when a retired employee or spouse reaches age 65.	January 1, 2015, when a retired employee reaches age 65.
	MPWD will not make any payments towards either Medicare Part A or B for retired employee or their spouse.	MPWD will not make any payments towards either Medicare Part A or B for retired employee.

***TIER 3, EFFECTIVE SEPTEMBER 26, 2014***

Eligibility: After 15 consecutive years of service with the MPWD, and eligible to retire under CALPERS from the MPWD at the time of termination of employment with the MPWD.

Benefits Provided: Eligible retiree originally hired as an MPWD employee on or after September 26, 2014, 50% of the premium paid by the MPWD for the lowest cost plan for healthcare benefits offered (medical, dental, and vision) at the time of eligible retiree's termination of employment with the MPWD.

No coverage will be provided to any spouse/domestic partner/dependent(s) of the eligible retiree.

All incremental healthcare benefit cost increases after retirement shall be borne by the eligible retiree. In no event will the MPWD be required to pay any portion of the increased cost. If the eligible retiree fails to pay any excess coverage cost within ninety (90) days after the payment due date, the MPWD will cease providing healthcare benefits coverage for the eligible retiree, and the eligible retiree will no longer be entitled to such coverage.

HSAs will NOT be funded by the MPWD in retirement, unless otherwise required to comply with (1) the Internal Revenue Code, including the regulations and guidance thereunder, as it pertains to HSAs, or (2) any other applicable federal or state law.

9. NEW POSITION CLASSIFICATIONS. The following are new position classifications for existing employees (NOT newly added positions):

- A. Administrative Assistant for entry level MPWD administrative services staff. At least five (5) years administrative and customer services experience at the MPWD, familiarity with MPWD operations, and complete responsibility and accountability for at least one administrative services function is required before transition to Administrative Specialist. At the time of transition, a 5% increase will be granted if minimum requirements are met and performance is satisfactory or above.
- B. Maintenance Technician for existing and entry level employees, which does not require a Water Distribution System Operator certification. Transition to the position of Water System Operator requires a Distribution System Operator II certification. At the time of transition, a 5% increase will be granted.

10. CLASSIFICATION TITLE CHANGES. The following classification title changes are effective September 26, 2014:

<b>EMPLOYEE</b>	<b>EXISTING TITLE</b>	<b>NEW TITLE</b>
Brent Chester	Engineering Technician	Lead Operator Blackflow Prevention GIS/Water Hydraulics
Stan Olsen	Mechanic	Lead Operator Facilities & Resources
Michael Anderson	Foreman	Field Operations Supervisor
Rick Bisio	Project Coordinator	Lead Operator Water Quality & Safety
Ron Leithner	Pump/Regulator Specialist	Lead Operator Water Storage & Pump Systems
Chris Michaelis	Maintenance Worker	Water System Operator
Robby Piccolotti	Maintenance Worker	Water System Operator
Jonathan Anderson	Maintenance Worker	Water System Operator
Jon Tscharner	Maintenance Worker	Water System Operator
Brad Burwell	Maintenance Worker	Maintenance Technician
Tava Mataele	Maintenance Worker	Maintenance Technician
Misty Malczon	Customer Service Representative	Administrative Specialist Billing & Customer Service Lead
Jeanette Kalabolas	Customer Service Representative	Administrative Specialist Water Conservation
Laura Ravella	Customer Service	Administrative Assistant



	Representative	Customer Service
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Position descriptions will be updated in a separate action with a target goal of December 31, 2014.

11. REORGANIZATION. Effective September 26, 2014, the Meter Reading and O&M function will transition from Administrative Services to Operations and report to the Field Operations Supervisor. Jonathan Anderson, Water System Operator, will work as a floating Operator where effectively needed. **Reference Attachment B "Organizational Chart."**
12. CALPERS RETIREMENT BENEFITS. With the passage of the California PEPPRA (Public Employees' Pension Reform Act) legislation in 2013, the MPWD has two tiers for CALPERS retirement benefits.

<b>TIER 1</b> – Employees hired on or before December 31, 2012, or transferred or reinstated classic/legacy members of CALPERS	<b>TIER 2</b> – Employees hired January 1, 2013 forward that are new to CALPERS
<b>2% @ 55</b>	<b>2% @ 62</b>

13. SUSPENSION OF CLASS B DRIVER'S LICENSE REQUIREMENT. The MPWD no longer has vehicles or equipment in its fleet that requires a DMV Commercial Driver's License (Class B). Therefore, that minimum requirement is suspended.
14. SUMMER WORK SCHEDULE. The summer work schedule introduced in 2014 will be maintained throughout this agreement with work hours from 7:00AM to 3:30PM from June 1<sup>st</sup> to September 30<sup>th</sup> each year, returning to regular work hours of 8:00AM to 4:30PM from October 1<sup>st</sup> through May 31<sup>st</sup>. If the administrative staff participates in the summer work schedule, rotating coverage in the office must be maintained between the office hours of 8:00AM to 4:30PM.
15. STANDBY SCHEDULING. Standby personnel may opt out of being assigned "on call" after hours duty for up to three (3) weeks per year as long as other standby personnel agree to be assigned the time. There must be at least a one-week break between standby assignments per operator in order to avoid fatigue. Assignments must be coordinated at the time the annual standby schedule is developed.
16. PROFESSIONAL CERTIFICATIONS. The MPWD already recognizes certain professional certifications, especially those required for water system operators by the State Water Resources Control Board (formerly California Department of



Public Health) and provides stipends for the achievement and certification maintenance.

Recognizing the added value to the MPWD, its customers, and the water distribution system, the following AWWA (American Water Works Association) certification programs are added and will be compensated at \$25 per month:

- Backflow Tester – 1 level
- Cross Connection Specialist – 1 level
- Water Quality Lab Analyst – 1 level
- Water Use Efficiency – 3 levels

Furthermore, the monthly \$25 stipend will also apply for a California Notary Public commission.

17. GOVERNANCE. Should there be any inconsistencies between the terms of this AGREEMENT and provisions within the MPWD's Personnel Manual revised October 22, 2009, this AGREEMENT shall govern except for the vested rights contained within Section XII.(C) "Retirement Benefits."

18. PERSONNEL MANUAL REVISION. This project is in progress and MPWD Management will meet and confer with the ASSOCIATION once a DRAFT is finalized, and before the Board of Directors considers it for approval.

TENTATIVE AGREEMENT of original terms reached on September 19, 2014.

TENTATIVE AGREEMENT of REVISED version of AGREEMENT reached on September 25, 2014.

TENTATIVE AGREEMENT of FINAL version of AGREEMENT reached on October 23, 2014.

This FINAL agreement will be presented for ratification by the MPWD Board of Directors at its regular meeting scheduled for Thursday, October 23, 2014.

MPWD

BY

  
\_\_\_\_\_  
Tammy Rudock  
General Manager

MPWD EMPLOYEE ASSOCIATION

BY:

  
\_\_\_\_\_  
Brent Chester  
President





September 24, 2014

## ***ATTACHMENT A***

### **SALARY PLAN**

<b><i>CLASSIFICATION</i></b>	<b><i>MINIMUM SALARY</i></b>	<b><i>MAXIMUM SALARY</i></b>
Administrative Assistant	\$ 3,566/Month \$42,792/Year	\$ 5,018/Month \$60,216/Year
Administrative Specialist	\$ 4,195/Month \$50,340/Year	\$ 5,903/Month \$70,836/Year
Field Operations Supervisor	\$ 5,429/Month \$65,148/Year	\$ 7,640/Month \$91,680/Year
Lead Operator	\$ 4,958/Month \$59,496/Year	\$ 6,977/Month \$83,724/Year
Maintenance Technician	\$ 3,577/Month \$42,924/Year	\$ 5,034/Month \$60,408/Year
Water System Operator	\$ 4,310/Month \$51,716/Year	\$ 6,065/Month \$72,777/Year





# MPWD Organizational Chart

