

Section 10. Employee Benefits

This section of the Handbook is intended to provide a general overview of the benefits currently available to eligible employees of MCWD. State and/or federal laws govern some of these benefits, while others are determined by MCWD or governed by a benefit provider. Should there be a discrepancy between the contents of this Handbook and a provision of an applicable law, summary plan document (SPD) or contract, then the law, SPD, or contract will prevail.

All eligible employees shall be provided information regarding benefit plans during his/her probationary period. This information includes SPD's, which are detailed benefit documents. It is recommended that employees understand fully all costs and insurance coverage prior to obtaining care. Employees are responsible for being familiar with the provisions and limitations of the health care insurance, as detailed in the SPD provided at the time of orientation.

MCWD has the right and the obligation to administer the various insurance programs. These rights and obligations include, but are not limited to, the right to select the carriers and insurance claims administrators after consideration of the recommendations of the health insurance labor-management committee and prior meeting and consultation with the appropriate employee groups. In the event a change in insurance carriers is made, an open enrollment period will be authorized.

Eligibility – Regular full-time employees working thirty two (32) or more hours per week are eligible to enroll in the group benefit plans. Effective dates of coverage may vary depending upon the carrier(s).

NOTE: It is the employee's responsibility to notify the Management Services Administrator upon divorce, termination of Domestic Partnership, over-age dependent, or any event that changes the status of dependency.

Payment of Premiums – Depending upon the type of coverage selected, the monthly insurance premiums for eligible employees may be partially or fully paid by MCWD in accordance with the applicable MOU and/or authorizing Resolution by the Board of Directors. Presently, MCWD pays the entire premium cost for employee benefit coverage of medical, dental, vision, life, accidental death and dismemberment, and short term and long-term disability insurance. Employees always pay the monthly insurance premiums for any voluntary insurance coverage elected for themselves and/or dependents through authorized pre-tax payroll deductions.

Enrollment in MCWD's health plans is not automatic. Each new regular, full-time, employee will need to complete the appropriate Enrollment Form(s).

10.0 Medical

MCWD provides medical insurance through a Preferred Provider Organization (PPO). Eligibility to enroll is available during the thirty-one (31)-day period after a regular employee is hired or a new dependent is acquired, during the annual open-enrollment period, after a ninety (90)-day waiting period as a “late enrollee”, or during special enrollment circumstances.

If an employee enrolls during the thirty-one (31) days after employment begins, the effective date of coverage is the first of the month following date of hire.

10.1 Retiree Health Benefits

At the option of the employee, MCWD will provide continued medical benefits for retired MCWD employees provided the minimum requirements established by MCWD are met. The requirements shall be as follows:

- A. The employee shall be at least fifty-five (55) years of age and have a total of twenty (20) years of service with MCWD.
- B. MCWD will pay fifty percent (50%) of the medical insurance cost for the employee at retirement who meets the requirements stated in item A above.
- C. All employees who exercise this option and who retire with twenty (20) years of service are required to pay fifty percent (50%) of the cost of medical insurance and shall make his/her payments on the first of each month after retirement. Any retired employee who fails to make the required payment to MCWD shall have all benefits cancelled if not paid within thirty (30) days of the due date.
- D. Retirees shall be notified in writing of the amounts owed to MCWD at the time of retirement. The amount paid shall be calculated based on fifty percent (50%) of the rates charged by MCWD's insurance carrier at the time of retirement. The employee shall be notified in writing of any changes in the amount owed each year.

In the event costs are increased by a carrier, the MCWD will notify the bargaining units and will meet and confer on the proposed change.

10.2 Dental

All eligible employees are enrolled in MCWD's dental plan. Dependent coverage is optional. This dental program covers several categories of benefits, when the services are provided by a licensed dentist and when they are necessary and customary under the generally accepted standards of dental practice.

10.3 Vision

All eligible employees are enrolled in MCWD's vision plan. Dependent coverage is optional. Benefits for examination, lenses, frames or contact lenses are provided based upon the restrictions of the plan.

10.4 Term Life Insurance and Accidental Death and Dismemberment (AD&D)

MCWD pays the full cost of the premium for term life and AD&D insurance coverage for all regular full-time and eligible employees effective on the date of hire. The face amount of life insurance for each eligible employee under the age of seventy (70) shall be equal to two (2) times his/her normal gross annual salary up to a maximum of three hundred thousand (\$300,000). Accidental death is covered by double indemnity (AD&D). At age seventy (70), Life and AD&D benefits reduce to sixty-seven percent (67%) and at age seventy-five (75) are reduced to fifty percent (50%).

10.5 Short-Term Disability (STD)/Long-Term Disability (LTD)

In addition to State Disability Insurance (SDI), MCWD provides, at no cost to the employee, a short-term/long-term disability plan that supplements SDI and covers up to two-thirds (2/3) of the employee's base annual salary, subject to provisions of the contract with the carrier.

Employees with a non-occupational related illness or injury are eligible for income replacement benefits under these plans for the duration of the illness or injury, as provided in the policy provisions, however, MCWD will maintain the employee's position for a period not to exceed twelve (12) months.

The terms and conditions of this policy are subject to the provisions of the Family Medical Leave Act (FMLA) and the California Family Rights Act (CFRA).

10.6 Continuation of Group Health Insurance (COBRA)

COBRA (the Consolidated Omnibus Budget Reconciliation Act) is a federal law that requires most employers sponsoring group health plans to offer covered employees and qualified beneficiaries the opportunity for a temporary extension of health coverage (called "continuation coverage") in certain instances where coverage under the plan would otherwise end. This extension of coverage is offered at group rates plus an administrative fee, the cost of which is fully borne by the employee or beneficiary.

Employees and dependents covered by MCWD's health insurance plan may have the right to choose continuation coverage if they lose group health coverage for certain qualifying events which are: termination of employment, reduction in hours or leave of absence, death, divorce or legal separation of an employee, employee's entitlement to Medicare, termination of domestic partnership, or a dependent child who no longer meets eligibility requirements. *In order to ensure rights to benefit continuation, it is the*

employee's responsibility to notify the Management Services Administrator in writing within thirty (30) days. Questions concerning COBRA qualifying events and eligibility requirements should be addressed to the Management Services Administrator.

Certificate of Coverage – Under the Health Insurance Portability & Accountability Act of 1996 (HIPAA), MCWD or the benefit provider will provide a certificate of prior insurance coverage whenever an employee loses coverage; when a qualifying event occurs; when COBRA coverage begins or ends; or upon request by an employee within twenty-four (24) months after coverage ends under MCWD's health insurance plan.

10.7 IRS Section 125 – Flexible Benefits Plan

MCWD sponsors a Section 125 “Flexible Benefits Plan”. This Plan has three (3) components. As part of the Salary Redirection Plan, employees may use pre-tax dollars to pay for all of the employee-paid health premiums. Employees may also choose to direct a portion of salary into an Unreimbursed Medical Expenses Plan and/or a Dependent Care Expense Reimbursement Plan. The Unreimbursed Medical Expenses Plan allows employees to redirect up to two thousand five hundred (\$2,500) each year into a pre-tax account which can be used to reimburse qualified medical expenses not covered by the healthcare provider. Through the Dependent Care Expense Reimbursement Plan, employees may elect to receive tax-free reimbursements for qualified work-related dependent care expenses regarding the care of children age twelve (12) and under and/or elderly or incapacitated dependents.

10.8 Retirement Plan

MCWD participates in the California Public Employees Retirement System (CalPERS) which is a defined benefit retirement program. MCWD currently pays one hundred (100)% of employer and employee contributions.

MCWD participates in Social Security and Medicare and pays the employer portions. The employee pays the employee cost through payroll deductions, as required by the Social Security Administration.

Enrollment in the CalPERS Plan is automatic for those employees who work a minimum of one thousand (1,000) hours per fiscal year. Vesting in the Plan occurs after five (5) years of participation in CalPERS, either with MCWD or based on bridged service from another CalPERS participating organization.

Additional information concerning this Plan can be obtained from the Management Services Administrator.

10.9 Deferred Compensation Plan

MCWD makes available to all regular and probationary employees the opportunity to voluntarily participate in a deferred compensation plan which is established in

accordance with the provisions of Section 457 of the Internal Revenue Service (IRS) Code. Employees may choose from a variety of plans and MCWD retains the right to choose which plan or plans will be offered. Under the "savings account" plan, the minimum interest rate is negotiated by contract. Monthly deferrals from the employee's pay and all interest earned remain tax deferred until commencement of withdrawal of funds. Funds may be withdrawn at the time of (a) retirement, (b) termination of employment, (c) severe, unforeseeable financial hardship, or (d) death. In addition, a loan provision of the plan allows for participants to borrow funds from his/her accounts.

Employees having questions or interest in learning more about the eligibility, investment options, contribution limits, loan options, and other features of MCWD's Deferred Compensation Plan should contact the Management Services Administrator for Plan materials and further information.

10.10 Workers' Compensation Insurance

All employees are covered by Workers' Compensation Insurance, effective the first day of employment. Workers' Compensation Insurance provides employees and/or his/her beneficiaries with certain benefits in the event of job-related illness, injury or accidental death.

MCWD pays the full cost of this insurance. If an employee sustains a job-related illness or injury, he/she should report the illness or injury to his/her immediate supervisor/department head or the Management Services Administrator *the day it occurs or not later than 24 hours after the occurrence*. Failure to do so could result in a delay of benefits by the insurance carrier.

All payments for lost wages or salary due to a legitimate job-related illness or injury, medical treatment, and any other benefits will be made by the Workers' Compensation Insurance carrier as required by law. Workers' Compensation Insurance payments are coordinated with any accrued sick, vacation, compensatory or management leave taken as part of a medical or disability leave of absence. Contact the Management Services Administrator for more information about Workers' Compensation Insurance benefits.

MCWD Provided Physician – MCWD provides medical treatment for work-related illnesses or injuries through a pre-determined clinic that provides medical care to employees.

Employees who are injured in a work-related accident will be referred to the clinic assigned for the location, unless MCWD has received a written notice that the employee wishes to be treated by his/her own health care provider. This notification must have been submitted to the Management Services Administrator prior to any illness or injury. In all cases, employees may seek treatment from his/her own health care provider after thirty (30) days, should he/she so desire.

Workers' Compensation in Coordination with FMLA/CFRA – Employees who are ill or injured as a result of a work-related incident and who are eligible for family and medical

leave under state and federal law (Family Medical Leave Act and the California Family Rights Act) will be placed on FMLA/CFRA during the time the employee is disabled and not released to return to work. The leave under these laws runs concurrently, and eligible employees will be on FMLA/CFRA for a maximum of twelve (12) weeks in a continuous twelve (12)-month period.

Workers' Compensation Fraud – California law makes it a crime to knowingly file a false or fraudulent claim for Workers' Compensation benefits, or to knowingly submit false or fraudulent information in connection with any Workers' Compensation claim. *Violation of this law is punishable by imprisonment of up to five (5) years, a fine of up to one hundred and fifty thousand (\$150,000), or both.* Filing a false or fraudulent Workers' Compensation claim is also a violation of MCWD policy, and will result in corrective action, up to and including termination.

MCWD's policy is to investigate all questionable Workers' Compensation claims and to refer them to the Bureau of Fraudulent Claims.

10.11 Unemployment Insurance

MCWD pays the entire cost of this benefit to a State unemployment compensation reserve account in accordance with State laws and regulations. Unemployment compensation provides a weekly benefit for a specified period due to a qualifying condition of unemployment. These benefits, and MCWD's costs, change periodically as determined by State law.

Unemployment insurance benefits are not available to employees who voluntarily quit without good cause or who are terminated for misconduct. At the time of employment separation, employees will be provided with a booklet published by the Employment Development Department (EDD) explaining benefits, eligibility, and claim filing procedures.

10.12 Holidays

Regular, full-time employees are eligible for holiday pay from his/her date of hire. Eligible employees also receive holiday pay, without deduction of a vacation day, whenever he/she is on an approved vacation during which MCWD observes a holiday.

Employees who are on an unpaid leave of absence as of the date MCWD observes a holiday are not eligible for holiday pay.

Eligible employees are provided the following MCWD observed paid holidays each calendar year:

- New Year's Day
- Martin Luther King Jr. Day
- Presidents' Day
- Memorial Day
- Independence Day
- Labor Day
- Veteran's Day
- Thanksgiving Day
- Day after Thanksgiving Day
- Working day immediately preceding Christmas Day
- Christmas Day
- Floating Holiday – taken at employees' option with supervisor's approval
- Employee's Birthday – taken at employee's option within the calendar year

Observed holidays falling on Saturday will be celebrated on Friday; those falling on Sunday will be celebrated on Monday.

Employees who work a holiday should refer to Section 7.0 for holiday pay.

Religious Holiday Accommodation – In order to reasonably accommodate the religious needs of employees, time off for religious observances that are not scheduled paid holidays observed by MCWD may be taken, without pay or through use of accrued vacation, compensatory or management leave hours. Employees must give reasonable advance notice to his/her immediate supervisor. Reasonable notice is considered to be a minimum of fourteen (14) consecutive calendar days.

10.13 Vacation

MCWD offers paid vacation benefits that, in addition to enjoying opportunities for leisure time away from work, may also be used for personal time off due to personal appointments, family matters, school activities, religious observances, and other personal obligations. All employees are encouraged and expected to take no less than one (1) week or forty (40) hours of vacation annually for rest and relaxation.

Eligibility – All regular, full-time employees are eligible to accrue paid vacation leave. Employees who are serving in an initial six (6) month probationary period accrue paid vacation but are not eligible to take paid time off unless prior authorization has been received from the General Manager or designee. Vacation leave is accrued each pay period. Thereafter, eligible employees accrue vacation benefits to his/her anniversary date of each succeeding year based upon length of continuous service with MCWD. Vacation benefit hours may be discontinued or suspended during certain types and durations of leaves of absence including Military Leave in excess of thirty (30) calendar days.

Accrual – Based on the length of continuous service, the following vacation accrual schedule shall apply. To be eligible, regular full-time employees must be scheduled to work at least thirty two (32) hours per week.

Length of Service (From Employee's Hire Date)	Vacation Days Accrued Per Benefit Year
Date of hire through first year	10 days
Beginning of 2 nd year – end of 3 rd year	11 days
Beginning of 4 th year – end of 10 th year	16 days
Beginning of 11 th year onward	20 days

Maximum Accrual and Unused Vacation – Employees are encouraged to use his/her accrued vacation benefits each calendar year. Vacation time is accrued throughout the year and is pro-rated and credited at the end of each pay period. Full-time employees may accrue up to a maximum of two hundred sixty (260) hours. Vacation time earned in excess of two hundred sixty (260) hours shall be paid during the next following pay period.

Cash-Out – Employees may elect to cash out accumulated vacation time provided that the employee maintains forty (40) hours of accrued vacation credit. Cash-out must be done in conjunction with a regular paycheck and requested no less than five (5) days before the end of a pay period.

Holidays During Vacation – If an observed holiday occurs during a scheduled vacation and employees are otherwise eligible for holiday pay; such employees will be paid for the holiday rather than a vacation day.

Scheduling a Vacation – The time at which a regular employee shall take vacation leave shall be determined with due regard for the employee's wishes and particular regard to the service needs of the department. Vacations will be approved if the appropriate section supervisor can demonstrate to the department head that sufficient coverage can be maintained during the absence. It is the department head's task to determine the base level of service required to meet MCWD's goals and objectives. Under extraordinary circumstances, MCWD reserves the right to cancel previously approved vacations, unless doing so would prove to be an extreme financial hardship to the

employee. In such cases, MCWD will reimburse the employee for any committed and non-refundable expenses incurred by the employee.

Employees planning vacations exceeding three (3) weeks should give his/her immediate supervisor as much advance notice as possible. Under emergency situations exceptions may be made with the written endorsement of the appropriate supervisor. All vacation leave must be approved by the immediate supervisor prior to use.

Vacation time may be coordinated with other approved absences such as disability, family leave, or in observance of a religious holiday. Vacation pay will be based on the employee's base pay rate in effect at the time such vacation is taken. It does not include overtime or any special forms of compensation such as shift differential, standby or other forms of pay otherwise available during normal work schedules. Payment for vacation time will be made on an employee's regularly scheduled payday.

MCWD reserves the right, if necessary, to designate vacation periods during which employees are expected to schedule his/her vacations in order to accommodate overall work schedules and/or to ensure employees actually use his/her accrued vacation benefits. MCWD may also direct an employee to take mandatory time off for a specified period if conditions warrant.

10.14 Management Leave

Represented employees who are exempt from state and federal overtime requirements shall be permitted to take management leave in recognition of the special requirements of his/her jobs. Effective July 15, 2009, management leave shall be accrued on a bi-weekly basis at the rate of 3.077 hours per pay period. The maximum accrual allowance for management leave will be eighty (80) hours per fiscal year. Management leave earned by the end of each fiscal year shall be taken within the first quarter of the following fiscal year or the leave will be forfeited.

~~Any employee with more than eighty (80) hours of earned management leave prior to July 15, 2009, will be capped at his/her higher accrued amount and must, by June 30, 2012, either use or cash out management leave above the maximum accrual.~~