



LOCAL AND REGIONAL GOVERNMENT SERVICES AUTHORITIES

Providing Solutions to California Public Agencies

P.O. Box 1350 · Carmel Valley, CA 93924 · 650.587.7300

RGS BOARD AGENDA

Agenda materials may be viewed on the Agency's web site RGS.CA.gov or by contacting the Executive Director prior to the meeting at the contact information below.

REGULAR MEETING

June 10, 2010

10:00 a.m.

Cavallo Point

The Lodge at the Golden Gate
601 Murray Circle, Suite 2404, Fort Baker
Sausalito, Ca 94965

1. CALL TO ORDER

- A. Selection of Board Officers
- B. Appointment of new JPA Executive Committee Member
(Recess to RGS Executive Committee Meeting)
- C. Appointment of new JPA Executive Committee Member

Action

Action

Action

2. CHANGES TO THE ORDER OF AGENDA

3. APPROVAL OF CONSENT AGENDA

Consent agenda items are considered to be routine and will be enacted by one motion. There will be no separate discussion on these items unless members of the Board, staff or public request specific items to be removed for separate action.

- A. Approval of June 10, 2009 Minutes

Action

4. TREASURER'S REPORT

- A. Approval of Audit with SAS 114 Letter
- B. Approval of 2011 Budget
- C. Approval of Investment Policy Update
- D. Approval of Reserve Policy and Designation of FYE 2010 Reserve Amount

Action

Action

Action

Action

5. OLD BUSINESS

- A. STARS Update

Informational

6. NEW BUSINESS

- A. Approval of Rules and Regulations Update
- B. Satisfaction Survey

Action

Information

7. PUBLIC COMMENT

Each speaker is limited to two minutes. If you are addressing the Board on a non-agenda item, the Board may briefly respond to statements made or questions posed as allowed by the Brown Act (Government Code Section 54954.2). However, the Board's general policy is to refer items to staff for attention, or have a matter placed on a future Board agenda for a more comprehensive action or report.

8. NEXT MEETING: **June 9, 2011, 11:30 A.M., location to be determined**

9. ADJOURN

Americans with Disabilities Act

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact Richard Averett at (831) 308.1508. Notification in advance of the meeting will enable Agency to make reasonable arrangements to ensure accessibility.

**REGIONAL GOVERNMENT SERVICE
JOINT POWERS AUTHORITY
BOARD MINUTES**

**DRAFT
ACTION MINUTES**

The Regional Government Services Joint Powers Authority held the annual Board meeting on **June 10, 2009** at Cavallo Point The Lodge at the Golden Gate, Suite 2404, 601 Murray Circle, Fort Baker, Sausalito, Ca 94965. The meeting was called to order at **1:29 p.m.**

1. ROLL CALL

Members: Jean Bonander, RGS Chair
Henry Gardner, RGS Vice-Chair

Other Attendees: Mike Garvey, RGS Executive Committee Chair; Richard Averett, RGS Executive Director/CFO; and Jennifer Bower, RGS Director of HR

2. CHANGES TO THE ORDER OF AGENDA - None.

3. APPROVAL OF CONSENT AGENDA

- A. Approval of **June 12, 2008** Minutes
- B. Approval of **JPA Change of Address**

ACTION: M/S Gardner/Bonander to approve the consent agenda without change.

AYES: Chair Bonander, Vice-Chair Gardner

NOES: None

ABSTAIN: None

4. TREASURER'S REPORT

- A. Approval of Investment Policy Update. The Executive Director reviewed the proposed changes to the Investment Policy.

ACTION: M/S Gardner/Bonander to approve the Investment Policy update as presented.

AYES: Chair Bonander, Vice-Chair Gardner

NOES: None

ABSTAIN: None

5. OLD BUSINESS

- A. Approval of Personnel Rules, Regulations and Policies Update. The Director of Human Resources reviewed the proposed changes to the Personnel Rules, Regulations and Policies, and noted that JPA legal counsel had reviewed and approved the updates. Vice Chair Gardner led discussion.

ACTION: M/S Gardner/Bonander to approve Personnel Rules, Regulations and Policies update.

AYES: Chair Bonander, Vice-Chair Gardner

NOES: None

ABSTAIN: None

6. NEW BUSINESS

- A. Approval of Adopting the Proposed FY2010 Budget. The Executive Director reviewed and the Board Members discussed the budget. It was suggested that a reserve be established from the retained earnings.

ACTION: M/S Gardner/Bonander to approve the FY2010 Budget as presented.

AYES: Chair Bonander, Vice-Chair Gardner

NOES: None

ABSTAIN: None

7. PUBLIC COMMENT - None.

8. NEXT MEETING – June 10, 2010, at 11:00 a.m. at Cavallo Point.

9. ADJOURNED - Meeting adjourned at 1:31 p.m.



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TO: BOARD OF DIRECTORS **EC Meeting: 06-10-10**
FROM: RICHARD H. AVERETT, CFO/Treasurer **Item: 4A**
SUBJECT: APPROVAL OF AUDIT REPORTS FOR FISCAL YEAR ENDING JUNE 30, 2009

RECOMMENDATION

Review and approve the independent audit reports for fiscal year 2009, along with review of accompanying SAS 114 Letter.

BACKGROUND

The outside audit firm of Mayer Hoffman McCann, P.C. was retained to complete the fiscal year (FY) 2007 and FY 2008 audits of both Local and Regional Government Services Authorities. Mayer Hoffman was retained to perform the FY2009 audits, and the audits were finalized distributed electronically and in hardcopy form earlier this year. All audit reports are posted to the JPA's web site.

AUDIT RESULTS

Summaries of LGS and RGS audit results are below, with more information and analysis in the Management Discussion and Analysis section of each audit report. Overall, the FY2009 audit results indicate continuation of very positive financial results based on a sound business model. These financial results better enable the JPAs to provide quality services to our clients and employees.

LGS FINANCIAL HIGHLIGHTS

- Total net assets increased \$278,316 in FY2009 and \$322,081 in FY2008.
- Revenues from client reimbursements for services provided increased in FY2009 by 988,831 FY2008 and increased in FY2008 by \$927,453 from the 2007 fiscal year.
- Total operating expenditures in FY2009 increased \$1.03 million and in FY2008 increased \$566,867 from the 2007 fiscal year.
- Net assets at the end of FY2009 were \$624,466 and at the end of FY2008 were \$346,150.

RGS FINANCIAL HIGHLIGHTS

- Total net assets increased \$54,380 in FY2009 and increased \$11,138 in FY2008.
- Revenues from client reimbursements for services provided increased \$236,881 in FY2009 from fiscal year 2008 and \$1.08 million in FY2008 from fiscal year 2007.
- Total operating expenditures increased \$193,639 in FY2009 and increased \$1.07 million in FY2008 from FY2007.
- Net assets at the end of the fiscal year were \$59,734 in FY2009 and were \$5,354 in FY2008.



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To the Audit Committee and Management
Regional Government Services Authority

We have audited the financial statements of Regional Government Services Authority ("Authority") for the year ended June 30, 2009, and have issued our report thereon dated February 10, 2010. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated March 30, 2009, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles (GAAP). Our audit of the financial statements does not relieve you or management of your responsibilities.

Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement. As part of our audit, we considered the internal control of Regional Government Services Authority. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated. Fieldwork was finished in August 2009. Significant risks of material misstatement addressed by our auditing procedures included:

- Fraud risk for cash receipts and cash disbursements
- Risk of improper revenue recognition
- Risk of unallowable expenses

Significant Audit Findings

We did not identify any deficiencies in internal control we consider to be a material weakness.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Regional Government Services Authority are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2009. We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. Significant judgments and estimates reflected in the Authority's financial statements and disclosures include:

- Estimates involving revenues and expenses to be accrued as of year end.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management.

The following audit adjustments were made as of June 30, 2009:

1. Cash held for Local Government Services Authority in LAIF was reported as a reduction to cash that had been recorded on the Authority's records as a due to other governments.
2. Reduced accounts receivable and deferred revenue accounts for billings which had been recorded in QuickBooks as of year-end, but were not earned or received as of June 30, 2009.

The above entries did not have an effect on the change in net assets.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 10, 2010.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the business unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Audit Committee and management of Regional Government Services Authority and is not intended to be and should not be used by anyone other than these specified parties.

Mayer Hoffman McCann P.C.

Irvine, California
February 10, 2010

REGIONAL GOVERNMENT SERVICES AUTHORITY

Basic Financial Statements

Years ended June 30, 2009 and 2008

REGIONAL GOVERNMENT SERVICES AUTHORITY

Basic Financial Statements

Years ended June 30, 2009 and 2008

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Board of Directors
Regional Government Services Authority
Carmel Valley, California

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying basic financial statements of the Regional Government Services Authority (the "Authority") as of and for the years ended June 30, 2009 and 2008 as listed in the table of contents. These basic financial statements are the responsibility of the management of the Authority. Our responsibility is to express an opinion on these basic financial statements based on our audits.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2009 and 2008 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The information identified in the accompanying table of contents as *management's discussion and analysis* is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and do not express an opinion on it.

Mayer Hoffman McCann P.C.

Irvine, California
February 10, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

REGIONAL GOVERNMENT SERVICES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Years ended June 30, 2009 and 2008

The following discussion and analysis of the financial performance of Regional Government Services Authority ("Authority") provides an overview of the Authority's financial activities for the fiscal years ended June 30, 2009 and 2008. Please read it in conjunction with the financial statements identified in the accompanying table of contents.

FINANCIAL HIGHLIGHTS

- Total net assets increased \$54,380 in FY2009 and increased \$11,138 in FY2008.
- Revenues from client reimbursements for services provided increased \$236,881 in FY2009 from fiscal year 2008 and \$1.08 million in FY2008 from fiscal year 2007.
- Total operating expenditures increased \$193,639 in FY2009 from the 2008 fiscal year and increased \$1,073,654 in FY2008 from FY2007.
- Net assets at the end of the fiscal year are \$59,734 in FY2009 and were \$5,354 in FY2008.

OVERVIEW OF THE FINANCIAL STATEMENTS

Using the Accompanying Financial Statements

The annual report consists of three parts – *management's discussion and analysis* (this section), the *basic financial statements*, and *notes to the basic financial statements*:

The basic financial statements include the following:

- The Statement of Net Assets provides both *long-term* and *short-term* information about the Authority's overall financial status.
- The Statement of Revenues, Expenses and Changes in Net Assets reports the revenues and expenses of the Authority for the fiscal year on an accrual basis of accounting and relates this to the increase in the net assets of the Authority.
- The Statement of Cash Flows reports the Authority's operating cash flow and reconciles operating income to the net cash provided by operating activities.

The notes to the financial statements provide additional information about the nature of the Authority's activities and operations and its significant accounting policies, as well as, more detailed explanations about some of the information contained in the basic financial statements.

The Authority operates as an enterprise, meaning that charges for services are expected to cover all expenses. Therefore, the Authority uses *proprietary fund* statements.

Proprietary fund statements offer *short-* and *long-term* financial information about the activities the government operates in a manner similar to a private business.

Government Fund Reporting:

Figure A-1 summarizes the major features of government financial statements, including the portion of the government they cover and the types of information they contain. Because the Authority is an enterprise fund, the financial statements adhere to the Proprietary Funds format.

Figure A-1
Major Features of Government-wide and Fund Financial Statements

	Government-wide <u>Statements</u>	Fund Statements		
		<u>Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Fiduciary Funds</u>
Scope	Entire Authority government (except fiduciary funds) and the Authority's component units	The activities of the Authority that are not proprietary or fiduciary	Activities the Authority operates similar to private businesses	Instances in which the Authority is the trustee or agent for someone else's resources
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenses and changes in net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Modified accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term debt included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the Authority's fiduciary funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid.

Reporting the Authority as a Whole

The accompanying **basic financial statements** include two statements that present financial data for the Authority as a whole. One of the most important questions asked about the Authority's finances is, "Is the Authority, as a whole, better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Assets report information about the Authority as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the

accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Authority's net assets and changes in them. You can think of the Authority's net assets – the difference between assets and liabilities –as one way to measure the Authority's financial health, or *financial position*. Over time, *increases and decreases* in the Authority's net assets are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other factors, however, such as changes client needs/agreements for services and changes in the Authority's cost structure, to assess the *overall health* of the Authority.

In the Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Assets, the Authority services are presented as Business-type activities:

- Business-type activities – The Authority charges a fee to customers to help it cover all of the cost of the services accounted for in the fund.

Reporting the Authority's Proprietary Fund

The **accompanying basic financial statements** provide detailed information on the Authority's only fund – and thus the Authority as a whole. The Authority Board may establish other funds to help it control and manage money for particular purposes or to show that it is meeting administrative responsibilities for using certain grants or other money. The Authority's one fund is a *proprietary fund*.

Proprietary funds – When an agency charges customers for the services it provides – whether to outside customers or to other units of the agency – these services are generally reported in proprietary funds. Required financial statements for proprietary funds include a Statement of Net Assets; a Statement of Revenues, Expenses and Changes in Net Assets; and a Statement of Cash Flows.

REGIONAL GOVERNMENT SERVICES AUTHORITY
Statement of Net Assets
June 30, 2007, 2008 & 2009

Table 1

Business - Type Activities			
	2007	2008	2009
<u>ASSETS</u>			
Current Assets	\$ 298,121	\$ 357,515	\$ 333,068
Capital Assets	-	-	-
Total assets	<u>\$ 298,121</u>	<u>\$ 357,515</u>	<u>\$ 333,068</u>
<u>LIABILITIES:</u>			
Note payable	175,732	-	-
Liabilities	128,173	352,161	273,334
Total Liabilities	<u>303,905</u>	<u>352,161</u>	<u>273,334</u>
<u>NET ASSETS:</u>			
Invested in Capital Assets-			
Net of Debt	\$ -	\$ -	\$ -
Reserved	-	-	-
Unreserved	<u>(5,784)</u>	<u>5,354</u>	<u>59,734</u>
Total Net Assets	<u>(5,784)</u>	<u>5,354</u>	<u>59,734</u>
Total net assets and liabilities	<u>\$ 298,121</u>	<u>\$ 357,515</u>	<u>\$ 333,068</u>

The increase in net assets is an indication that the overall financial position of the Authority improved during each of the last two years; by \$54,380 in FY2009 and by \$11,138 in FY2008, as indicated in the Changes in Net Assets Table 2 below. The net assets of the Authority's business-type activities increased by over 1000 percent in 2009 and by 92 percent in 2008. The net assets (financial position) of the Authority changed as a result of client revenues increasing more than payroll and administrative expenditures increased as described below for the business-type activities of the Authority.

A summary of the statement of activities follows:

**Change in Net Assets – Year Ended
June 30, 2007, 2008 & 2009
Table**

	Business - Type Activities		
	2007	2008	2009
<u>Operating Revenues</u>			
Charges for services	\$ 985,536	\$ 2,067,803	\$ 2,304,684
Total revenues	<u>\$ 985,536</u>	<u>\$ 2,067,803</u>	<u>\$ 2,304,684</u>
<u>Operating Expenses</u>			
Salaries and benefits	885,554	1,898,164	1,888,359
Professional services	34,545	97,955	230,420
Administration	62,912	60,546	131,525
Total expenses	<u>983,011</u>	<u>2,056,665</u>	<u>2,250,304</u>
Change in net assets	\$ 2,525	\$ 11,138	\$ 54,380
Beginning net assets	(8,309)	(5,784)	5,354
Ending net assets	<u>\$ (5,784)</u>	<u>\$ 5,354</u>	<u>\$ 59,734</u>

Business-Type Activities

Revenues of the Authority's operations (see Table 2) increased by 11.5 percent in FY2009 and by 110 percent in FY2008. Operating expenses increased by 9.4 percent in FY2009 from FY2008, and increased by 109 percent from FY2007 to FY2008.

LONG-TERM DEBT

At the end of the 2006 fiscal year, the Authority (JPA) ended its services agreements with the City of San Carlos. The Authority and the City determined that the Authority owed the City a net \$74,722 for Human Resources and Financial services provided by the City. The two parties agreed to a payment schedule, with the balance to be paid within two years of March 1, 2008, accruing interest at five percent per year. This note was paid in full during FY2008. Additional information on the Authority's long-term debt can be found in the notes to the accompanying basic financial statements.

BUDGET VERSUS ACTUAL PERFORMANCE

In FY2009, the primary reason for the variances from budget was the growth in client services during the fiscal year. This growth is reflected in revenues and expenditures significantly (28 percent and 27 percent, respectively) above budgeted levels. The budget was adopted anticipating a \$21,200 addition to net earnings. Client growth and controlled administrative expenditures resulted in a near tripling of the budgeted addition to net earnings.

	FY09 Budget	FY09 Actual	Variance
OPERATING REVENUES	\$ 1,789,200	\$ 2,304,684	\$ 515,484
Operating Expenditures			
Salaries & Benefits	1,498,059	1,888,359	(390,300)
Operating & Maintenance	269,900	361,945	(92,045)
TOTAL OPERATING EXPENSES	<u>1,767,959</u>	<u>2,250,304</u>	<u>(482,345)</u>
Net Addition/(Reduction) in net Assets	\$ 21,241	\$ 54,380	\$ 33,139

Future Financial Performance

No existing major client is anticipated to discontinue JPA services in fiscal year 2010. However, JPA support services remain structured so that changes in service demand can quickly adjust up or down to client needs. Therefore, we do not expect normal fluctuations in the number of clients or level of client services provided to significantly impact the JPA's financial position. Additional client growth has historically more than offset decreased revenue from projects completed during the year.

Since restructuring its administrative functions during fiscal year 2008, the JPA has experienced sustained financial performance. The JPA has been successful in adding new clients to replace completed client assignments. Management is not aware of any other commitments or conditions that may have a significant impact on the financial condition or operating results of the Authority after the date of the financial statements presented.

Contacting the Authority's Financial Management

This financial report is designed to provide our customers and creditors with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Chief Financial Officer, Regional Government Services Authority, PO Box 1350, Carmel Valley, CA 93924.

BASIC FINANCIAL STATEMENTS

REGIONAL GOVERNMENT SERVICES AUTHORITY

Statements of Net Assets

June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<u>Assets</u>		
Current assets:		
Cash and investments (note 2)	\$ 83,202	\$ 154,354
Accounts receivable	151,277	153,538
Prepaid insurance	98,589	-
Due from other governments	-	49,623
	<u>333,068</u>	<u>357,515</u>
 Total assets	 <u>333,068</u>	 <u>357,515</u>
 <u>Liabilities</u>		
Current liabilities:		
Accounts payable	100,781	117,642
Deferred revenue	38,372	60,375
Client deposits	20,000	20,000
Compensated absences - current portion (note 3)	<u>17,127</u>	<u>23,122</u>
 Total current liabilities	 <u>176,280</u>	 <u>221,139</u>
 Noncurrent liabilities:		
Compensated absences - long term (note 3)	<u>97,054</u>	<u>131,022</u>
 Total noncurrent liabilities	 <u>97,054</u>	 <u>131,022</u>
 Total liabilities	 <u>273,334</u>	 <u>352,161</u>
 <u>Net Assets</u>		
Net assets (deficit):		
Unrestricted	<u>59,734</u>	<u>5,354</u>
 Total net assets (deficit)	 <u>\$ 59,734</u>	 <u>\$ 5,354</u>

See accompanying notes to the basic financial statements.

REGIONAL GOVERNMENT SERVICES AUTHORITY
Statements of Revenues, Expenses and Changes in Net Assets
Years ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Operating revenues:		
Charges for services	\$ 2,304,684	\$ 2,067,803
Total operating revenues	<u>2,304,684</u>	<u>2,067,803</u>
Operating expenses:		
Salaries & benefits	1,888,359	1,898,164
Professional services	230,420	97,955
Administration	<u>131,525</u>	<u>60,546</u>
Total operating expenses	<u>2,250,304</u>	<u>2,056,665</u>
Change in net assets	<u>54,380</u>	<u>11,138</u>
Net assets (deficit) at beginning of year	<u>5,354</u>	<u>(5,784)</u>
Net assets (deficit) at end of year	<u>\$ 59,734</u>	<u>\$ 5,354</u>

See accompanying notes to the basic financial statements.

REGIONAL GOVERNMENT SERVICES AUTHORITY

Statements of Cash Flows

Years ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities:		
Cash received from customers	\$ 2,284,942	\$ 2,042,961
Cash paid to suppliers for goods and services	(477,395)	(95,276)
Cash paid to employees for services	<u>(1,928,322)</u>	<u>(1,845,030)</u>
Net cash provided by (used for) operating activities	<u>(120,775)</u>	<u>102,655</u>
Cash flows from noncapital financing activities:		
Cash received from other governments	49,623	-
Principal paid	<u>-</u>	<u>(74,722)</u>
Net cash provided by (used for) noncapital financing activities	<u>49,623</u>	<u>(74,722)</u>
Net increase (decrease) in cash and cash equivalents	(71,152)	27,933
Cash and cash equivalents at beginning of year	<u>154,354</u>	<u>126,421</u>
Cash and cash equivalents at end of year	<u>\$ 83,202</u>	<u>\$ 154,354</u>
Reconciliation of change in net assets to net cash provided by (used for) operating activities:		
Change in net assets	<u>\$ 54,380</u>	<u>\$ 11,138</u>
Adjustments to reconcile change in net asset to net cash provided by (used for) operating activities:		
(Increase) decrease in accounts receivable	2,261	(71,217)
(Increase) decrease in prepaid insurance	(98,589)	-
Increase (decrease) in accounts payable	(16,861)	63,225
Increase (decrease) in client deposits	-	20,000
Increase (decrease) in deferred revenue	(22,003)	26,375
Increase (decrease) in compensated absences	<u>(39,963)</u>	<u>53,134</u>
Total adjustments	<u>(175,155)</u>	<u>91,517</u>
Net cash provided by (used for) operating activities	<u>\$ (120,775)</u>	<u>\$ 102,655</u>

There were no noncash financing or investing activities for the periods ended June 30, 2009 and 2008.

See accompanying notes to the basic financial statements.

REGIONAL GOVERNMENT SERVICES AUTHORITY

Notes to the Basic Financial Statements

Years ended June 30, 2009 and 2008

(1) Summary of Significant Accounting Policies

Nature of Business

The Regional Government Services Authority (the "Authority") was organized March 1, 2001 under the provisions of the Joint Exercise of Powers Act of the Government Code of the State of California. The purpose of the Authority is to provide services for public agencies and other non-profit entities at reduced net costs.

Members of the Authority currently include the City of Larkspur and the Association of Bay Area Governments (ABAG). A two-member board consisting of one representative from each member controls the Authority. None of the member entities exercise specific control over budgeting and financing of the Authority's activities beyond their representation on the board. Accounting services are provided by McGilloway, Ray, Brown & Kaufman.

The following is a summary of the significant accounting policies of the Authority:

Basis of Accounting

The Authority is accounted for as an enterprise fund (proprietary fund type). A fund is an accounting entity with a self-balancing set of accounts established to record the financial position and results of operations of a specific governmental activity. The activities of enterprise funds closely resemble those of ongoing businesses in which the purpose is to conserve and add to basic resources while meeting operating expenses from current revenues. Enterprise funds account for operations that provide services on a continuous basis and are substantially financed by revenues derived from user charges. The Authority utilizes the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized as they are incurred.

The Authority applies all applicable GASB pronouncements in accounting and reporting for proprietary operations as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB's) of the Committee on Accounting Procedure.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash or so near their maturity that they present insignificant risk of changes in value because of changes in interest rates, and have an original maturity date of 3 months or less.

REGIONAL GOVERNMENT SERVICES AUTHORITY

Notes to the Basic Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

Receivables

The Authority did not experience any significant bad debt losses; accordingly, no provision has been made for doubtful accounts, and accounts receivable is shown at full value.

Compensated Absences

The Authority has a PTO (paid time off) policy in effect. It is the Authority's policy to permit employees to accumulate earned but unused vacation leave. Vacation hours can accrue up to a maximum of two times the annual allowable amount, subject to the individual employment agreement. The Authority pays all earned vacation pay upon termination. All accumulated vacation pay is recorded as an expense and a liability at the time the benefit is earned.

Use of Estimates

In preparing financial statements in conformity with generally accepted accounting principles, management makes estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain reclassifications and format changes have been made to prior year amounts to conform to the current year presentation.

(2) Cash and Investments

Cash and investments held by the Authority at June 30, 2009 consist of the following:

Deposits with financial institutions	\$ (34,542)
Investments	<u>117,744</u>
Total cash and investments	<u>\$83,202</u>

REGIONAL GOVERNMENT SERVICES AUTHORITY

Notes to the Basic Financial Statements

(Continued)

(2) Cash and Investments, (Continued)

Cash and investments held by the Authority at June 30, 2008 consist of the following:

Deposits with financial institutions	\$ 45,694
Investments	<u>108,660</u>
Total cash and investments	<u>\$ 154,354</u>

Investments Authorized by the California Government Code and the Authority's Investment Policy

The table below identifies the investment types that are authorized for California local governments by the California Government code. The Authority's investment policy is more restrictive as to investment vehicles permitted for use by the Authority. The table also identifies certain provisions of the California Government Code (or the Authority's investment policy, if more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

<u>Investment Types</u> <u>Authorized by State Law</u>	<u>Authorized</u> <u>By</u> <u>Investment</u> <u>Policy</u>	<u>*Maximum</u> <u>Maturity</u>	<u>*Maximum</u> <u>Percentage Of</u> <u>Portfolio</u>	<u>*Maximum</u> <u>Investment</u> <u>In One Issuer</u>
Local Agency Bonds	Yes	5 years	None	None
U.S. Treasury Obligations	Yes	5 years	None	None
U.S. Agency Securities	Yes	5 years	None	None
Banker's Acceptances	No	180 days	40%	30%
Commercial Paper	No	270 days	25%	10%
Negotiable Certificates of Deposit	Yes	5 years	25%	None
Repurchase Agreements	No	1 year	None	None
Reverse Repurchase Agreements	No	92 days	20% of base value	None
Medium-Term Notes	No	5 years	30%	None
Mutual Funds	No	N/A	20%	10%
Money Market Mutual Funds	No	N/A	20%	10%
Mortgage Pass-Through Securities	No	5 years	20%	None
County Pooled Investment Funds	Yes	N/A	None	None
Local Agency Investment Fund (LAIF)	Yes	N/A	40 million	None

*Based on state law requirements or investment policy requirements, whichever is more restrictive.

REGIONAL GOVERNMENT SERVICES AUTHORITY

Notes to the Basic Financial Statements

(Continued)

(2) Cash and Investments, (Continued)

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Authority manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the Authority's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the Authority's investments by maturity for year ended June 30, 2009:

<u>Investment Type</u>	<u>Total</u>	<u>Remaining Maturing (in Months)</u>			
		<u>12 Months Or Less</u>	<u>13 to 24 Months</u>	<u>25 to 60 Months</u>	<u>More Than 60 Months</u>
State investment pool (LAIF)	<u>\$117,144</u>	<u>117,144</u>	<u>-</u>	<u>-</u>	<u>-</u>

Information about the sensitivity of the fair values of the Authority's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the Authority's investments by maturity for year ended June 30, 2008:

<u>Investment Type</u>	<u>Total</u>	<u>Remaining Maturing (in Months)</u>			
		<u>12 Months Or Less</u>	<u>13 to 24 Months</u>	<u>25 to 60 Months</u>	<u>More Than 60 Months</u>
State investment pool (LAIF)	<u>\$108,660</u>	<u>108,660</u>	<u>-</u>	<u>-</u>	<u>-</u>

REGIONAL GOVERNMENT SERVICES AUTHORITY

Notes to the Basic Financial Statements

(Continued)

(2) Cash and Investments, (Continued)

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Presented below is the minimum rating required by (where applicable) the California Government Code, the Authority's investment policy, or debt agreements, and the actual rating as of year end June 30, 2009 for each investment type was as follows.

<u>Investment Type</u>	<u>Total</u>	<u>Minimum Legal Rating</u>	<u>Exempt From Disclosure</u>	<u>Rating as of Year End</u>		
				<u>AAA</u>	<u>Aa</u>	<u>Not Rated</u>
State investment pool	<u>\$117,144</u>	N/A	<u>-</u>	<u>-</u>	<u>-</u>	<u>117,144</u>

Presented below is the minimum rating required by (where applicable) the California Government Code, the Authority's investment policy, or debt agreements, and the actual rating as of year end June 30, 2008 for each investment type was as follows.

<u>Investment Type</u>	<u>Total</u>	<u>Minimum Legal Rating</u>	<u>Exempt From Disclosure</u>	<u>Rating as of Year End</u>		
				<u>AAA</u>	<u>Aa</u>	<u>Not Rated</u>
State investment pool	<u>\$108,660</u>	N/A	<u>-</u>	<u>-</u>	<u>-</u>	<u>108,660</u>

Concentration of Credit Risk

The investment policy of the Authority contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments in any one issuer that represent 5% or more of total Authority investments for fiscal years ended June 30, 2009 and 2008, respectively.

REGIONAL GOVERNMENT SERVICES AUTHORITY

Notes to the Basic Financial Statements

(Continued)

(2) Cash and Investments, (Continued)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Authority's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure Authority deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

Investment in State Investment Pool

The Authority is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the Authority's investment in this pool is reported in the accompanying financial statements at amounts based upon the Authority's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

REGIONAL GOVERNMENT SERVICES AUTHORITY

Notes to the Basic Financial Statements

(Continued)

(3) Long-Term Debt

The following is a schedule of changes in long-term liabilities for the year ended June 30, 2009:

	Balance at July 1, 2008	Additions	Deletions	Balance at June 30, 2009	Portion Due Within One Year
Compensated absences	<u>154,144</u>	<u>35,834</u>	<u>75,797</u>	<u>114,181</u>	<u>17,127</u>
Total	<u>\$154,144</u>	<u>35,834</u>	<u>75,797</u>	<u>114,181</u>	<u>17,127</u>

The following is a schedule of changes in long-term liabilities for the year ended June 30, 2008:

	Balance at July 1, 2007	Additions	Deletions	Balance at June 30, 2008	Portion Due Within One Year
Note Payable:					
City of San Carlos	<u>\$ 74,722</u>	<u>-</u>	<u>74,722</u>	<u>-</u>	<u>-</u>
Subtotal	<u>74,722</u>	<u>-</u>	<u>74,722</u>	<u>-</u>	<u>-</u>
Compensated absences	<u>101,010</u>	<u>66,725</u>	<u>13,591</u>	<u>154,144</u>	<u>23,122</u>
Subtotal	<u>101,010</u>	<u>66,725</u>	<u>13,591</u>	<u>154,144</u>	<u>23,122</u>
Total	<u>\$175,732</u>	<u>66,725</u>	<u>88,313</u>	<u>154,144</u>	<u>23,122</u>

Note Payable to City of San Carlos

The contract for services between the Authority and the City of San Carlos was mutually terminated as of July 1, 2006. Upon termination of services, the Authority was to pay the City of San Carlos \$74,722, payable over 3 years. The note called for a schedule of principal payments beginning March 1, 2008, and interest to be paid on the remaining balance accrued as of March 1, 2007, at an interest rate of 5% per annum. The note was paid off ahead of schedule, during the fiscal year ended June 30, 2008.

REGIONAL GOVERNMENT SERVICES AUTHORITY

Notes to the Basic Financial Statements

(Continued)

(4) Deferred Compensation Plans

The Authority has established a deferred compensation plan in accordance with Internal Revenue Code Section 457(b), whereby employees may elect to defer portions of their compensation in a self-directed investment plan for retirement. Plan assets are invested in each individual's name with a deferred compensation plan provider. Distributions are made upon the participant's termination, retirement, death or total disability, and in a manner in accordance with the election made by the participant. All employees are eligible for plan participation.

The Authority believes it has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The Authority has formally established a trust in accordance with Internal Revenue Code Section 457(g) for all of its deferred compensation plans to provide protection from the claims of the employer's general creditors. Accordingly deferred compensation assets placed in the trust are not reflected in these financial statements.

The Authority has also established a defined contribution plan in accordance with Internal Revenue Code Section 401(a), for the employer's qualified retirement plan. The employer contributes 10% of the employees' salary to the employee's self-directed investment plan for retirement. The employer may also match employee contributions up to 5% on behalf of the employee subject to individual employment agreement. Plan assets are invested in each individual's name with the defined contribution plan provider. Distributions are made upon the participant's termination, retirement, death or total disability, and in a manner in accordance with the election made by the participant.

The Authority believes it has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The Authority has formally established a trust in accordance with Internal Revenue Code Section 401(f) for its defined contribution plan to provide protection from the claims of the employer's general creditors. Accordingly defined contribution assets placed in the trust are not reflected in these financial statements.

REGIONAL GOVERNMENT SERVICES AUTHORITY

Notes to the Basic Financial Statements

(Continued)

(5) Liability, Insured Programs and Workers' Compensation Protection

Description of Self-Insurance Pool Pursuant to Joint Powers Agreement

The Authority is a member of the California Joint Powers Insurance Authority (Cal JPIA). Cal JPIA is composed of 122 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of Cal JPIA is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other coverages. Cal JPIA's pool began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a 9-member Executive Committee.

Self-Insurance Programs of the Authority

General Liability Each member government pays a primary deposit to cover estimated losses for a fiscal year (claims year). After the close of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Claims are pooled separately between police and non-police. Costs are allocated to members by the following methods within each of the four layers of coverage: (1) the first \$30,000 of each occurrence is charged directly to the member's primary deposit; (2) costs from \$30,000 to \$750,000 and the loss development reserves associated with losses up to \$750,000 are pooled based on the member's share of losses under \$30,000; (3) losses from \$750,000 to \$2,000,000 and the associated loss development reserves are pooled based on payroll; (4a) costs of covered claims from \$2,000,000 to \$50,000,000 are paid under reinsurance and excess insurance policies (4b) subject to a \$3,000,000 annual aggregate deductible (4c) and a quota-sharing agreement whereby Cal JPIA is financially responsible for 40% of losses occurring within the \$2,000,000 to \$10,000,000 layer. The costs associated with 4a-c are estimated using actuarial models and pre-funded as part of the primary and retrospective deposits.

The overall policy limit for each member including all layers of coverage is \$50,000,000 per occurrence. Costs of covered claims for subsidence losses are paid by excess insurance with the following sub-limits per member: \$25,000,000 per occurrence with a \$15,000,000 annual aggregate.

REGIONAL GOVERNMENT SERVICES AUTHORITY

Notes to the Basic Financial Statements

(Continued)

(5) Liability, Insured Programs and Workers' Compensation Protection, (Continued)

Workers' Compensation The Authority also participates in the workers' compensation pool administered by Cal JPIA. Each member pays a primary deposit to cover estimated losses for a fiscal year (claims year). After the close of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Claims are pooled separately between public safety and non-public safety. Costs are allocated to members by the following methods within each of the four layers of coverage: (1) the first \$50,000 of each loss is charged directly to the member's primary deposit; (2) losses from \$50,000 to \$100,000 and the loss development reserve associated with losses up to \$100,000 are pooled based on the member's share of losses under \$50,000; (3) losses from \$100,000 to \$2,000,000 and the loss development reserves associated with those losses are pooled based on payroll; (4) losses from \$2,000,000 up to statutory limits are paid under an excess insurance policy. Protection is provided per statutory liability under California Workers' Compensation law.

Employer's Liability losses are pooled among members to \$2,000,000, coverage from \$2,000,000 to \$4,000,000 is purchased as part of an excess insurance policy, and losses from \$4,000,000 to \$10,000,000 are pooled among members.

Purchased Insurance

Property Insurance The Authority participates in the all-risk property protection program of Cal JPIA. This insurance protection is underwritten by several insurance companies. The Authority property is currently insured according to a schedule of covered property submitted by the Authority to the Cal JPIA. The Authority property currently has all-risk property insurance protection in the amount of \$0. There is a \$5,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$1,000 deductible. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

Earthquake and Flood Insurance The Authority purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Cal JPIA. There is a deductible of 5% of value with a minimum deductible of \$100,000. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

Crime Insurance The Authority purchases crime insurance coverage in the amount of \$1,000,000 with a \$2,500 deductible. The fidelity coverage is provided through the Cal JPIA. Premiums are paid annually and are not subject to retroactive adjustments.

REGIONAL GOVERNMENT SERVICES AUTHORITY

Notes to the Basic Financial Statements

(Continued)

(5) Liability, Insured Programs and Workers' Compensation Protection, (Continued)

Adequacy of Protection

During the past three fiscal (claims) years, none of the above programs of protection have had settlements or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability coverage from coverage in the prior year.

(6) Post Employment Benefit Plan

Employees who retire from the Authority with 10 years of service are eligible to receive health care benefits covering themselves and any qualified members. The Authority pays 100% of the single rate premium charged to active employees under a health benefit plan administered by the Public Employee's Retirement System (PERS) in which the individual is able to select, on an annual basis, an insurance carrier from a number of insurance carriers. There were no expenses for post-employment health care benefits for fiscal years 2009 and 2008, respectively.

(7) Governmental Accounting Standards Board Statements Issued, Not Yet Effective

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2009, that have effective dates that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following statements may have on the Authority's future financial statements.

Governmental Accounting Standards Board Statement No. 45

In June 2004, the GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This Statement establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of state and local government employers. This statement is not effective until June 30, 2010. The Authority anticipates that the effect of this statement will not be significant to its financial statement presentation. As noted in note 6, the Authority has not had any OPEB expenses nor does management expect any OPEB expenses in the next 12 months, since the total of employees is small and the vesting period is 10 years. Therefore the Authority has not established a trust or funded a reserve.



LOCAL AND REGIONAL GOVERNMENT SERVICES AUTHORITIES

Providing Solutions to California Public Agencies

P.O. Box 1350 · Carmel Valley, CA 93924 · 650.587.7300

TO: BOARD OF DIRECTORS
FROM: RICHARD H. AVERETT, Executive Director
SUBJECT: **ADOPTION OF FY2011 BUDGET**

BOD Meeting: 6-10-10
Item: 4B

RECOMMENDATION

Adoption of the Proposed FY2011 Budget.

BACKGROUND

The Fiscal Year (FY) 2011 proposed budget has been prepared in accordance with direction provided by the Executive Committee and Board of Directors. The budget is presented in the Profit and Loss (P&L) format provided to the Executive Committee at their regular meetings. Several budget assumptions have been made in developing the budget. They are:

1. Each JPA's budget is prepared separately, with RGS providing most operational services and all administrative staffing. Therefore, LGS reimburses RGS for administrative/overhead costs.
2. Client expenditures and reimbursement revenues for existing and potential clients are not budgeted in the next fiscal year unless there is a very high likelihood the "potential" business will be realized.
3. Costs are budgeted fully, and revenues are budgeted in accordance with client contracts.

FY2009 FINANCIAL PERFORMANCE

The LGS and RGS FY2009 budgets were adopted with projected addition to retained earnings of \$128,600 and \$21,200 respectively. At this time last year, estimated year-end performance was anticipated to yield a gain of \$296,800 and \$33,100 or a combined addition to retained earnings of \$329,900. Audited results show LGS adding \$278,316 and RGS adding \$54,380 for a net combined addition to retained earnings of \$333,100 in FY2009.

FY2010 FINANCIAL PERFORMANCE

The LGS and RGS FY2009 budgets were adopted with projected addition to retained earnings of \$263,800 and \$68,500 respectively. During the fiscal year, the Executive Committee was advised that performance would significantly exceed budget. Year-end accruals have not been posted, but estimates have been inserted in the LGS and RGS budgets in order to better estimate net retained earnings. Current year-end performance is estimated to add \$417,400 and \$235,300 or \$652,700 combined addition to retained earnings.

This year's continued financial success is noteworthy because administrative expenses have increased for accounting, HR and IT services to support client needs, while billing rates were again reduced on a per person basis. This year's performance confirms the conclusion of the last two years: Providing scalable services to public agencies and sharing the savings of economies of scale with our clients, can be done affordably and sustainably.

FY2011 PROPOSED BUDGET

The proposed FY2011 budget is balanced, with revenues exceeding expenditures by a combined \$557,400. All major clients (those for whom the JPAs assign multiple staff), except C-IV, are budgeted to remain JPA clients through the fiscal year. Several new clients and additional client services were added during FY2010 that are budgeted to continue in FY2011. One new client, Marin Energy Authority, was added late in the year and is not budgeted in FY2011 at its full expected 20.5-position strength. Another new client, Ventura County Organized Health Care System, is at the final agreement drafting stage. Therefore, it is not budgeted in FY2011. Should this project be successful it will result in forty additional positions.

Administrative support services are provided by the Executive Director/CFO, an hourly Director of Human Resources and Administrative Assistant, and contract financial, administrative support and technology services. Administrative initiatives for the coming year included the following:

- 1) Increase part-time administrative staffing to better support recent growth in clients and employees.
- 2) Implement the new STARS defined contribution plans.
- 3) Update Financial Policies and Procedures.
- 4) Contract with one new major (four or more assigned personnel) client.



LOCAL AND REGIONAL GOVERNMENT SERVICES AUTHORITIES

Providing Solutions to California Public Agencies

P.O. Box 1350 · Carmel Valley, CA 93924 · 650.587.7300

TO: BOARD OF DIRECTORS
FROM: RICHARD H. AVERETT, CFO/Treasurer
SUBJECT: INVESTMENT POLICY - UPDATE

EC Meeting: 6-10-10
Item: 4C

RECOMMENDATION

Approve the proposed investment policy update.

BACKGROUND

The Agencies adopted a new investment policy June 14, 2007. Each year the Board reviews proposed updates to the policy. The latest changes were made at their June 10, 2009 meeting, when the Board approved changes to allow for investment of Agencies' assets with CalTrust, an investment JPA for California local governments, and to add an additional authorized Official for the Authority.

The policy document still maintains significantly narrow investment options as recommended several years ago by Chandler Asset Management, a well-respected investment management firm, due to limited funds available for investment. The policy limits investments to a collateralized sweep with our bank, highly liquid and secure pooled investments with Local Agencies Investment Fund and CalTrust, and timed deposits (such as non-negotiable CDs).

The Investment Policy also discusses investment objectives and internal controls.

PROPOSED CHANGES

The Investment Policies of both Local Government Services and Regional Government Services have always been identical and this document combines the two policies into one document.

The Agencies are now in a position to invest in securities that pay higher yields because more funds are available to invest in longer maturities and in larger amounts than our previous cash flow or volume permitted. By allowing investment in U.S. Treasuries or other obligations of the U.S. government, the JPAs can increase yield while risking only market valuation fluctuation. Brokerage fees are typically low, but minimum purchases are often in \$500,000 increments and durations are often one year to five years.

Another proposed change is to allow the purchase of other California governments' debt. This investment is also specifically permitted under California Code, Section 53601.7 e. Fees are typically high and may include financial advisors, bond counsel and rating services.

A third investment alternative is relatively unique to the JPAs and has higher returns and minimal, if any, fees. Since the JPAs provide reimbursable services to other public agencies, the JPAs can 'advance' the cost of services under prescribed terms. In effect, the JPAs can loan clients the amount of the receivable and charge an interest rate commensurate with the market and risks. Prior to this arrangement, both parties would agree to maximum amount, interest rate, repayment terms and adequate collateral.

To a limited degree, all agencies do this already with a finance charge on overdue receivables. The JPAs go a little further with one current client that is funded by State reimbursements. The payment process is slow, so both parties have agreed to a finance charge for normal delays. The agreement also contemplates State fiscal crises and sets terms for prolonged payment delays. A new client (Ventura COHS) may need start-up capital and the JPAs have proposed advancing the cost of JPA services. Those discussions are in-process. If this or other similar arrangements are made the JPA could significantly increase net yield on investible assets, with controlled risks.

More probable is that the JPA will not have these opportunities to invest in client receivables, in loans to other, non-client, public agencies, or choose to invest in longer-term U.S. Treasury and Agencies notes. But having these options allows flexibility to achieve safe, higher yielding returns on available cash.

FISCAL IMPACT

There is no fiscal impact of updating this policy except to allow for increased yield on cash available for investment. Investment earnings for the year are expected to be \$600 below the current year's budgeted amount of \$16,500.

LOCAL AND REGIONAL GOVERNMENT SERVICES AUTHORITIES INVESTMENT POLICY

June 10, 2010

I. INTRODUCTION

This statement will identify various policies and procedures that will foster a prudent and systematic investment program as well as organize and formalize investment related activities. The related activities which comprise good cash management include:

- Accurate cash projections;
- Timely collection of revenues;
- Control of disbursements;
- Cost-effective banking and financial services; and
- Adherence to a system of internal controls.

In accordance with the LOCAL & REGIONAL GOVERNMENT SERVICES AUTHORTIES Joint Powers Agreements as Amended and under authority granted by the Agencies' Board of Directors, the Agency Treasurer is responsible for investing the unexpended cash.

The investment of the funds of the LOCAL & REGIONAL GOVERNMENT SERVICES AUTHORTIES is directed to the goals of safety, liquidity and yield. The authority governing investments for municipal governments is set forth in the California Government Code, Sections 53601 through 53659.

II. SCOPE

This policy applies to all financial assets and investment activities of the LOCAL & REGIONAL GOVERNMENT SERVICES AUTHORTIES.

III. OBJECTIVES

Safety of Principal: The primary objective of this policy is to protect, preserve and maintain the cash and investments of the Authorities. Each investment transaction shall seek to ensure that capital losses are avoided, whether from securities default, broker-dealer default or erosion of market value. The Agencies shall seek to preserve principal by mitigating the two types of risk: credit risk and market risk.

Credit risk, defined as the risk of loss due to failure of the issuer of a security, shall be mitigated by investing in investment grade securities and by diversifying the investment portfolio so that the failure of any one issuer does not unduly harm the Agencies' capital base and cash flow.

Market risk, defined as market value fluctuations due to overall changes in the general level of interest rates, shall be mitigated by limiting the average maturity of the Agencies' investment portfolio to two years, the maximum maturity of any one security to five years, structuring the portfolio based on historic and current cash flow analysis eliminating the need to sell securities prior to maturity and avoiding the purchase of long term securities for the sole purpose of short term speculation. Investments shall be placed in those securities as outlined by type and maturity sector in this document. Effective cash flow management and resulting cash investment practices are recognized as essential to good fiscal management and control. The Agencies' portfolio shall be designed and managed in a manner responsive to the public trust and consistent with state and Agency policy. Portfolio management requires continual analysis and as a result the balance between the various investments and maturities may change in order to give the LOCAL & REGIONAL GOVERNMENT SERVICES AUTHORTIES the optimum combination of necessary liquidity and optimal yield based on cash flow projections.

Liquidity: An adequate amount of the portfolio will be maintained in liquid short-term securities which can be converted to cash, as necessary, to meet disbursement requirements. This amount will be determined from projected cash flow trends and disbursement requirements. Investments will be made in securities with active secondary or resale markets. Securities with low market risk will be emphasized. The Agencies' investment portfolio will remain sufficiently liquid to enable the Agencies to meet all reasonably anticipated operating requirements.

Yield

Within the constraints of safety and liquidity, the highest and best return will be sought. Because the portfolio is too small to allow investments in significant long-term purchases, the objective will be to maximize yield, taking into account risk constraints of the Authorities, cash flow characteristics of the portfolio and compliance with state and federal regulations.

Prudence

The standard to be used by investment officials shall be that of a "prudent investor" and shall be applied in the context of managing all aspects of the overall portfolio. When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the Agencies, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the Agencies. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law. (Government Code Section 53600.3)

It is the Agencies' full intent, at the time of purchase, to hold all investments until maturity to ensure the return of all invested principal dollars. However, it is realized that market prices of securities will vary depending on economic and interest rate conditions at any point in time. It is further recognized that in a well-diversified investment portfolio, occasional measured losses are inevitable due to economic, bond market or individual security credit analysis. These occasional losses must be considered within the context of the overall investment program objectives and the resultant long-term rate of return.

The Agencies Treasurer and other individuals assigned to manage the investment portfolio, acting within the intent and scope of the investment policy and other written procedures and exercising due diligence, shall be relieved of personal responsibility and liability for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely manner and appropriate action is taken to control adverse developments.

IV. INVESTMENT INSTRUMENTS AND MATURITIES

Permitted Investments

Investments will be within statutory limits imposed by Government Code Section 53601, as further limited herein.

1. Local Agencies Investment Fund (LAIF) which is a State of California managed investment pool, Investment Trust of California (the CalTRUST JPA pool) which is a joint powers authority under the provision of Title 1, Division 7, Chapter 5 of the California Government Code, and California county investment pools, may be used up to the maximum permitted by California State Law.
2. Time deposits, non-negotiable and collateralized in accordance with the California Government Code, may be purchased through banks or savings and loan associations. Since time deposits are not liquid, no more than 25% of the investment portfolio may be invested in this investment type.

3. Various daily money market or sweep account funds administered for or by trustees, paying agents and custodian banks contracted by the LOCAL & REGIONAL GOVERNMENT SERVICES AUTHORTIES may be purchased as allowed under State of California Government Code. Only funds holding U.S. Treasury or Government Agency obligations can be utilized.
4. Direct obligations of the United States Treasury or any other obligation guaranteed as to principal and interest by the United States government, per CA Code 53601.7 e(1).
5. Bonds, notes, warrants, or other indebtedness of the local agency, or any local agencies within this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agencies, or by a department, board, Agencies, or authority of the local Agencies, per CA Code 53601.7 e(4).
6. Local and Regional Government Services Authorities receivables.

The following summary of maximum percentage limits, by instrument, is established for the Agencies' total portfolio. Maturities of investments will be selected based on liquidity requirements to minimize interest rate risk and maximize earnings.

<u>Investment Type</u>	<u>Percentage/Amount</u>
Local Agencies Investment Fund	\$0 to \$40,000,000 per account
CalTrust and County Pools	0% to 100%
Time Certificates of Deposit	0% to 25%
Sweep Accounts – not applicable	0% to 100%
U.S. Government Obligations	0% to 25%
California Agencies' Indebtedness	0% to 75%, limited to one year maturity
JPA Receivables	0% to 75%, limited to one year maturity

Excluded Investments

Ineligible investments are those that are not described herein, including but not limited to: common stocks; long term (over five years in maturity) notes and bonds; Reverse Repurchase Agreements; financial futures and financial options, inverse floaters, range notes, or interest-only strips that are derived from a pool of mortgages; any derivative security that could result in a zero interest accrual if held to maturity; and Guaranteed Small Business Administration (SBA) notes.

V. PERFORMANCE EVALUATION

The Agencies' investment portfolio is designed to attain safety and liquidity, with the rate of return being maximized while taking into account risk constraints of the Authorities, cash flow characteristics of the portfolio and compliance with state and federal regulations. Therefore, the Agencies are not establishing a benchmark because to do so would be impractical given the limited excess funds available for investment in longer-term, higher-yielding securities and the Authorities' liquidity needs.

Investment performance is monitored and evaluated by the Agencies' Executive Committees. Performance statistics and activity reports are generated on a quarterly basis for presentation to the Agencies' Executive Committees at their regularly scheduled meetings. Annually, a statement of investment policy, and any proposed changes to the policy, will be rendered to the Agencies' Boards of Directors for Board consideration at a public meeting.

VI. AUTHORITY TO INVEST MONIES

Government Code sections 53600 through 53601.6 provide legal authorization for investment of the funds of local agencies. All investments of the authority shall conform to the restrictions of those laws. LOCAL & REGIONAL GOVERNMENT SERVICES AUTHORTIES' Boards of Directors hereby assign responsibility for investing unexpended cash to the Agencies' Treasurer, who shall establish procedures for the operation consistent with this investment policy.

VII. ETHICS AND CONFLICTS OF INTEREST

Officers and employees involved in the investment process shall refrain from personal business activity that conflicts with proper execution of the investment program, or impairs their ability to make impartial investment decisions. Additionally the Treasurer/CFO and other Agency officials authorized to approve investment transactions are required to annually file applicable financial disclosures as required by the Fair Political Practices Commission (FPPC).

VIII. INTERNAL CONTROL

A system of internal controls shall be established and maintained in written form. These controls shall be designed to prevent losses of public funds arising from fraud, error, misrepresentation of third parties, unanticipated changes in financial markets, or imprudent actions by employee/offers of the Authority. The most important controls are: control of collusion, separation of duties, separation of transaction authority from accounting and bookkeeping, custodial safekeeping, delegation of authority, limitations regarding securities losses and remedial action, written confirmation of telephone transactions, minimization of the number of authorized investment officials, documentation of transactions and strategies, and annual review of controls by the Treasurer.

In recognition of the Agencies' current limited investment staffing (one primary person plus one backup staff member) and limited funds to invest (less than two million dollars), the Agencies rely more heavily on: separation of wire transfer preparation and approval of funds duties between the Agencies' outside Accountant and the Agencies' staff Treasurer; Executive Committee quarterly reviews of investments; annual independent audit of investments and investment transactions; and on an extremely conservative investment strategy that reduces risks associated with frequent investment transaction, negotiated investments, and with complex transactions. The Authority's investment products will be limited by this policy until such time that funds available to invest are sufficient to enable longer-term commitments. Proper documentation obtained from confirmation and cash disbursement wire transfers is required for each investment transaction. Timely bank reconciliation is conducted to ensure proper handling of all transactions.

The investment portfolio and all related transactions are reviewed and balanced to appropriate general ledger accounts by the Agencies' contract Accountant on a monthly basis. An independent analysis by an external auditor shall be conducted annually to review internal control, account activity and compliance with policies and procedures.

IX. REPORTING

The Agencies' Treasurer shall render quarterly reports to the Agencies Executive Committee. These reports shall include the face amount of the cash investment, the classification of the investment, the name of the institution or entity, the rate of interest, the maturity date, the current market value and accrued interest due for all securities. At the annual Boards of Directors meeting, the investment policy shall be submitted to the Boards for review and adoption.

X. BANKS AND SECURITIES DEALERS

In selecting financial institutions for the deposit or investment of Authority funds, the Treasurer shall consider their credit worthiness. The Treasurer shall continue to monitor their credit characteristics and financial history throughout the period in which Authority funds are deposited or invested. A commercial rating or bank watch service may be used to accomplish this objective.

Financial institutions/investment managers shall annually sign a certification form attesting that the individual responsible for the Authority's account with that firm has reviewed and understands the investment policy and intends to present only those investment transactions appropriate under the policy.

XI. LEGISLATIVE CHANGES

Any State of California legislative action that further restricts allowable maturities, investment type, or percentage allocations will be incorporated into the LOCAL & REGIONAL GOVERNMENT SERVICES AUTHORTIES' Investment Policy and supersedes any and all previous applicable language.

XII. LIMITING MARKET VALUE EROSION

The longer the maturity of securities, the greater their market price volatility. Therefore, it is the general policy of the Agencies to limit the potential effects from erosion in market values by adhering to the following guidelines:

- All immediate and anticipated liquidity requirements will be addressed prior to purchasing all investments.
- Maturity dates for long-term investments will coincide with significant cash flow requirements where possible, to assist with short term cash requirements at maturity.
- All long-term securities will be purchased with the intent to hold all investments to maturity under then prevailing economic conditions. However, economic or market conditions may change, making it in the Agencies' best interest to sell or trade a security prior to maturity.

XIII. PORTFOLIO MANAGEMENT ACTIVITY

The investment program shall seek to augment returns consistent with the intent of this policy, identified risk limitations and prudent investment principals. These objectives will be achieved by use of the following strategies:

Active Portfolio Management. Through active fund and cash flow management, taking advantage of current economic and interest rate trends, the portfolio yield may be enhanced with limited and measurable increases in risk by extending the weighted maturity of the total portfolio.

Portfolio Maturity Management. When structuring the maturity composition of the portfolio, the Agencies shall evaluate current and expected interest rate yields and necessary cash flow requirements. It is recognized that in normal market conditions longer maturities produce higher yields. However, the securities with longer maturities also experience greater price fluctuations when the level of interest rates change.

XIV. POLICY REVIEW

The LOCAL & REGIONAL GOVERNMENT SERVICES AUTHORTIES' investment policy shall be adopted by the Agencies' Boards of Directors on an annual basis. This investment policy shall be reviewed at least annually to ensure its consistency with the overall objectives of preservation of principal, liquidity and yield, and its relevance to current law and financial and economic trends. Any amendments to the policy shall be forwarded to Agencies Boards of Directors for approval.

Glossary of Terms

Accrued Interest- Interest earned but not yet received.

Active Deposits- Funds which are immediately required for disbursement.

Amortization- An accounting practice of gradually decreasing (increasing) an asset's book value by spreading its depreciation (accretion) over a period of time.

Asked Price- The price a broker dealer offers to sell securities.

Basis Point- One basis point is one hundredth of one percent (.01).

Bid Price- The price a broker dealer offers to purchase securities.

Bond- A financial obligation for which the issuer promises to pay the bondholder a specified stream of future cash flows, including periodic interest payments and a principal repayment.

Bond Swap – Selling one bond issue and buying another at the same time in order to create an advantage for the investor. Some benefits of swapping may include tax-deductible losses, increased yields, and an improved quality portfolio.

Book Entry Securities – Securities, such stocks held in “street name,” that are recorded in a customer’s account, but are not accompanied by a certificate. The trend is toward a certificate-free society in order to cut down on paperwork and to diminish investors’ concerns about the certificates themselves. All the large New York Agencies banks, including those that handle the bulk of the transactions of the major government securities dealers, now clear most of their transactions with each other and with the Federal Reserve through the use of automated telecommunications and the “book-entry” custody system maintained by the Federal Reserve Bank of New York. These banks have deposited with the Federal Reserve Bank a major portion of their government and Agencies securities holdings, including securities held for the accounts of their customers or in a fiduciary capacity. Virtually all transfers for the account of the banks, as well as for the government securities dealers who are their clients, are now affected solely by bookkeeping entries. The system reduces the costs and risks of physical handling and speeds the completion of transactions.

Bearer and Registered Bonds - In the past, bearer and registered bonds were issued in paper form. Those still outstanding may be exchanged at any Federal Reserve Bank or branch for an equal amount of any authorized denomination of the same issue. Outstanding bearer bonds are interchangeable with registered bonds and bonds in “book-entry” form. That is, the latter exist as computer entries only and no paper securities are issued. New bearer and registered bonds are no longer being issued. Since August 1986, the Treasury’s new issues of marketable notes and bonds are available in book-entry form only. All Treasury bills and more than 90% of all other marketable securities are now in book-entry form. Book-entry obligations are transferable only pursuant to regulations prescribed by the Secretary of the Treasury.

Book Value- The value at which a debt security is shown on the holder's balance sheet. Book value is acquisition cost less amortization of premium or accretion of discount.

Broker – In securities, the intermediary between a buyer and a seller of securities. The broker, who usually charges a commission, must be registered with the exchange in which he or she is trading, accounting for the name registered representative.

Certificate of Deposit- A deposit insured up to \$100,000 by the FDIC at a set rate for a specified period of time.

Collateral- Securities, evidence of deposit or pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposit of public moneys.

Comprehensive Annual Financial Report (CAFR) - The annual financial report for multi-fund municipal agencies. It includes five combined statements and basic financial statements for each individual fund and account group prepared in conformity with Generally Accepted Accounting Principals (GAAP).

Constant Maturity Treasury (CMT) - An average yield of a specific Treasury maturity sector for a specific time frame. This is a market index for reference of past direction of interest rates for the given Treasury maturity range.

Coupon- The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value.

Credit Analysis- A critical review and appraisal of the economic and financial conditions or of the ability to meet debt obligations.

Current Yield- The interest paid on an investment expressed as a percentage of the current price of the security.

Custody- A banking service that provides safekeeping for the individual securities in a customer's investment portfolio under a written agreement which also calls for the bank to collect and pay out income, to buy, sell, receive and deliver securities when ordered to do so by the principal.

Delivery vs. Payment (DVP) - Delivery of securities with a simultaneous exchange of money for the securities.

Discount- The difference between the cost of a security and its value at maturity when quoted at lower than face value.

Diversification- Dividing investment funds among a variety of securities offering independent returns and risk profiles.

Duration- The weighted average maturity of a bond's cash flow stream, where the present value of the cash flows serve as the weights; the future point in time at which on average, an investor has received exactly half of the original investment, in present value terms; a bond's zero-coupon equivalent; the fulcrum of a bond's present value cash flow time line.

Fannie Mae- Trade name for the Federal National Mortgage Association (FNMA), a U.S. sponsored corporation.

Federal Reserve System- The central bank of the U.S. that consists of a seven member Board of Governors, 12 local banks and 5,700 commercial banks that are members.

Federal Deposit Insurance Corporation (FDIC) - Insurance provided to customers of a subscribing bank that guarantees deposits to a set limit (currently \$100,000) per account.

Fed Wire- A wire transmission service established by the Federal Reserve Bank to facilitate the transfer of funds through debits and credits of funds between participants within the Fed system.

Freddie Mac- Trade name for the Federal Home Loan Mortgage Corporation (FHLMC), a U.S. sponsored corporation.

Ginnie Mae- Trade name for the Government National Mortgage Association (GNMA), a direct obligation bearing the full faith and credit of the U.S. Government.

Inactive Deposits- Funds not immediately needed for disbursement.

Interest Rate- The annual yield earned on an investment, expressed as a percentage.

Investment Agreements- An agreement with a financial institution to borrow public funds subject to certain negotiated terms and conditions concerning collateral, liquidity and interest rates.

Liquidity- Refers to the ability to rapidly convert an investment into cash.

Market Value- The price at which a security is trading and could presumably be purchased or sold.

Maturity- The date upon which the principal or stated value of an investment becomes due and payable.

Negotiable CD- An uncollateralized CD issued by a large banking institution which trades in the secondary market. Minimum size is \$1 million, but most are much larger.

New Issue- Term used when a security is originally "brought" to market.

Perfected Delivery- Refers to an investment where the actual security or collateral is held by an independent third party representing the purchasing entity.

Portfolio- Collection of securities held by an investor.

Primary Dealer- A group of government securities dealers that submit daily reports of market activity and security positions held to the Federal Reserve Bank of New York and are subject to its informal oversight.

Purchase Date- The date in which a security is purchased for settlement on that or a later date.

Rate of Return- The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond or the current income return.

Repurchase Agreement (REPO) - A transaction where the seller (bank) agrees to buy back from the buyer (Agencies) the securities at an agreed upon price after a stated period of time.

Reverse Repurchase Agreement (REVERSE REPO) - A transaction where the seller (Agencies) agrees to buy back from the buyer (bank) the securities at an agreed upon price after a stated period of time.

Risk- Degree of uncertainty of return on an asset.

Safekeeping- see custody.

Sallie Mae- Trade name for the Student Loan Marketing Association (SLMA), a U.S. sponsored corporation.

Secondary Market- A market made for the purchase and sale of outstanding issues following the initial distribution.

Settlement Date- The date on which a trade is cleared by delivery of securities against funds.

Time Deposit – A deposit in an interest-paying account that requires the money to remain on account for a specific length of time. While withdrawals can generally be made from a passbook account at any time, other time deposits, such as certificates of deposit, are penalized for early withdrawal.

Treasury Bills- U.S. Treasury Bills which are short-term, direct obligations of the U.S. Government issued with original maturities of 13 weeks, 26 weeks and 52 weeks; sold in minimum amounts of \$10,000 in multiples of \$5,000 above the minimum. Issued in book entry form only. T-bills are sold on a discount basis.

U.S. Government Agencies- Instruments issued by various US Government Agencies most of which are secured only by the credit worthiness of the particular Agencies.

Yield- The rate of annual income return on an investment, expressed as a percentage. It is obtained by dividing the current dollar income by the current market price of the security.

Yield to Maturity- The rate of income return on an investment, minus any premium or plus any discount, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond, expressed as a percentage.

Yield Curve- The yield on bonds, notes or bills of the same type and credit risk at a specific date for maturities up to thirty years.



LOCAL AND REGIONAL GOVERNMENT SERVICES AUTHORITIES

Providing Solutions to California Public Agencies

P.O. Box 1350 · Carmel Valley, CA 93924 · 650.587.7300

TO: BOARD OF DIRECTORS
FROM: RICHARD H. AVERETT, Executive Director/CFO
SUBJECT: FINANCIAL RESERVES DESIGNATION POLICY

EC Meeting: 6-10-10
Item: 4D

RECOMMENDATION

Approve a Financial Reserves Policy that designates fifty percent of current cumulative retained earnings for a reserve amount until that amount equals fifty percent of the agency's annual budget.

BACKGROUND

The Board of Directors and the Executive Committee have both expressed interest in establishing a prudent reserve for contingencies. This was presented and approved by the Executive Committee at their February 11, 2010 meeting. The Agency has coverage for Workers' Compensation and General Liability through the California Joint Powers Insurance Authority, as well as Crime and Errors and Omission insurance through CJPIA sub-programs. Reserves would enable the Agency to pay deductibles and other claims expenses not covered by the Agency's policies without disrupting cash needs for normal operations. A reserve could also better enable the agency to smoothly transition to significant and rapid increases or decreases in client workload, and for use as an opportunity fund enabling the agency to take advantage of unique circumstances that have a high likelihood of resulting in increased reimbursement revenue.

The JPAs are unique public sector providers of staffing and consulting services to public agencies, many with defined benefit pension plans. Considerable time and effort has been expended over the last nine years to establish the platform, client and employee contracts and operating procedures necessary to minimize risks of an employer-of-record status adverse ruling. However, it still is prudent that the Agency establish a reserve amount that is sufficient to meet the three objects noted above: adverse determinations, normal business risks (e.g. significant and rapid loss of revenue) and business opportunities. Long term, a reserve amount equaling fifty percent of the Agency's annual budget should be sufficient. LGS's FY2011 budget is \$6.3 million and RGS's budget is \$2.3 million. Therefore, long-term target reserves would be roughly \$3.2 million and \$1.2 million. Cumulative retained earnings of the agency are now sufficient to begin funding the reserves by designating one-half of existing retained earnings, which are projected to be \$1,042,000 and \$295,000 respectively, by fiscal year end. Staff will annually present recommended amounts for each agency, for the year concluding, with the proposed next fiscal year budget. The designation will then appear on the Agency's audited financial statements.

FISCAL IMPACT

There is no adverse fiscal impact to the agency of approving the reserve policy to designate a portion of retained earnings as reserves for the purposes identified. At our independent auditor's recommendation, the reserve is a 'designation' of general funds and not a separation that requires establishing separate accounting treatment. Reserve funds will be comingled with all other assets for investment and custodial purposes. The reserve amounts for the fiscal year ending June 30, 2010 will be \$521,000 for LGS and \$147,000 for RGS.



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TO: BOARD OF DIRECTORS **EC Meeting: 6-10-10**
FROM: JENNIFER BOWER, Director of Human Resources **Item: 6A**
SUBJECT: PERSONNEL RULES, REGULATIONS AND POLICIES

RECOMMENDATION

Approval of the revised personnel rules, regulations and policies.

BACKGROUND

The Board has previously adopted JPA rules and regulations for each entity. Each year staff reviews these Rules, Regulations and Policies to ensure clarity and compliance with new laws and operational changes. In 2008, staff performed a major update of the rules and regulations to make them more specific to the JPAs. In that revision, the two agencies' rules and regulations were combined into a single document. Any updates to the document are reviewed with the Agency's attorney to ensure legal compliance with recent decisions and practices. Updates to this document are made as needed, and brought to the Board once a year at its June meeting. Attached is the revised document for 2010 with the changes tracked. Once approved, staff will update the Table of Contents and make any appropriate formatting changes.

ANALYSIS

The Personnel Rules, Regulations and Policies are in one all-encompassing document. Given the nature of the JPAs, with employees at various worksites, there is a need for employees to be able to go to one document to find information relevant to employment rules and policies. This document is on the JPAs website for reference by all employees.

FISCAL IMPACT

There is no fiscal impact of approving these updates to the JPAs' Personnel Rules, Regulations and Policies.



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Local Government Services, JPA and Regional Government Services, JPA

Personnel Rules, Regulations, and Policies

**Revised and Approved
June 10, ~~2009~~2010**

Local Government Services (LGS)
And
Regional Government Services (RGS)

Personnel Rules, Regulations, and Policies

WHEREAS, the Boards of Directors for Local Government Services and Regional Government Services (The AgenciesJPAs) are authorized to adopt rules and regulations for the administration of the personnel system; and

WHEREAS, the objectives of these Personnel Rules and Regulations are to facilitate efficient and economical services to the public and to provide for an equitable system of personnel management; and

WHEREAS, these Personnel Rules and Regulations set forth those procedures that ensure similar treatment for persons who apply for, are selected for, or who are employed by the Agencies, and define many of the obligations, rights, privileges, and prohibitions that are placed upon all employees in the service of the AgenciesJPAs; and

WHEREAS, at the same time, within the limits of administrative feasibility, considerable latitude shall be given to Executive Director and designee in the interpretation of these rules; now, therefore, be it

RESOLVED, that the Board of Directors of the AgenciesJPAs does hereby adopt the following Personnel Rules and Regulations.

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All policies affect all LGS or RGS employees regardless of at-will status.

Section 1 Introduction

- 1.1 **AgenciesJPAs:** Local Government Services and/or Regional Government Services, herein after, the **AgenciesJPAs**, provide services to a variety of clients with employees assigned to perform those services. **Agency-e**Employees are the **JPA Agency's** representatives when performing services.
- 1.2 **Board of Directors and Executive Committee:** The Boards of Directors for Local Government Services and Regional Government Services are each comprised of one representative from each member organization. Member organizations are the City of Larkspur and the Association of Bay Area Governments.
- 1.3 **Name:** These Personnel Rules, Regulations, and Policies (hereafter "Rules") generally describe the employment relationship between the Local Government Services (LGS) and Regional Government Services (RGS) and their employees. These Rules apply to both LGS and RGS **Agency-JPA** employees, except where otherwise indicated in these Rules or where an applicable employee agreement specifically conflicts with a Rule, in which case the employee agreement provision shall govern. These Rules do not apply to appointive officers of the either **Agency JPA** Governing Board or executive committee members.
- 1.4 **Conflicting Rules:** These Rules were established to conform and be complementary to **AgenciesJPAs** policies. In cases where there is deemed to be a conflict between a Rule and the policies, the policies shall prevail.
- 1.5 **Additional Rules:** Unit managers are the executive leadership of client organizations who may issue additional rules or policies as deemed necessary for the efficient administration of the unit. However, such unit rules or policies shall not conflict with these Rules. In cases where there is deemed to be a conflict between a unit rule and these Rules, these Rules shall prevail.
- 1.6 **Amendments:** These Rules may be amended from time to time and approved by both **AgencyJPAs** Governing Board.
- 1.7 **Accessing Rules:** These Rules are available to all employees and are posted on both **AgencyJPAs** website. Each employee is responsible for reading and complying with them.
- 1.8 **Violation of Rules:** Violations of the provisions of these Rules shall result in disciplinary action, up to and including dismissal, to be taken in accordance with these Personnel Rules and Regulations.
- 1.9 **Discrepancies:** In the event there is a discrepancy between the language in these Rules and state or federal law, federal or state law shall prevail over these Rules.
- 1.10 **Severability:** If any part of these Rules is determined to be unconstitutional or illegal, such part shall be severed from these Rules and the remaining Rules shall be given full force and effect.
- 1.11 **Word Usage:** The term Agency **JPA** or **AgenciesJPAs** as used in these Rules refers to either Local Government Services and/or Regional Government Services. Responsibilities and rights of the **AgenciesJPAs** under these Rules are exercised by the Executive Director, and may be delegated by the Director in his/her discretion.

- 1.12 **Executive Director:** The term Executive Director refers to Local Government Services and/or Regional Government Services Executive Director. The Executive Director may designate authority to the human resources or unit manager, as appropriate. When interpreting these Rules, anytime the Executive Director is listed, it should also be interpreted to mean the Executive Director or his/her designee.

Section 2 Employer/Employee Relations

- 2.1 **Meyers-Milias-Brown Act:** The **AgenciesJPAs** labor relations policies are governed by the Meyers-Milias-Brown Act (MMBA), Government Code section 3500 et seq.
- 2.1.1 **Bargaining Unit:** Means a unit of employee classifications and/or positions established by the Board.
- 2.1.2 **Board:** This refers to the Board of Directors, the governing body of either Local Government Services (a public agency under Article 1, Chapter 5, Division 7, Title 1 commencing with Section 6500 of the Government Code of the State of California) and the Executive Committee of LGS, and the governing body of Regional Government Services (a public agency under Article 1, Chapter 5, Division 7, Title 1 commencing with Section 6500 of the Government Code of the State of California) and the Executive Committee of RGS. The Board includes any duly authorized Board representative or Committee thereof.
- 2.1.3 **Certify:** Means the process by which the Board formally acknowledges an employee organization as the exclusive representative of a bargaining unit.
- 2.1.4 **Confidential Employee:** Means an employee or position, as designated by the Board, who could reasonably have access to confidential information that could affect employer-employee relations.
- 2.1.5 **Day:** Means calendar day unless expressly stated otherwise.
- 2.1.6 **Employee:** Means any person employed by either **AgencyJPAs**, but generally does not include appointed and elected officials, temporary or intermittent workers, or program participants.
- 2.1.7 **Employee Organization:** Means any organization that includes employees of either **AgencyJPAs**, and which has one of its primary purposes to represent such employees in their labor relations with either **AgencyJPAs**.
- 2.1.8 **Impasse:** Means a deadlock in negotiations concerning matters within the scope of representation.
- 2.1.9 **Management, Managerial, or Supervisory Employee:** Means any employee, as reasonably designated by the Executive Director, having significant authority, in the interest of the Board, formulate and effectuate policies by expressing and making operative the decisions, or who is substantially involved in developing and/or implementing management

policies, or who hires, transfers, suspends, lays off, recalls, promotes, discharges, assigns, rewards, or disciplines one or more other employees; or to direct or supervise them; or to adjust or advise regarding grievances. Such employees are so distinguished as they:

2.1.9.1 **Primary Duty:** Have as their primary duty the management of an unit.

2.1.9.2 **Authority:** Have authority to hire and fire, or to make recommendations as to those decisions.

2.1.9.3 **Discretionary Powers:** Customarily and regularly exercise discretionary powers.

2.1.9.4 **Management Function:** Carry out those functions primarily performed by managers.

2.2.9.5 **Non-management Work:** Do not devote more than 20 percent of their weekly work time to non-management activities.

2.1.10 **Memorandum of Understanding (MOU):** Means a written agreement between the Board and the recognized employee representative regarding wages, hours, and working conditions within the scope of representation. MOUs and each of their provisions shall not be valid or enforceable unless and until adopted by the Board.

2.1.11 **Notice:** Means depositing the information at issue, properly addressed with correct postage for first class delivery, in a United States Postal Service (USPS) facility, unless otherwise agreed between the affected parties in writing.

2.1.12 **AgencyJPAs Executive Director:** Refers to the **AgencyJPAs** Executive Director of Local Government Services and/or Regional Government Services. The Executive Director may delegate any responsibility specified in these Rules.

2.1.13 **Recognized Employee Representative:** Means an employee organization which has been formally recognized by the Board or its designee, the Executive Committee, as the exclusive representative of a bargaining unit or units for purposes of meeting and conferring on matters within the scope of representation under the MMBA.

2.1.14 **Scope of Representation:** The scope shall include all matters relating to employment conditions and employer-employee relations, including, but not limited to, wages, hours, and other terms of conditions of employment; provided, that the scope of representation shall not include consideration of the merits, necessity, or organization of any service or activity provided by law or executive order, or any other matter excluded by applicable case law or statute.

2.2 **Board Management Rights:** Unless specifically in conflict with any MOU, all management rights shall remain vested exclusively with the Board or its Executive Committee, and any omission in a management right listed below shall not be construed as the Board's waiver of such right. Board management rights include,

but are not limited to the right to:

- Determine the mission of its ~~agencies~~JPAs, institutions, divisions, committees, boards, and commissions.
- Full and exclusive control of the management and organization of the employer; supervision of all operations; determinations of methods, means, location, and assignments of performing all work; and the composition, assignment, direction, location, and determination of the size and mission of the work force.
- Determine the work to be done by employees, including establishment of service levels, appropriate staffing, and the allocation of funds for any position(s) within the organization.
- Review and inspect, without notice, all employer-owned facilities, including without limitation desktop computers, desks, email, facsimile, and copy machines, computer storage drives, voicemail systems, and filing cabinets and systems. This section shall not grant the unfettered right to inspect personal property without legal cause.
- Change or introduce different, new, or improved operations, technologies, methods, or means regarding any work, and to contract out for the work.
- Establish and modify qualifications for employment, including the content of any job classification, job description, or job announcement, and to determine whether minimum qualifications are met.
- Establish and enforce employee performance standards.
- Schedule and assign work, make reassignments, and assign overtime work.
- Hire, fire, promote, reassign, transfer, release, discipline, layoff, terminate, demote, suspend, or reduce in step or grade, all employees.
- Reorganize any of its divisions and reassign workers accordingly.
- Require fitness-for-duty evaluations upon reasonable cause.
- Require drug and/or alcohol tests upon reasonable suspicion of possession of illegal drugs or alcohol in the workplace, or impairment while on the job.
- Investigate regarding complaints or concerns about employee performance deficiencies or misconduct of any sort, including the right to require employees to appear, respond truthfully, and cooperate in good faith regarding any employer investigation.
- Designate employees as exempt, or non-exempt, pursuant to the Fair Labor Standards Act.
- Maintain orderly, effective, and efficient operations.

2.3 **Employee Rights:** Unless specifically in conflict with an MOU, all employees shall enjoy the following rights to:

- Form, join, and participate in the activities of employee organizations of their own choosing for the purpose of representation on all matters of employer-employee relations.
- Refuse to join or participate in the activities of employee organizations, and to represent themselves individually in their employment relations with the Board.
- Be free from interference, intimidation, restraint, coercion, or discrimination

because of exercising rights specified in this section.

- 2.4 **Bargaining Units:** The AgencyJPAs Executive Director (which includes any authorized designee), shall designate and maintain a description of all current bargaining units in the AgenciesJPAs. The Executive Director shall have the management discretion to form and define reasonable bargaining units, and to modify bargaining units based on the procedures specified in this Rule. In exercising discretion regarding bargaining unit composition, including initial formation and subsequent modification, the Executive Director shall consider the following criteria, which are not necessarily listed in order of importance:

- 2.4.1 **Community of interest** among employees, and avoiding actual or potential conflicts of interest within the bargaining unit.
- 2.4.2 **Historical relationships** including the organizational structure and collective bargaining.
- 2.4.3 The **effective delivery** of services.
- 2.4.4 The **application of consistency** of wage, hour, and benefit packages (including retirement benefits).
- 2.4.5 **Specific legal requirements**, such as the rights of certain employees to be in bargaining units exclusive of other employees.
- 2.4.6 **Employee rights to freely choose** labor representatives according to their preference.
- 2.4.7 The **interest of broad-based units** composed of the largest number of employees having a reasonable community of interest.

2.5 **Certification as Exclusive Bargaining Representative:**

- 2.5.1 **Elements of Petition:** An employee organization seeking recognition as an exclusive representative of a bargaining unit shall file with the Executive Director a written petition for certification, which shall include the items listed below. The Executive Director may provide appropriate forms for such petitions.
 - 2.5.1.1 The complete name and street address of the organization.
 - 2.5.1.2 The names, titles, mailing addresses, e-mail addresses, and telephone numbers of the organization's officers.
 - 2.5.1.3 The names, addresses, e-mail addresses, and telephone numbers of those persons who are authorized to represent the organization.
 - 2.5.1.4 The names, addresses, and e-mail addresses where notices from the Board to the organization may be sent.
 - 2.5.1.5 A statement that the organization has no restriction on membership and does not discriminate based on race, color, creed, national origin, sex, age, disability, sexual orientation, or political affiliation.
 - 2.5.1.6 A statement that one or more of the primary purposes of the organization is to represent employees on matters concerning wages, hours, and other terms and conditions of employment.
 - 2.5.1.7 A statement whether the organization is affiliated in any manner, directly or indirectly, with another organization (for example as a

- local or chapter of a national or international parent union), and if so, the name, address, and website address of the affiliated organization.
- 2.5.1.8 Copies of the employee organization's constitution and by laws, accompanied by a statement of authenticity.
 - 2.5.1.9 Authorization cards demonstrating support for the petition, signed by 30% or more of the employees within the bargaining unit, that are dated no later than 6 months earlier than the date of the petition, and which appear authentic to the party reviewing them.
 - 2.5.1.10 A request that the Board certify the petitioner as the exclusive bargaining representative for those employees in the bargaining unit(s) at issue.
- 2.5.2 **Response to Petition:** Within 30 days after receiving a petition, the Executive Director shall determine whether the petition contains the necessary elements demonstrating the requisite showing of interest. If the petition is defective in some respect, the Executive Director may reject and return it, with a brief explanation. Alternatively, the Executive Director may retain the petition, and permit the petitioner to alleviate the deficiencies promptly.
- 2.5.3 **Notice:** After the Executive Director determines that a petition meets the requirements under this Rule, the Executive Director shall provide notice that a petition has been filed to all employees in the bargaining unit at issue, all recognized employee organizations, and the Board.
- 2.5.4 **Elections:** Elections shall be conducted in accordance with the provisions herein.
- 2.5.5 **Certification:** The Executive Director shall provide notice of the election outcome to all affected employee organizations and the Board. For certification petitions, the Board shall certify the prevailing organization, if any, as the exclusive bargaining representative for the bargaining unit(s) at issue.
- 2.6 **Election Procedures:** The following procedures are applicable to elections, except as specified herein.
- 2.6.1 **Third-party Election:** Elections will be conducted by a third party as designated by the Executive Director. The Executive Director may take reasonable measures, not in conflict with this Rule or applicable law, to ensure the integrity of elections.
 - 2.6.2 **Executive Director Discretion:** The Executive Director has the discretion to refer the election matter at issue to a neutral organization such as the State Mediation and Conciliation Services (SMCS), or the Public Employee Relations Board (PERB), for handling.
 - 2.6.3 **Supported Petition:** In order for an election to be held, petitions to certify or decertify a recognized bargaining representative, or to rescind an agency shop provision, must be accompanied by cards showing that the petition at issue is supported by 30% or more of the bargaining unit employees.

- 2.6.4 **Challenges:** Challenges to certification petitions may be initiated by other employee organizations. If the challenging organization meets these requirements, the organization will also be included in the election. The requirements are:
- 2.6.4.1 **Challenging Organization:** The challenging organization provides the information contained in this Rule.
 - 2.6.4.2 **Percent of Signed Cards:** The challenging organization produces cards demonstrating that at least 10% of employees in the bargaining unit subject to the petition support the challenge.
 - 2.6.4.3 **Time Period:** The challenge must be initiated within 30 days after the Executive Director gives notice of a petition for certification.
- 2.6.5 **Authenticity:** The authenticity of cards and signatures shall be verified by a neutral party designated by the Executive Director.
- 2.6.6 **Secret Ballot:** Elections will be conducted by secret ballot. Over 50% of the employees in the bargaining unit must participate in the election in order for the election to be certified. Elections will be determined by majority vote of those employees casting votes.
- 2.6.7 **No Representation Choice:** Ballots shall contain the choice of “no representation”.
- 2.6.8 **No Majority Result:** If no representative receives a majority of the votes, the Executive Director shall conduct a runoff election between the 2 choices receiving the most votes.
- 2.6.9 **Costs:** Except for initial elections regarding certification of an exclusive bargaining representative, costs of elections shall be borne equally among the Board and the employee organizations appearing on the ballot, to the extent permitted by law.
- 2.6.10 **Decertification Election:** Elections concerning the proposed decertification of an exclusive bargaining representative may be held no sooner than 12 months following the date the Board certified and recognized the bargaining representative as the exclusive bargaining representative for the bargaining unit(s) at issue. A decertification petition alleging that the incumbent recognized employee organization no longer represents a majority of employees in an established unit may be filed with the Executive Director only during the 30 day period commencing 120 days prior to the termination date of an MOU then having been in effect less than 3 years. For MOUs in effect 3 years or longer, decertification petitions may be filed during the month of January in every year the MOU is in effect.
- 2.6.11 **Rescinding Agency Shop:** No more than one vote to rescind an agency shop agreement may be taken during the life of a MOU that provides for agency shop.
- 2.6.12 **Granting Recognition:** Notwithstanding the procedures in this Rule, the Board shall grant exclusive recognition to an employee organization based on a signed petition, authorization cards, or union membership cards showing

that a majority of the employees in a bargaining unit determined appropriate by the Executive Director desire the representation, unless another labor organization has previously been lawfully recognized as exclusive or majority representative of all or part of the same unit. Exclusive representation shall be determined by a neutral third party selected by the Executive Director and the employee organization who shall review the signed petition, authorization cards, or union membership cards to verify the exclusive or majority status of the employee organization. In the event the parties cannot agree on a neutral third party, the parties shall utilize the services of the SMCS. In the event the neutral third party determines, based on a signed petition, authorization cards, or union membership cards, that a second labor organization has the support of at least 30% of the employees in the unit in which recognition is sought, the neutral third party shall order an election to establish which labor organization, if any, has majority status.

2.7 Bargaining Unit Modifications: Bargaining unit modifications may be initiated by the Executive Director, by a group of employees, or by a recognized employee representative. Modifications to existing bargaining units must be supported by some legitimate reason.

2.7.1 Executive Director Initiated Unit Modifications: The Executive Director may initiate a modification of its unit structure, including the creation of new units, or the reallocation of classifications from one bargaining unit to another bargaining unit. The Executive Director shall provide notice to all affected employee organizations, and to each employee who may be affected by the proposed change. Before implementing any modification or reallocation, the Executive Director shall provide the opportunity to meet and confer (or consult), to the extent required by law, with affected, recognized employee representatives.

2.7.2 Employee and Union Initiated Modifications: An employee, group of employees, or a recognized employee organization may request that a unit be modified, or that one or more classifications be reallocated to a new or existing bargaining unit. The Executive Director shall provide notice to all affected employee organizations upon receipt of such a request. The request must be accompanied by authorization cards, dated no later than 6 months earlier than the request, showing that at least 40% of the employees in the new proposed unit, or 30% of the employees in the classification(s) proposed to be reallocated to another bargaining unit, support the request.

2.7.2.1 Denying the Request: The Executive Director may exercise discretion to deny the request in the event the criteria listed in section 2.4 of this Rule suggest to the Executive Director that the modification or reallocation is inappropriate. The Executive Director shall provide notice of the rejection to all recognized employee representatives promptly after such determination.

2.7.2.2 Consistent Modifications: If the Executive Director determines

that the modification or reallocation is consistent with the criteria listed, the Executive Director shall further process the request. If the Executive Director determines that a new unit or reallocation is appropriate, the Executive Director shall provide notice to all recognized employee representatives. If no protest is filed within 30 days, the Executive Director shall promptly reassign affected classifications to the new unit, or reallocate the classifications to an existing bargaining unit. In the event of an assignment to a newly created bargaining unit, the Executive Director shall also notify the employees of their rights under this Rule, including the right to select a representative of their choice for the purpose of meeting and conferring regarding wages, hours, and working conditions under the MMBA.

2.7.2.3 Protests: Within 30 days of notice regarding the Executive Director's determination to modify a bargaining unit, or reallocate classifications, an affected recognized employee representative may submit a protest to the Executive Director's office. The protest must include the following in order to be considered.

2.7.2.3.1 Data: The name, address, e-mail address, and telephone number of the protesting representative.

2.7.2.3.2 Facts: The facts and arguments supporting the protest.

2.7.2.3.3 Resolution: The proposed resolution.

2.7.2.4 Response: Upon receipt of a protest, the Executive Director shall meet and confer to the extent required by law. If there is no resolution, the dispute shall be submitted to the SMCS for mediation. If the SMCS is unable to achieve a resolution, the matter shall be referred to the Executive Director for final written decision and notice to all affected parties. After issuing a decision, the Executive Director may reassign or reallocate the classifications at issue, and inform the employees of their rights under this Rule.

2.8 Timing: Unless required by law, unit modifications or reallocations may not be initiated sooner than 12 months following the date of any memorandum of understanding which covers the classifications proposed to be reallocated or moved from the bargaining unit.

2.9 Unit Disputes Involving Professional Employees: In the event of a dispute on the appropriateness of a unit of representation for professional employees, upon request of any of the parties, the dispute shall be submitted to State Mediation and Conciliation Services (SMCS) for mediation or for recommendation for resolving the dispute. Professional employees, for the purposes of this section, mean employees engaged in work requiring specialized knowledge and skills attained through completion of a recognized course of instruction, including, but not limited to, attorneys, physicians, registered nurses, engineers, architects, teachers, and the various types of physical, chemical, and biological scientists.

2.10 **Rights and Responsibilities:**

- 2.10.1 Meet and Confer:** An exclusive bargaining representative shall have the right to meet and confer in good faith with authorized representatives from the designated agencyJPAs regarding wages, hours, and working conditions within the scope of representation. If an agreement is reached, the parties shall jointly prepare a written MOU, which shall not be binding, and present it to the Board. If the Board adopts the written MOU, it shall become binding on the parties. The AgenciesJPAs are under no obligation to meet and confer with an employee organization, unless it has been certified as a recognized employee representative.
- 2.10.2 Current Information:** Recognized employee representatives have the responsibility to inform the Executive Director, in writing, of any changes in the information specified in section 2.5 of this Rule, and the Board may rely on its information on file for purposes of notice under this resolution and the MMBA.
- 2.10.3 Release Time:** During the period of meet and confer regarding a memoranda of understanding, recognized employee representatives shall be entitled to a reasonable number of representatives who may receive paid release time during the period when formal negotiations are occurring at the table. The precise number shall be subject to the parties' discussions and the Executive Director's approval at the outset of negotiations. Employee representatives shall cooperate with the Executive Director on a reasonable schedule, and the employees released for negotiations shall notify their supervisors, obtain their consent (which shall not be unreasonably withheld) and ensure that the dates scheduled for negotiations do not adversely affect either AgencyJPAs's operation. Paid release time may not be authorized for activities such as soliciting membership, internal union elections, campaigning for office or other political activity, organizing efforts, or for any other purpose not authorized by this Rule or an MOU.
- 2.10.5 AgencyJPAs Resources:** Use of AgenciesJPAs resources, including without limitation; stationery, computers, mail, e-mail, copy machines, and fax machines, for Union business is prohibited. Use of Board facilities for other than AgencyJPAs-related business is prohibited.
- 2.10.6 Dues and Other Authorized Payroll Deductions:** Recognized employee representatives may sponsor payroll deduction programs for membership dues, charitable causes, and benefit premiums and contributions. In order to participate, each affected employee must submit a written authorization on a form prescribed by the Executive Director. Deductions shall comply with the AgenciesJPAs administrative procedures.
- 2.10.7 Appeals:** An employee or labor organization aggrieved by any adverse action taken pursuant to this Rule may submit an appeal to the Executive Director. The Executive Director may adopt reasonable procedures, after appropriate meet and consult, to resolve such appeals. To be considered, an appeal must

be filed within 30 days of when the aggrieved party knew or should have known of the alleged violation. Failure to file an appeal within the 30 day time limit shall constitute a waiver of any challenge to the action at issue. Appeals must contain specific allegations that the employer violated a specific provision of this Rule or applied the Rule in a manner that violates an applicable law. To the fullest extent permitted by law, appeals must be submitted and appeal procedures exhausted before resorting to any other forum, so that the underlying facts may be gathered, an appropriate record may be created, and the Executive Director is provided a reasonable opportunity to correct or remedy complaints. No other grievance or appeal process may be used to address issues covered by this Rule.

2.11 **Impasse Resolution Procedures:**

2.11.1 **Impasse Meeting:** If impasse is reached during negotiations concerning an MOU, either party may declare an impasse by submitting a written letter formally declaring an impasse. The declaration of impasse must contain all of the following elements:

2.11.1.1 **Tentative Agreements:** A list of all tentative agreements, if any.

2.11.1.2 **Disputed Issues:** A list of all disputed issues.

2.11.1.3 **Last and Final Offer:** For each disputed issue, the declarant's last and final offer. The party against whom the impasse is declared shall submit a formal response within 7-working days of notice of impasse, and shall meet within 7-working days thereafter.

2.11.2 **Mediation:** Upon and after impasse, either party may request that the dispute be submitted to mediation, and the other party must participate in good faith upon request, or submit a letter within 7-working days of the request specifically declining to participate in mediation. The costs of mediation shall be borne equally. Mediation shall be conducted by a mediator supplied by the SMCS, or by some other mutually agreed upon mediator. Mediation shall be confidential. The mediator shall not make public recommendations or issue any decision concerning the issues. If no agreement is reached after an opportunity for mediation, the matter may be referred to the Board for final determination.

2.11.3 **Miscellaneous:** The impasse resolution section shall not apply to economic disputes involving employees governed by different impasse resolution procedures imposed by lawful statute. This impasse resolution section shall only cover bargaining impasses regarding comprehensive memoranda of understanding (MOUs), and it does not cover day-to-day issues subject to meet and confer/meet and consult; or Board actions that may be subject to meet and confer/meet and consult requirements.

2.12 **Agency Shop:** If made, agency shop arrangements must accord with all requirements of California Government Code section 3502.5.

2.13 **Miscellaneous Provisions:**

2.13.1 **Savings and Separability:** This Rule is intended to comply with all

applicable state and federal laws, and it should be interpreted and applied to harmonize with all such law, reserving the broadest legal measure of authority to the Board. In the event a court of competent jurisdiction determines that some provision is inconsistent with applicable and binding law, then that provision shall be severed and all remaining portions of the Rule shall continue in full force and effect. Upon request by the Executive Director, a recognized bargaining representative will meet and consult promptly in an effort to resolve any amendments that are necessary or advisable in light of changes to existing law, or interpretations of the law that impact this Rule.

- 2.13.2 **Anti-discrimination:** The Board is committed to ensuring that its workplaces are free from discrimination and harassment made unlawful pursuant to Title VII of the Civil Rights Act, the Fair Employment and Housing Act, and other applicable local, state, and federal laws regarding discrimination. This Rule shall be interpreted to comply with such laws. All memoranda of understanding, including side letters, adopted pursuant to the MMBA, and this Rule shall be interpreted to comply with such laws.

Section 3 Definition of Terms

The terms used in these Personnel Rules and Regulations shall have the meanings as defined below:

- 3.1 **Advancement:** A salary increase within the position.
- 3.2 **Agency JPA or AgenciesJPAs:** As used in these Rules refers to the Local Government Services, JPA or Regional Government Services, JPA. Responsibilities and rights of the AgenciesJPAs under these Rules are exercised by the LGS or RGS AgencyJPAs Executive Director or as delegated by the Executive Director in his/her discretion.
- 3.3 **Allocation:** The assignment of a single position to its proper class in accordance with the duties performed and responsibilities exercised.
- 3.4 **Anniversary Date:** Date an employee is appointed, promoted, demoted, or reinstated to a position within the AgenciesJPAs.
- 3.5 **Applicant:** Any person submitting a formal, completed application materials for employment with either AgencyJPAs.
- 3.6 **Appointing Authority:** The Executive Director or designee, has the authority to make an appointment to a position to be filled.
- 3.7 **Appointment:** Placement of a candidate into a position.
- 3.8 **At Will Employee:** Employees of both AgenciesJPAs are at will and serve at the pleasure of the Executive Director, who retains the authority to terminate any such employee at any time with or without notice or cause and without right of appeal. At will employees do not acquire a property interest in their positions with the AgenciesJPAs.

- 3.9 **Compensation:** Salary, wages, fees, benefits, allowances, or monies paid to, or on behalf of, an employee for work services.
- 3.10 **Compensatory Time Off:** Time off in lieu of pay for overtime worked.
- 3.11 **Continuous Examination:** An examination which is administered periodically.
- 3.12 **Continuous Service:** Employment without interruption. This includes approved paid leaves of absences and leaves of absences to serve in the armed forces of the United States, as provided by Section 395 of the Military and Veterans Code.
- 3.13 **Days:** Means calendar days unless otherwise stated.
- 3.14 **Demotion:** The voluntary or involuntary movement of an employee from one position to another position having a lower maximum base rate of pay.
- 3.15 **Disciplinary Action:** The discharge, demotion, reduction in pay, suspension, or transfer of an employee for disciplinary reasons.
- 3.16 **Employee:** An individual appointed to a position within either AgencyJPAs.
- 3.17 **Employment Date:** For retirement, sick leave, and other benefit purposes, this is the effective date of an employee's initial appointment to a full-time or part-time position.
- 3.18 **Examination:** An examination open to qualified applicants either within or outside either AgencyJPAs.
- 3.19 **Full-Time Position:** A position requiring a minimum of 40 hours of work per week each week of a calendar year.
- 3.20 **Grievance:** A grievance is defined as any dispute involving the interpretation, application, or alleged violation of a specific express term of these Rules.
- 3.21 **Grievance Procedure:** The systematic means by which an employee may obtain consideration of a grievance.
- 3.22 **Grievant:** An employee or group of employees filing a grievance.
- 3.23 **Initial Appointment:** The appointment of a person to a position in either AgencyJPAs.
- 3.24 **Layoff:** The separation of employees from the active work force due to lack of work, lack of funds, organizational changes, or the abolition of positions. An employee who is laid off has no bumping rights, no right of appeal, nor any greater rights to return status.
- 3.25 **Local Government Services and Regional Government Services:** Are referred to herein and in other official documents as the AgencyJPA or AgenciesJPAs.
- 3.26 **Miscellaneous Employee:** For CalPERS retirement purposes, this is an LGS AgencyJPA employee who is not a sworn safety officer.
- 3.27 **Part-Time Position:** A position of less than 35 hours per week each week of a calendar year.
- 3.28 **Position:** A group of duties and responsibilities requiring the full-time or part-time employment of one person.
- 3.29 **Position Specification:** The written job description, including the title; a statement of the nature of the work, examples of duties and responsibilities, and the

- requirements that are desirable for the satisfactory performance of the duties of the position.
- 3.30 **Position Title:** The title assigned to a particular position and used for reference to that position.
 - 3.31 **Promotion:** The movement of an employee from one position to another position having a higher maximum base rate of pay.
 - 3.32 **Reallocation:** The official determination that an employee be assigned to a position different from the one to which it was previously assigned.
 - 3.33 **Reinstatement:** The return of an employee to a classification in which the employee formerly served.
 - 3.34 **Relief of Duty:** The temporary assignment of an employee to a status of leave with pay.
 - 3.35 **Resignation:** Voluntary termination of employment by an employee.
 - 3.36 **Safety Employee:** A fire or police employee, as defined by California Public Employees' Retirement System statutes.
 - 3.37 **Salary Advancement:** A salary increase from one salary step to a higher salary step in the same pay range.
 - 3.38 **Selection Process:** The process of testing, evaluating, investigating, and determining the fitness and qualification of applicants for positions within either **AgencyJPAs**.
 - 3.39 **Separation:** Leaving employment for any reason.
 - 3.40 **Suspension:** The temporary suspension of an employee without pay for disciplinary purposes.
 - 3.41 **Termination:** The separation from service in either **AgencyJPAs** with the action initiated by designated **AgencyJPA**.
 - 3.42 **Transfer:** A change of an employee from one position to another position with comparable pay and skill requirements.
 - 3.43 **Unit:** This term refers to the various client organizations within the **AgenciesJPAs**.
 - 3.44 **Unit Manager:** This is an employee providing services to the client organization and who is the lead employee for the client organization or project. The unit manager shall supervise the other **AgencyJPAs** employees providing services to the client organization.
 - 3.45 **Vacancy:** A duly created position which is not occupied and for which monies have been appropriated.
 - 3.46 **Y-rating:** An action to freeze an employee's salary at the current rate until such time that the top step of the salary range for such position equals or exceeds the employee's salary at the time of the Y-rating action.

Section 4 At Will Employment

All positions within the **AgenciesJPAs** are at will positions. The employment of at will employees may be terminated at any time, for any reason, and without any requirement of

demonstrating “good cause.” At will employees have no right to appeal any discipline or termination. At will employees do not acquire a property interest in their positions with either **AgencyJPAs**.

Section 5 Recruitments, Applications, and Examinations

- 5.1 **Recruitment:** The **AgenciesJPAs** may utilize any legitimate recruitment procedure for attracting qualified applicants. Recruitments may be open or may be limited to either **AgencyJPAs** employees, depending on the respective **AgencyJPAs**’s needs. The Executive Director may make appointments without going through a recruitment procedure, when in the best interest of the **AgenciesJPAs**.
- 5.2 **Announcement:** Examinations for positions shall be publicized by such methods as human resources deems appropriate. Recruitments shall be conducted in accordance with equal employment opportunity guidelines as well as appropriate and valid selection procedures.
- 5.3 **Application Materials:** Application materials shall require information covering training, experience, and other pertinent information designed to determine if the applicant can perform the essential job duties. Application materials may include references and background checking, including fingerprints. False information of material fact on application materials may result in rejection or dismissal of the applicant. Applications and examinations are confidential records and shall not be returned to applicants. No applicant information shall be asked that is prohibited under any state or federal law.
- 5.4 **Disqualification:** Human resources may disqualify any candidate for any legitimate reason. An applicant has no right to grieve or appeal any such actions by the **AgenciesJPAs**. Any one or more of the following reasons may result in disqualification.
 - 5.4.1 **Improperly Completed Application:** The applicant did not properly complete the application materials.
 - 5.4.2 **Minimum Qualifications:** The application indicates on its face that the applicant does not possess the minimum qualifications for the position.
 - 5.4.3 **Essential Duties:** The applicant is unable to perform the essential functions of the position sought, with or without reasonable accommodations.
 - 5.4.4 **Illegal Drugs:** The applicant is currently using illegal drugs.
 - 5.4.5 **Conviction of a Crime:** The applicant has been convicted of a crime that may have an adverse impact on the applicant’s ability to perform the job for which the applicant is applying.
 - 5.4.6 **Legal Right to Work:** The applicant is not legally permitted to work within the United States.

- 5.4.7 **False Statements:** The applicant has made false statement of any material fact or practiced or attempted to practice deception or fraud in making the application for employment.
- 5.4.8 **Material Cause:** Material cause, in the judgment of human resources, would render the applicant unsuitable for the position, including a prior resignation from either **AgencyJPAs**'s service, termination from either **Agency's JPAs**' service, or significant disciplinary action.
- 5.5 **Examinations**
- 5.5.1 **Examination Process:** All hiring shall be made according to merit and fitness. The **AgenciesJPAs** may utilize any legitimate objective method to determine the qualifications of applicants, including without limitation, written tests, physical agility tests, oral examinations, training and experience review, panel interviews, assessment centers, and oral interviews. The selection practices used in the examination process shall be impartial and relate to those subjects that, in the opinion of human resources, fairly measure the relative capacities of the candidates to execute the duties and responsibilities of the class.
- 5.5.2 **Conduct of Examination:** The **AgenciesJPAs** may hold the selection processes itself or contract with any competent organization, individual, or firm for preparing and/or administering examinations.
- 5.5.3 **Notification of Examination Results and Review of Materials:** Examination results are not provided. However, if requested by a candidate in an examination, exam results may be given, within the sole discretion of the human resources.
- 5.5.4 **Continuous Recruitments:** When necessary to meet continued requirements for filling positions, the closing date for any selection process may be indefinite and applicants may be tested continuously in such manner and at such times and places as may be determined by human resources.
- 5.5.5 **Backgrounds:** As part of the pre-employment procedure, applicants may be required to supply references, and submit to a thorough background check. In addition, all employees must be physically and mentally capable of performing the essential functions of their jobs with or without reasonable accommodation. The **AgenciesJPAs** shall have the right to conduct a complete and exhaustive background investigation on all applicants seeking employment, including a criminal background check, where applicable, and a medical and/or psychological examination by **AgencyJPA**-retained medical practitioners, where deemed appropriate by the **AgenciesJPAs**. However, any medical or psychological examination shall be conducted only after a conditional job offer has been made, in accordance with applicable law.
- 5.5.6 **Appointment:** The Executive Director of either **AgencyJPAs** is the only **Agency**-employee authorized to hire. The Executive Director may appoint any competent applicant to a position for which the applicant is qualified. Positions may be full-time or part-time, long-term or short-term, depending

on the needs of the Agency JPAs. The Executive Director may appoint a designee to perform this function.

Section 6 Benefits and Compensation

- 6.1 **Benefits:** All compensation and benefits afforded Agencies JPAs employees and their eligible dependents are governed by the terms and conditions of the contractual agreements with the benefit providers. Compensation shall be determined by the Executive Director, consistent with these policies and procedures, in the best interest of the Agencies JPAs, and governed by the terms and conditions of the individual employment agreement.
- 6.1.1 **Qualifying for Benefits:** A medical plan, dental plan, vision plan, and other such benefits are available to full-time employees and are pro-rated for eligible regularly working part-time employees, with costs shared by the Agencies JPAs and the employee as defined and provided for in the individual employment agreement.
- 6.2 **Mileage Reimbursement:** For employees who do not receive an auto allowance and are authorized by their unit manager to use their personal vehicles for work-related business, may request mileage reimbursement. Approved mileage reimbursement will be paid at the IRS per-mile business rate. The employee must have a valid California Driver's License, an acceptable driving record, and proof of automobile insurance.
- 6.3 **Vehicle Allowances:** Employees who receive a vehicle allowance are not eligible for mileage reimbursement.
- 6.4 **Compensation:** Human resources administers and maintains the Agencies JPAs Compensation Plan and may make appropriate revisions to the Plan as often as necessary to ensure that the Plan provides uniform and equitable compensation rates and policies.
- 6.4.1 **Salary Ranges:** Salary ranges and performance-based pay plans are intended to furnish administrative flexibility in recognizing individual differences among positions, in providing employee incentive, and in rewarding employees for meritorious service.
- 6.4.2 **Salary Advancements:** Salary advancements within an established range shall not be automatic, but shall be based upon satisfactory job performance as determined, and supported in writing, by the employee's unit manager.
- 6.4.3 **Timing of Salary Advancements:** Merit salary advancements shall occur in accordance with the following:
- 6.4.3.1 **Salary on Promotion:** An employee who is promoted to a position in a class allocated to a higher salary range than the class to which the employee was formerly assigned may receive the nearest higher monthly salary in the higher salary range.

- 6.4.3.2 **Salary on Transfer:** An employee who is transferred from one position to another in the same class or to another position in a class having the same salary range shall be compensated at the same step in the salary range as previously received. The employee's merit review and anniversary date may not change.
- 6.4.3.3 **Salary on Suspension without Pay:** Any employee who has been suspended for disciplinary reasons shall not receive pay for the duration of the suspension; nor shall any benefits which are calculated upon hours worked be credited to the employee, including, but not limited to, sick leave, vacation, retirement, or disability insurance, during the period of suspension. Should such suspension be later modified or revoked, the employee may be entitled to receive payment to compensate proportionately for loss of income and benefits during the period of suspension.
- 6.4.3.4 **Salary on Demotion:** An employee who is involuntarily demoted may receive a salary adjustment as determined by the unit manager in consultation with human resources.
- 6.4.4 **Salary for Portion of Payperiod:** A Fair Labor Standards Act (FLSA) non-exempt employee serving on a full-time basis who works less than a full payperiod, except when on authorized leave of absence with pay, shall receive as compensation for such period an amount equal to the number of hours worked times the employee's hourly rate. For FLSA exempt employees when absent from work for a period of time, leave balances shall be used and the amount of compensation paid to said employee shall not be subject to a deduction. No deduction shall be made from the employee's paycheck even if the employee's absence cannot be covered or paid through accumulated vacation, sick leave, or compensatory time off, unless it is determined in accordance with law that such deduction will not result in the loss of exempt status of the employee.
- 6.4.4.1 **Allowable Deductions From Salaries:** Notwithstanding any other provisions in these Rules, the **AgenciesJPAs** may take deductions from paychecks of FLSA-exempt employees for any of the following reasons:
- When an employee is absent from work for one or more full days for personal reasons other than sickness or disability.
 - For absences of one or more full days due to sickness or disability if the deduction is made in accordance with a bona fide plan, policy or practice of providing compensation for salary lost due to illness.
 - To offset amounts employees receive as jury or witness fees or for temporary military duty pay.
 - For penalties imposed in good faith for infractions of safety rules of major significance.

- For unpaid disciplinary suspensions of one or more full days imposed in good faith for workplace conduct rule infractions.
- In the employee's initial or terminal week of employment if the employee does not work the full week.
- For unpaid leave taken by the employee under the federal Family and Medical Leave Act (FMLA).
- For absences due to a budget-required furlough.

6.4.4.2 Prohibited Deductions From Salaries: Notwithstanding any other provision in these Rules, if an FLSA-exempt employee is absent for one and one-half days for personal reasons, the AgenciesJPAs may only deduct for the one full-day absence. The FLSA-exempt employee must receive a full day's pay for the partial day worked. In no event shall the AgenciesJPAs take deductions from paychecks of FLSA-exempt employees for any of the following:

- Jury duty on a workday in which the employee does any work.
- Temporary military leave.
- Witness leave on a workday in which the employee does any work, except when the employee has brought the legal action.
- Disciplinary action of suspensions less than one full workweek unless the discipline is based on an infraction of workplace conduct rules.

Section 7 Personnel Files, Personal Identifying Information, and Medical Information

- 7.1 Official Personnel Files:** The AgenciesJPAs shall maintain an official personnel file in either hard copy or electronic form for each of its employees. Personnel files contain such personnel records as may be deemed necessary for the administration of human resources.
- 7.2 Inspection of Personnel Files:** Personnel files shall be made available for inspection by employees within a reasonable time after an employee's request and without loss of pay, provided that employees must make arrangements with their unit manager if the inspection occurs on duty. Upon written request, employees may obtain copies of the materials subject to inspection. The AgencyJPAs may preclude inspection of certain information in accordance with law, such as background and other pre-employment information, and materials relating to confidential investigations.
- 7.3 Confidential Files:** Both AgenciesJPAs maintain confidential files, such as injury reports and confidential medical records, in separate files.
- 7.4 Employee Data:** Employees of either JPAs must ensure that human resources is kept apprised of their current address, personal phone number , as well as ensure that all legally required or JPAs-required documentation is kept up-to-date and on

file in human resources. Employees are responsible for keeping human resources apprised of all personal information related to their benefit status. Changes in marital status, birth or death that affect benefits must be communicated to human resources within 30 calendar days of the event.

7.5 Personal Identifying Information:

7.5.1 Policy Purpose: It is the policy of the company to comply with any federal or state statute and reporting regulations. The JPAs recognize their need to maintain the confidentiality of Personal Identity Information (PII) and understands that such information is unique to each individual. The PII covered by this policy may come from various types of individuals performing tasks on behalf of the JPAs and includes employees, applicants, independent contractors, and any PII maintained on its various databases. The scope of this policy is intended to be comprehensive and will include requirements for the security and protection of such information throughout the JPAs and its approved vendors both on and off work premises. PII may reside in hard copy or electronic records; both forms of PII fall within the scope of this policy.

7.5.2 Key Elements of the Policy: Personal Identity Information has unique personal identification numbers or data, including:

- Social Security Numbers (or their equivalent issued by governmental entities outside the United States).
- Taxpayer Identification Numbers.
- Employer Identification Numbers.
- State or foreign drivers license numbers.
- Date of birth.
- Corporate or individually held credit or debit transaction card numbers (including PIN or access numbers) maintained in organizational or approved vendor records.

7.5.3 PII Retention: The JPAs understand the importance of minimizing the amount of PII data it maintains and it retains such PII only as long as necessary.

7.5.4 Data Breaches/Notification: Databases that include PII may be breached inadvertently or through wrongful intrusion. Upon becoming aware of a data breach, Human Resources will notify all affected individuals whose PII data may have been compromised, and the notice will be accompanied by a description of action being taken to reconcile any damage as a result of the data breach. Notices will be provided as expeditiously as possible and in no event be later than the commencement of the payroll period after which the breach was discovered.

7.5.5 Data Access: The JPAs maintain multiple IT systems where PII data may reside; thus, user access to such IT systems is the responsibility of each client organization. Client organizations have created internal controls for such systems to establish legitimate access for users of data, and access shall be

limited to those approved. Any change in vendor status or the separation of an employee or independent contractor with access will immediately result in the termination of the user's access to all systems where the PII may reside.

7.5.6 Data Transmission and Transportation

7.5.6.1 **Access to PII:** The JPAs human resources, finance, and information technology groups have defined responsibilities for access of data that may include PII. Employees may need to access PII while off site and access to such data shall not be prohibited, subject to the provision that the data to be accessed is minimized to the degree possible to meet business needs and that such data shall reside only on assigned laptops/approved storage devices that have been secured in advance.

7.5.6.2 **Vendors:** The JPAs may share data with vendors who have a business need to have PII data. Where such inter-agency sharing of data is required, encryption and protection standards will be used safeguard all PII data.

7.5.6.3 **Portable Storage Devices:** The JPAs reserve the right to restrict PII data it maintains in the workplace. In the course of doing business, PII data may also be downloaded to laptops or other computing storage devices to facilitate business. To protect such data, the company will also require that any such devices use approved encryption and security protection software while such devices are in use on or off company premises.

7.5.7 **Employee Concerns:** If an employee has reason to believe that his or her PII data security has been breached or that JPAs representative(s) are not adhering to the provisions of this policy, an employee should contact the company Human Resources immediately.

7.5.8 **Confirmation of Confidentiality:** All company employees must maintain the confidentiality of PII to which they may have access and understand that that such PII is to be restricted to only those with a business need to know.

7.5.9 **Violations of PII Policies and Procedures:** The protection of PII data is of the utmost importance. Infractions of this policy or its procedures will result in disciplinary action up to and including termination.

7.6 **Confidentiality of Medical Information Act:** The JPAs has a bona fide business need to collect and review medical information about its employees for various reasons. This policy is established to comply with the State's Confidentiality of Medical Information Act (California Civil Code Section 56, et.seq.), and to protect the confidentiality of medical history, mental, or physical condition, or treatment, and to limit its use in employment decisions. This policy will define "medical information", who is authorized to access that information, and how it will be stored.

7.6.1 **Medical Information Definition:** The Confidentiality of Medical Information Act (CMIA) broadly defines the term "medical information as: "....any individually identifiable information in possession of or derived from

a provider of health care regarding a patient's medical history, mental or physical condition, or treatment." This definition includes information obtained from pre-employment medical examinations, fitness for duty evaluations, worker's compensation claims, verifications of disability status, and drug and alcohol testing results. In essence, any document produced by a doctor, clinic, hospital, psychiatrist, employee assistance program, substance abuse professional, or testing laboratory is considered a confidential medical record.

7.6.2 Authorized Use: To ensure proper handling of employee medical information the Commission authorizes the following positions and their designees to receive and use this type of information on an as-needed basis: Executive Director and the Human Resources Director.

7.6.3 Utilization of Medical Information: The JPAs may legally receive medical reports or information without the employee's authorization for administering and maintaining the following programs:

- Employee benefits plans, including health care plans.
- Plans providing short-term and long-term disability income.
- Worker's compensation benefits.
- Programs for determining eligibility for paid or unpaid medical leave.
- Fitness-for-duty results that describe the employee's job-related functional limitations and exclude any diagnosis or statement of cause.
- In a proceeding that is a lawsuit, arbitration, grievance, or other claim wherein the employee has placed in issue his or her medical condition.

7.6.4 Protecting Employees Medical Information: To protect employee's rights under the CMIA, the JPAs shall keep the information in a medical file, in a separate secure file, apart from personnel files.

7.6.5 Release of Employee Medical Information: Should the JPAs need medical information about an employee in order to assess accommodation, workplace safety, fitness for duty, etc, the following release of information will be requested from the employee.

AUTHORIZATION FOR RELEASE OF MEDICAL INFORMATION

I, _____, hereby authorize _____
(employee name) *(health care provider)*

to release the medical information described below to Local Government Services or Regional Government Services's Director of Human Resources.

This authorization is limited to the following types of information:

The recipient of this information will be using it for the following purpose(s):

(e.g. to access reasonable accommodations)

This authorization shall expire on (date)

I understand that I have the right to receive a copy of this authorization upon my request. By placing my initials below, I hereby acknowledge that a copy of this authorization has been received.

Signature: _____ Dated: _____

Section 8 Attendance, ~~and~~ Working Hours, and Workplace Attire

8.1 **Attendance:** Employees shall be in attendance at their workplace in accordance with these Rules. All units shall keep attendance records of employees which shall be reported via the payroll system.

8.2 **Overtime:** The ~~Agencies~~JPAs are committed to observing all of its obligations under the Fair Labor Standards Act (FLSA). These Rules, as well as all pay practices, shall comply with, and shall be interpreted to ensure the minimum requirements of the FLSA. Overtime shall be defined and compensated for in accordance with the appropriate compensation designated for the employee.

8.2.1 **FLSA-Exempt Employees:** The ~~Agencies~~JPAs designate as FLSA Exempt those employees who work in professional, executive, or administrative capacities and who are therefore not entitled to overtime compensation under the FLSA.

8.2.2 **Overtime Paid:** The ~~Agencies~~JPAs follow FLSA guidelines and it pays overtime on hours worked and hours in a paid status. All compensable overtime must be authorized by the employee's unit manager. Except when necessary to address an emergency or special circumstances, employees who are entitled to overtime compensation under the law may not work outside of regularly scheduled working hours, or during unpaid meal periods, without the prior authorization of their unit manager. In that event, employees shall report overtime work as soon as possible after the work is performed.

8.2.3 **Compensatory Time:** Employees, may with express approval of their unit manager, accrue compensatory time.

8.2.3.1 **Accrual:** No more than 80 hours may be accrued at any one time.

8.2.3.2 Calendar Year: All compensatory time must be used by 12/15 of each calendar year.

8.2.3.3 Paying Off: Compensatory time remaining on the books as of 12/15 of each year, will be paid as compensation.

8.2.3.4 Tracking: Unit managers will track employees accrual and use of compensatory time.

8.3 Workweek: The basic workweek for full time employees shall be 40 hours per week, in a 7-day period as identified in each individual employment agreement. The workweek commences at 12:01 a.m. every Sunday a.m., and is a regularly recurring 7-day period ending at 12 Midnight every Saturday evening.

8.4 Change in Work Hours: The ~~Agencies~~JPAs shall establish and may modify regular working hours for its employees and may require employees to work overtime and to perform standby responsibilities.

8.5 Alternate Work Schedules: Employees may work alternate work schedules, such as 4 ten-day workdays in each workweek, or a 9/80 schedule in a 2-week period, if approved by the unit manager, and the alternate work schedule does not have a negative operational affect on work output. For employees working such alternate work schedules, all leaves will continue to accrue based on a 2080 work hours in each calendar year or prorated if working less than fulltime. No holiday shall be compensated at more than 8 hours.

8.6 Meal Period: Unless otherwise established for a unit or particular employee, employees receive a 30 or 60 minute meal period that is not compensable. During the meal period, the employee shall be completely relieved of duties. If the employee is authorized in advance and performs work during the meal period, the employee shall be compensated for such time. Meal periods may not be used to shorten the workday unless the employee obtains express prior approval from his/her unit manager.

8.7 Rest Periods: Unless otherwise established for a unit or particular employee, employees shall have a 15 minute rest period for each half of their shift. The rest period may be interrupted or cancelled if necessary to complete work. The rest periods may not be combined or used to shorten the workday.

8.8 Workplace Attire: The JPAs maintains a professional working environment for the benefit of its employees and the public. As public employees and representatives of the client agencies, each employee shall present him/herself appropriately and professionally, including but not limited to workplace attire, especially when attending off-site meetings and events. If an employee is on the job in inappropriate clothing, the immediate supervisor may require the employee to change into appropriate work wear.

Section 9 Leaves

- 9.1 **General Leave Provisions:** Employees are expected to be at work at their scheduled times. To ensure accountability and the integrity of public service, all employees are expected to account for their absences from work. Leave time for all employees is chargeable in increments of .25 hours (15 minutes).
- 9.1.1 **Leave Approval:** Leaves shall be subject to approval by the unit manager, and scheduled in advance whenever possible, with due regard for service needs.
- 9.1.2 **Leave Accounting:** The AgenciesJPAs may employ any reasonable measure to ensure employees are properly accounting for leaves, including requiring reasonable proof that the basis for the leave is legitimate. Employees may be required to submit a medical certification of sickness supporting a request for sick leave. The AgenciesJPAs may require a fitness-for-duty certification from any employee returning from medical leave.
- 9.1.3 **Leave Benefits:** Leave benefits are available only as identified in each individual employment agreement.
- 9.1.4 **Leave Accruals:** Employees eligible for leave shall accumulate leave from the date of the employee's initial appointment until separation from employment.
- 9.1.5 **Absent Without Pay Leave Accruals:** Leave accrues on hours in a paid status. No leaves will accrue when an employee is on an unpaid leave.
- 9.2 **Available Leave Categories:** The AgenciesJPAs provide the following leave categories: administrative leave, annual vacation leave, bereavement leave, compensatory time, family and medical leave, holidays, job-incurred disability leave, jury duty, leave of absence with pay, leave of absence without pay, military leave (including military family leave), pregnancy disability leave and parental leave, sick leave with pay, school leave, and time off to vote.
- 9.3 **Administrative Leave:** Administrative leave may be granted to an employee as part of the terms of an individual employment agreement.
- 9.3.1 **Administrative Leave Pay on Separation From Service:** Any accrued but unused Administrative Leave shall not be paid out at the end of each calendar year nor upon separation from service.
- 9.3.2 **Administrative Leave Pay:** Employees who do not use their administrative leave each calendar year shall forfeit any unused amount as of 12/31 of each year.
- 9.3.3 **Others Types of Administrative Leave:** Administrative leave with or without pay may be granted by the Executive Director, as appropriate, to address administrative issues.
- 9.4 **Annual Vacation Leave:** The AgenciesJPAs provide annual vacation leave as described in each individual employment agreement. Earned and accrued vacation leave may be taken as it accrues. An employee may take vacation that has not yet been accrued only with prior approval from the unit manager in consultation with human resources. Scheduling of vacations must be made in consideration of the unit's workload.

- 9.4.1 **Vacation Pay on Separation From Service:** Employees who separate from service shall be cashed out of their accrued but unused vacation at the employee's hourly rate at the time of separation from service.
- 9.4.2 **Maximum Vacation Accrual:** Employees may accrue vacation up to the maximum amount as indicated in their individual employment agreements. Excess vacation beyond the individual maximum limit will be paid at the employee's actual hourly rate of pay at the payperiod ending 12/15 of each year, unless specifically pre-approved by human resources.
- 9.5 **Bereavement Leave:** Bereavement leave is provided for employees as defined in their individual employment agreements. Unless otherwise stipulated in an individual employment agreement, employees may take bereavement leave in the event of death of any of the following family members: mother, father, spouse, child, registered domestic partner, or of any persons whose relationship is essentially similar to the aforesaid relationships upon approval of the unit manager in consultation with human resources.
- 9.6 **Holidays:** Paid 8-hour day holidays are provided for employees as described in the individual employment agreement. Employees must be in a paid status the day before and the day after the holiday to receive holiday pay.
- 9.7 **Job-incurred Disability Leave:** All employees are entitled to workers' compensation insurance benefits in accordance with state law. If an employee is injured or made ill arising out of or in the course of work, the employee may file a claim on the approved claim forms with the [AgenciesJPAs](#) workers' compensation claims administrator. Employees are eligible to receive workers' compensation insurance benefits if the claim is declared compensable under the California workers' compensation laws. Payment of job-incurred disability leave shall be at the amount of temporary disability indemnity received, pursuant to workers' compensation law. If an employee becomes disabled to such an extent that the employee cannot return to work, the employee may be entitled to disability retirement.
- 9.7.1 **Labor Code Section 3352:** In accordance with Section 3352 of the Labor Code, the [AgenciesJPAs](#) do not extend workers' compensation benefits to non-safety volunteers.
- 9.7.2 **Fitness for Duty:** When an employee seeks to return to work after being on job-incurred disability leave, the employee must provide medical certification that he/she is physically able to perform the duties of the position. The [AgenciesJPAs](#) may require the employee to undergo a fitness-for-duty examination before returning to work. If the employee is not fit to perform his/her duties with or without reasonable accommodation, the [AgenciesJPAs](#) may consider placing the employee in another position, seek the employee's disability retirement, or separate the employee in accordance with applicable law.
- 9.8 **Jury Duty:** An employee summoned and required to serve as a juror in a trial, upon notification and appropriate verification submitted to his/her unit manager,

may be absent from duty with full pay as defined in the individual employment agreement. The employee shall remit, within 15 days of receipt, all fees received for serving as a juror except those fees specifically allowed for mileage and expenses.

9.8.1 Witness Leave: An employee who is subpoenaed to appear in court in a matter regarding an event or transaction which he/she perceived or investigated in the course of his/her employment with the AgenciesJPAs shall be allowed to do so without loss of compensation, unless it is the employee's own lawsuit. An employee subpoenaed to appear in court in a matter unrelated to his/her official capacity, or who is appearing in court in a matter initiated by the employee, shall be permitted time off without pay, or if the employee chooses, to use accrued vacation for such purpose.

9.9 Leave of Absence: When an employee is requesting a leave of absence, a written request shall be provided to his/her unit manager with a copy to human resources, stating the dates of the leave requested, the type of leave requested, the specific cause of the leave, and any other information necessary for the request to be evaluated. The letter must be reviewed and approved by the unit manager in consultation with human resources prior to the leave commencing. Except for emergency circumstances, the written request must be completed in advance.

9.10 Leave of Absence Without Pay: Employees may be granted leaves of absence without pay for up to 3 months upon written approval of the Executive Director or designee. The Executive Director in consultation with the unit manager and human resources may grant or deny a request for unpaid leave of absence in his/her sole discretion. Upon expiration of an approved leave, the employee shall be reinstated in the position held at the time leave was granted. Failure of an employee on leave to report to work promptly at the leave's expiration without request and approval for an extension of said leave in writing, shall constitute voluntary resignation by the employee. The depositing in the United States mail of a first class letter, postage paid, addressed to the employee's last known address or an e-mail to the employee's last known personal e-mail address, shall be reasonable notice of the applicable AgencyJPAs's acceptance of the employee's resignation.

9.11 Leave of Absence – Unauthorized: Any unauthorized leave of absence from duty by an employee shall result in disciplinary action and/or discharge. Subsequently such absence may be approved by the employee's unit manager in consultation with human resources, with or without pay, where extenuating circumstances are found to have existed.

9.12 Military Leave: Military leave shall be granted in accordance with the provisions of state and federal law. All employees entitled to military leave shall give the unit manager an opportunity, within the limits of military regulations, to determine when such leave shall be taken. Certain military leave shall be paid leave for a period of time as specified in state law. Employees on military leave are entitled to health, welfare, and seniority-related benefits as required by state and federal law. Employees on military leave shall be granted promotional opportunities and reinstatement after return from military leave in accordance with applicable law. As

- required by law, leave accruals will continue during paid military leave and contributions as appropriate, will be made under the applicable retirement plan. Employees on military leave have the option to continue health benefits as follows:
- 9.12.1 **Less Than 31 Days:** If the leave is less than 31 days, the employee is required to pay the employee's share of the insurance premiums.
 - 9.12.2 **More than 30 Days:** If the leave is more than 30 days, the employee is required to pay 102% of the full costs the health (medical, dental, vision, and life insurance) premiums.
 - 9.13 **Military Family Leave:** In accordance with the Family and Medical Leave Act (FMLA), eligible employees may use their 12 weeks of FMLA leave for any "qualifying exigency" arising out of a family member's active military duty. Eligible employees are also permitted to take up to 26 weeks of leave in a single 12-month period to care for a family member who sustains a serious illness or injury while on active military duty.
 - 9.14 **Military Spouse Leave:** In accordance with California Military & Veterans Code, eligible spouses and domestic partners of active members of the military are entitled to up to 10 days of unpaid leave when their spouse or domestic partner, who is in active military service, is on leave.
 - 9.15 **Other Authorized Leaves:** The unit manager may authorize employees to take leave with or without pay for training, education, conferences, or meetings.
 - 9.16 **Pregnancy Disability Leave (PDL):**
 - 9.16.1 **Eligibility:** Any employee who is disabled because of pregnancy, childbirth, or a related medical condition may be entitled to pregnancy disability leave (PDL). For employees who are also eligible for FMLA/CFRA (California Family Rights Act) leave, PDL is not counted as time used for CFRA leave, but does run concurrently with available FMLA leave.
 - 9.16.2 **Reasons for Leave:** This leave is for any period(s) of actual disability caused by pregnancy, childbirth, or related medical conditions. Pregnancy leave does not need to be taken in one continuous period of time but can be taken on an as-needed basis. Time off needed for prenatal care, severe morning sickness, doctor-ordered bed rest, childbirth, and recovery from childbirth are all covered by this leave.
 - 9.16.3 **Amount of Leave:** Employees may take up to 4 months for pregnancy disability. Employees affected by pregnancy or a related medical condition, may also be eligible to transfer to a less strenuous or hazardous position or to less strenuous or hazardous duties, if this transfer is medically advisable.
 - 9.16.4 **Benefits While On Leave:**
 - 9.16.4.1 **Benefits:** Pregnancy leave is unpaid. Employees may use accrued leave as if on FMLA and will receive benefits pursuant to these Rules up through exhaustion of the employees' available FMLA leave. Employees who are not eligible for FMLA leave or employees who continue taking PDL after they have exhausted their available

FMLA leave, shall receive benefits only to the same extent as other similarly situated employees on leave for a disability.

9.16.4.2 **Accrued leaves:** While on unpaid leave, employees do not accrue vacation, sick, or other paid leave time, and performance evaluation dates may be adjusted, to the same extent as for any other unpaid leaves.

9.16.5 **Substitution of Paid Accrued Leaves:** Employees taking pregnancy leave shall concurrently use any available sick leave. Employees shall also use any accrued vacation or other accrued time off as a part of their PDL before taking the remainder of their leave as an unpaid leave.

9.16.6 **Employee Notice of Leave:** To the extent possible, employees requesting PDL should notify their unit manager and human resources as soon as possible or when they reasonably know an absence is pending.

9.16.7 **Medical Certification:** The AgenciesJPAs may require an employee requesting PDL to provide certification from the health care provider. The certification should include all of the following:

9.16.7.1 **Date:** The date on which the employee became disabled due to the pregnancy.

9.16.7.2 **Duration:** The probable duration of the period(s) of disability.

9.16.7.3 **Statement:** A statement that, due to the disability, the employee is unable to work at all or to perform any one or more of the essential functions of their position without undue risk to the employee, the successful completion of the pregnancy, or to other persons, or a statement that, due to the pregnancy, a transfer is medically advisable.

9.16.8 **Reinstatement Upon Return From Leave:**

9.16.8.1 **Reinstatement to Position:** Upon expiration of leave, an employee is entitled to be reinstated to the position of employment held when the leave commenced, or to an equivalent position with equivalent employment benefits, pay, and other terms and conditions of employment. Employees have no greater rights to reinstatement, benefits, and other conditions of employment than if the employee had been continuously employed during the PDL period.

9.16.8.2 **Fitness-for-Duty Certification:** As a condition of reinstatement or a transfer, the employee may be asked to provide to the AgenciesJPAs a fitness-for-duty certification from a health care provider that the employee is able to resume work in the position sought. Failure to provide such certification may result in denial of reinstatement.

9.17 **Parental Leave:** After the employee's pregnancy disability ends, the employee may be eligible for CFRA leave, in accordance with the Family and Medical Leave policy, to care for a newborn. The AgenciesJPAs may require that the employee

provide a medical certification indicating when the pregnancy disability ended. In addition, an employee may request leave without pay to care for the newborn. Such requests may be granted within the discretion of the unit manager in consultation with human resources.

- 9.18 **Sick Leave:** Sick leave credit for employees is identified in each individual employment agreement. Unused sick leave may be accrued without limit. Employees shall not be entitled to sick leave as a matter of right, but only in accordance with the provisions of law, AgenciesJPAs policies, and the individual employment agreement. An employee shall not receive payment for unused accumulated sick leave upon separation of employment or retirement (either disability or service retirement). The unit manager may request, in his/her discretion, that the employee produce a certificate issued by a licensed physician or other satisfactory proof of illness before sick leave is granted. The unit manager may also direct an employee to attend a physical examination by an AgenciesJPAs-retained licensed physician, at AgenciesJPAs' expense, to ascertain whether the employee is fit to perform the duties of his/her position.

9.18.1 **Sick Leave as Kin Care:** In cases of illness of a family member, employees are entitled to use not less than up to one-half of the employee's annual sick leave entitlement to attend to the illness of a spouse, domestic partner, parent, or child, in accordance with Labor Code section 233. Additional family sick leave usage for special circumstances may be granted on a case-by-case basis in the discretion of the unit manager in consultation with human resources.

9.18.2 **Notification of Sick Leave:** When an employee is unable to report for duty due to the employee's own illness or that of a designated family member as defined in Labor Code 233, the employee must notify his/her unit manager as soon as possible. The employee shall report the intended use of sick leave and the reason for the absence. If the unit manager is not immediately available, the employee may leave a voice mail message, unless otherwise directed.

- 9.19 **School Leave:** Employees are allowed to take up to 40 hours off per year for school activities for children in kindergarten through twelfth grade. The employee must use existing vacation, administrative leave, or compensatory time off during such absences and the employee must give reasonable notice to his/her unit manager of the planned school leave.

- 9.20 **Time Off to Vote:** Employees who are registered voters may claim necessary time off to vote at statewide elections under the provisions of the State Elections Code Section 14350. If an employee does not have sufficient time outside of working hours to vote at a statewide election, the employee may without loss of pay, take enough working time off, which when added to the voting time available outside of working hours, will enable the employee to vote. Absentee voting is encouraged if the employee lives such a distance that considerable time would be needed to travel to the employee's designated polling place.

- 9.20.1 **Amount:** No more than 2 hours of the time taken off for voting shall be without loss of pay. The time off for voting shall be only at the beginning or end of a regular working shift, whichever allows the most free time for voting and the least time off from work. In no event is the voter/employee eligible to take off more time than is necessary to vote.
- 9.20.2 **Notice:** The employee shall give the unit manager at least 2-working days' notice that time off for voting is desired.
- 9.20.3 **Scheduling Absence:** Registered voters/employees who need time off to vote must make arrangements with his/her unit manager.
- 9.21 **State Disability Insurance Leave:** The AgenciesJPAs do not participate in State Disability Insurance, or any leaves associated with it. The AgencyJPAs contributes to a short-term and long-term disability plan.
- 9.22 **Short- and Long-term Disability Benefits:** Eligibility for short- or long-term disability is identified in each individual employment agreement. Employees may not simultaneously use sick leave and disability benefits. Employees may use all discretionary leaves prior to going on short- or long-term disability.
- 9.23 **Disability Retirement Eligibility:** If an employee is determined to be eligible for PERS disability retirement, the employee shall not be permitted to exhaust paid sick leave balances prior to retiring.

Section 10 Separation From Service

- 10.1 **Resignation:** Employees are encouraged to give at least 2 weeks notice when resigning. The resignation becomes effective upon receipt of an oral, written, or e-mailed notice of the resignation. The resignation letter or e-mail should state the effective date and reasons for leaving. Once a resignation becomes effective, it is irrevocable except that the Executive Director after consultation with the unit manager and human resources may, in his/her discretion, may permit a resignation to be rescinded.
- 10.2 **Automatic Resignation:** Employees are deemed to have resigned when absent from work without prior authorization for at least one workday. The AgenciesJPAs shall give notice of such automatic resignation. The employee, who is an at will employee, shall have no right of appeal the automatic resignation in such circumstances.
- 10.3 **Failure to Report:** Failure on the part of an employee, absent without leave, to return to duty within one working day, shall be cause for immediate discharge, including failing to show up at any time and/or failing to return after an authorized leave.
- 10.4 **Discharge:** At will employees may be discharged by the Executive Director with or without reason or just cause and without right of appeal.
- 10.5 **Layoff Policy and Procedure:**

- 10.5.1 **Statement of Intent:** When, in the judgment of the Executive Director, it becomes necessary to abolish a position or employment due to lack of funds, curtailment of work, organizational changes, or for other business reasons, the employee holding such position or employment may be laid off or demoted without disciplinary action and without the right of appeal. An employee who is laid off has no bumping rights, no right of appeal, nor any greater rights to return status.
- 10.5.2 **Order of Layoffs:** Layoffs shall be by made in accordance with serving the best needs of the ~~Agencies~~JPAs.
- 10.5.3 **Notification:** Employees to be laid off shall be given as much notice as possible, prior to separation.

Section 11 Evaluations, Transfer, and Reinstatement

- 11.1 **Employee Performance Evaluations:** The JPAs shall strive to provide a professional work environment that encourages and supports fair and equitable treatment of its employees. The JPAs recognize the importance of employee performance appraisals in sustaining an effective staff, and further, encourages an open, ongoing dialogue between unit managers, supervisors, and employees. Performance appraisals are completed generally once a year and may be done more frequently at the discretion of the unit manager. The purpose of the employee performance evaluation process is to provide an opportunity for the unit manager and employee to review and evaluate performance standards and objectives. Performance evaluations are completed generally once a year and may be done more frequently at the discretion of the unit manager. Performance appraisals are not subject to the grievance procedure.
- 11.1.1 **Annual Performance Appraisals:** At a minimum, a work planning and performance evaluation shall occur at least once a year for all employees at an appropriate and logical date.
- 11.1.2 **Evaluation Forms:** The performance evaluation shall be completed on any form acceptable to human resources.
- 11.1.3 **Performance Improvement Plan:** The unit manager may propose a Performance Improvement Plan to improve deficiencies in performance. Such Performance Improvement Plan is to be considered part of the evaluation program and is not considered disciplinary action.
- 11.2 **Transfer:** Upon approval of the Executive Director after consultation with the unit manager and human resources, an employee may be transferred at any time from one position to another.
- 11.3 **Reinstatement:** The Executive Director after consultation with the unit manager and human resources, may approve the reinstatement of an employee who has resigned with a good record, to a vacant position without competing for the position.

Section 12 Grievance Procedure

This grievance procedure is intended to ensure that every reasonable effort will be made to resolve problems as near as possible to the point of origin.

- 12.1 **Definition of Grievance:** Subject to the exclusions listed in this Rule, a grievance is defined as any dispute involving the interpretation, application, or alleged violation of a specific express term of these Rules.
- 12.2 **Eligibility to File a Grievance:** Only employees who are adversely affected by either Agency JPAs's act or omission are eligible to file a grievance.
- 12.3 **Exclusions From the Grievance Procedure:** The following matters are excluded from the definition of a grievance.
 - 12.3.1 Requests for changes in wages, hours, or working conditions.
 - 12.3.2 The content of employee evaluations or performance reviews, except those that result in a loss of benefits to the employee.
 - 12.3.3 Challenges to reclassification, layoff, transfer, denial of reinstatement.
 - 12.3.4 Challenges to examinations or appointment to positions.
 - 12.3.5 Challenges to this grievance procedure.
 - 12.3.6 Challenges to disciplinary action or termination.
- 12.4 **Grievance Procedure:** The grievance procedure shall consist of the following steps:
 - 12.4.1 **Step 1 – Informal Grievance:** Employees shall bring their informal grievances to the attention of their supervisor, unit manager, or human resources within 5-working days of the occurrence of the act causing the basis for the grievance.
 - 12.4.2 **Step 2 – Formal Grievance:** If the grievance is not resolved at this step within 15-working days of the date the grievance was raised with the immediate supervisor, the employee shall have the right to submit a formal written grievance to the employee's unit manager. If the employee's immediate supervisor is the unit manager, then it is still submitted formally at this step. The formal written grievance shall be presented in writing within 15-working days after the date upon which the grieving employee informally discussed the grievance with his/her immediate supervisor. Failure to do so will result in waiver of the right to pursue the grievance. The written grievance shall contain the following information:
 - 12.4.2.1 **Grievant Name:** The name and signature of the grievant.
 - 12.4.2.2 **Worksite:** The specific work site of the grievant.
 - 12.4.2.3 **Immediate Supervisor:** The name of the immediate supervisor and unit manager of the grievant.
 - 12.4.2.4 **Nature of Grievance:** A statement of the nature of the grievance, including date and place of occurrence.

12.4.2.5 **Violation:** The specific provision, policy, or procedure alleged to have been violated.

12.4.2.6 **Remedies:** The remedies sought by the grievant.

12.4.3 **Step 3 – Response to Formal Grievance:** Within 15-working days of receipt of the written grievance, the unit manager shall submit to the employee an answer in writing. If the grievance is not resolved at this level, the employee shall have 15-working days from receipt of the answer in which to file an appeal to the Executive Director.

12.4.4 **Step 4 – Executive Director Response:** The Executive Director shall respond to the grievance in writing within 15-working days of its receipt. Within this period, at the Executive Director's discretion, an informal hearing involving the parties to the dispute may be conducted. The decision of the Executive Director shall be binding.

12.5 **Representation:** The grievant is entitled to representation of his/her choice at any point in the grievance procedure. If the representative is a fellow employee, that employee shall receive time off from his/her work assignment for the time of the grievance meeting or hearing plus reasonable travel time. The grievant must inform human resources whether he/she will be represented at any meeting regarding the grievance, along with the identity of the representative, at least 48 hours prior to the grievance meeting.

12.6 **Waiver of Grievance:** Failure by the grievant to appeal his/her grievance to the next step within the specified time limits of this Rule shall constitute a waiver of the right to pursue the grievance further, unless an extension of time to a definite date was granted by the appropriate AgencyJPAs employee. Failure by the AgenciesJPAs to respond to the grievance within any of the specified time lines shall entitle the grievant to appeal to the next level of review. Additionally, failure on the part of an employee or his representative to appear for any scheduled meeting without notification may, in the applicable AgencyJPAs's discretion, result in the AgencyJPAs's denial of the grievance.

12.7 **No Retaliation:** Employees shall not be penalized or retaliated against in any way for using the grievance procedures, or testifying as a witness in a grievance proceeding.

Section 13 Disciplinary Action

13.1 **Policy:** Employees are at-will and may be discharged without cause by the Executive Director at any time. While disciplinary action may be taken, it does not limit the authority of the Executive Director to discharge an employee with or without cause, with no right of appeal.

13.2 **Types of Discipline:** The Executive Director may invoke disciplinary action for a violation of a rule, regulation, or practice and may impose the following types of

disciplinary actions: oral reprimand; written reprimand; suspension without pay; reduction in pay, or demotion.

- 13.3 **Written Notice:** The AgenciesJPAs will provide written notice to the employee of its intention to discipline for cause. The written notification will explain the incident, rule violation, and the proposed discipline. Such notice shall include a statement of the reason(s) for the proposed action and the ground(s) for the discipline being considered. In addition, the AgenciesJPAs will provide the employee the right to respond, either verbally or in writing to the proposed discipline within 5-working days from the date of the notification. The employee shall have the right to have a representative present if the employee desires to respond verbally.

13.4 **Grounds for Disciplinary Action:**

13.4.1 **Disciplinary Causes:** Causes for disciplinary action against any employee may include, but shall not be limited to, the following:

- 13.4.1.1 Misstatements or omissions of fact in completion of the employment application or to secure appointment to a position with the AgenciesJPAs.
- 13.4.1.2 Furnishing knowingly false information in the course of the employee's duties and responsibilities.
- 13.4.1.3 Inefficiency, incompetence, carelessness, or negligence in the performance of duties.
- 13.4.1.4 Violation of safety rules.
- 13.4.1.5 Violation of any of the provisions of these Rules or respective AgencyJPAs policies.
- 13.4.1.6 Inattention to duty.
- 13.4.1.7 Tardiness or overstaying lunch periods.
- 13.4.1.8 Being under the influence of an intoxicating beverage or non-prescription drug or prescription drugs not authorized by the employee's physician, while on duty or on work property.
- 13.4.1.9 Disobedience to proper authority, refusal or failure to perform assigned work, to comply with a lawful order, or to accept a reasonable and proper assignment from an authorized supervisor.
- 13.4.1.10 Any violation of the AgenciesJPAs' harassment or retaliation policies.
- 13.4.1.11 Unauthorized soliciting on AgenciesJPAs or client's property.
- 13.4.1.12 Unauthorized absence without leave; failure to report after leave of absence has expired or after a requested leave of absence has been disapproved, revoked, or canceled, or any other unauthorized absence from work.
- 13.4.1.13 Conviction of a felony, or a misdemeanor involving moral turpitude, or a violation of a federal, state, or local law which negatively impacts the employee's ability to perform his/her job or brings discredit to either AgencyJPAs or the client organization.

(For purposes of this section, a misdemeanor conviction does not include a conviction based on a plea of nolo contendere).

- 13.4.1.14 Discourteous or offensive treatment of the public or other employees.
- 13.4.1.15 Falsifying any AgencyJPAs or client document or record.
- 13.4.1.16 Misuse of AgencyJPAs or client property, improper or unauthorized use of equipment or supplies, damage to or negligence in the care and handling of AgencyJPAs or client property.
- 13.4.1.17 Fighting, assault, and/or battery.
- 13.4.1.18 Working overtime without authorization.
- 13.4.1.19 Theft or sabotage of or client property.
- 13.4.1.20 Sleeping on the job, except as specifically authorized.
- 13.4.1.21 Accepting bribes or kickbacks.
- 13.4.1.22 Gambling.
- 13.4.1.23 Engaging in outside employment which conflicts with an employee's responsibilities.
- 13.4.1.24 Intimidation or interference with the rights of any employee.
- 13.4.1.25 Outside work or any other activity or conduct that creates a conflict of interest with the respective AgencyJPAs or client's work, causes discredit to the respective AgencyJPAs or client, negatively impacts the effective performance of either AgencyJPAs's or client functions, or is not compatible with good public service or interests of the AgenciesJPAs or client.
- 13.4.1.26 Abusive or intemperate language toward or in the presence of others in the workplace.
- 13.4.1.27 Failure to obtain and/or maintain minimum qualifications for a position, including licenses or certificates.
- 13.4.1.28 Any other conduct of equal gravity to the reasons enumerated above as determined by the AgenciesJPAs.

- 13.5 **Employee Review:** When requested, employees shall be given an opportunity to review the documents or materials upon which the proposed disciplinary action is based.
- 13.6 **Relief of Duty:** The Executive Director may place an employee on administrative leave with pay pending an investigation in order to determine if disciplinary action is to be taken.
- 13.7 **No Rights To Appeal:** The employee has no right to appeal any discipline action or proposed action.

Section 14 Equal Employment/Anti-discrimination Policy

- 14.1 **Anti-discrimination Policy:** The AgenciesJPAs are committed to equal opportunity in employment and services. The AgenciesJPAs, its employees, contractors, and agents shall not discriminate with respect to service provision, program operation, or in the recruitment, selection, testing, training, transfer, promotion, demotion, termination, performance appraisal process, compensation, or in any other term, condition, or privilege of employment because of the individual's actual or perceived race, color, religion, gender, national origin, ancestry, citizenship, age, marital status, physical disability, mental disability, medical condition, sexual orientation, military veteran's status, or any other basis protected by law, or on the basis of a perception that an individual is associated with a person who has, or is perceived to have, any of these characteristics.
- 14.2 **Equal and Fair Personnel Practices:** The AgenciesJPAs, its employees, contractors, and agents must administer all human resource functions in a manner that is equal and fair to all employees and prospective employees. It is the obligation of every employee in all the locations to comply with this policy in substance, practice, and in spirit.
- 14.3 **Non-discrimination and Harassment Policy:**
- 14.3.1 **Purpose:** The purpose of this policy is:
- 14.3.1.1 **Reaffirm:** To reaffirm the AgenciesJPAs commitment to prohibit and prevent unlawful discrimination (including harassment) in all workplaces.
- 14.3.1.2 **Define:** To define discrimination and harassment prohibited under this policy.
- 14.3.1.3 **Identify Procedures:** To set forth a procedure for resolving complaints of prohibited discrimination and harassment.
- 14.3.2 **Interpretation and Application of Policy:** This policy shall not be construed to create a private or independent right of action. Although this policy is intended to prohibit discrimination consistent with Title VII of the Civil Rights Act of 1964, the Americans with Disabilities Act, the California Fair Employment and Housing Act, and California Labor Code Section 1102.1, the AgenciesJPAs reserve the right to interpret and apply this policy to provide greater protection than what is afforded under those laws.
- 14.3.3 **Statement of Policy:** The AgenciesJPAs are committed to providing an environment that is free from harassment and discrimination of any kind, including sexual harassment and harassment based on race, color, religion, national origin, ancestry, age, physical disability, mental disability, medical condition, marital status, sexual orientation, veteran's status, or any other characteristic prohibited by state or federal law. It is important that the AgenciesJPAs maintain an atmosphere characterized by mutual respect in order to ensure fair and courteous treatment of employees and the public.
- 14.3.4 **Disapproval of Harassment:** The AgenciesJPAs strongly disapprove of and will not tolerate harassment or discrimination against employees or applicants by elected or appointed officials, managers, supervisors, or

coworkers. The **AgenciesJPAs** also strongly disapprove of unlawful harassment of employees by persons with whom the **AgenciesJPAs** or client organizations have a business, service, or professional relationship.

14.3.5 Misconduct: Illegal harassment and discrimination are considered serious acts of misconduct and will not be tolerated. Employees who violate this policy and engage in acts of illegal harassment or discrimination of any type, for any duration, shall be subject to severe disciplinary action, up to and including termination.

14.3.6 Non-retaliation: Retaliation against individuals who complain of illegal harassment or discrimination or who participate in an investigation into illegal harassment or discrimination shall not be tolerated. Employees who engage in such acts of retaliation shall be subject to serious disciplinary action, up to and including termination.

14.3.7 Definitions:

14.3.7.1 Harassment: Depending upon the circumstances, a single act of harassment, as defined below, can violate this policy.

14.3.7.1.1 Verbal Harassment: Includes epithets, jokes, comments, or slurs that identify a person on the basis of his/her protected classification, intimate or other nicknames, comments on appearance, including dress or physical features, or stories that tend to disparage those with a protected classification.

14.3.7.1.2 Visual Forms of Harassment: Includes gestures, posters, notices, bulletins, cartoons, photography, or drawings that tend to disparage those with a protected classification.

14.3.7.1.3 Physical Harassment: Includes the following conduct taken because of an individual's protected classification: assault, impeding or blocking movement, physically interfering with normal work or movement, pinching, grabbing, patting, propositioning, leering, making express or implied job threats or promises in return for submission of physical acts, mimicking, stalking, or taunting.

14.3.7.1.4 Sexual Harassment: Includes unwelcome sexual advances, requests for sexual favors, or other verbal or physical conduct of a sexual nature that are an express or implied condition of continued employment or other term and condition of employment.

14.3.7.1.5 Retaliation: Any adverse employment action taken because an employee has reported harassment, or has participated in the complaint procedure. "Adverse employment action" includes any personnel action that has

a significant affect upon the terms or conditions of employment.

14.3.8 Guidelines for Identifying Harassment: To help clarify what constitutes harassment in violation of this policy, employees shall use the following guidelines:

14.3.8.1 Unwelcome Conduct: Harassment includes any conduct which would be unwelcome to a reasonable person of the recipient's same protected classification and which is taken because of the recipient's protected classification.

14.3.8.2 Appearance of Consent: It is no defense that the recipient appears to have voluntarily consented to the conduct at issue. A recipient may not protest for many legitimate reasons, including the need to avoid being insubordinate or to avoid being ostracized.

14.3.8.3 Lack of Complaints: Simply because no one has complained about a joke, gesture, picture, physical contact, or comment does not mean that the conduct is welcome. Harassment can evolve over time. Small, isolated incidents might be tolerated up to a point. The fact that no one is complaining now does not preclude anyone from complaining if the conduct is repeated in the future.

14.3.8.4 Third-party Observer: Even visual, verbal, and/or physical conduct between 2 employees who appear to welcome it can constitute harassment of a third applicant, officer, official, employee, or contractor who observes the conduct or learns about the conduct later. Conduct can constitute harassment even if it is not explicitly or specifically directed at an individual.

14.3.8.5 Intention: Conduct can constitute harassment in violation of this policy even if the individual engaging in the conduct has no intention to harass. The [AgenciesJPAs](#) recognize that it is legitimate for those in protected classifications to have heightened sensitivities to harassment as a result of their life experiences. Even well-intentioned conduct can violate this policy if the conduct is directed at, or implicates a protected classification, and if an individual of the recipient's same protected classification would find it offensive.

14.3.8.6 Single Act: A single act can violate this policy and provide grounds for discipline or other appropriate sanctions. Therefore, if employees are in doubt as to whether any particular conduct may violate this policy, they should not engage in the conduct, and should seek guidance from a supervisor.

14.4 Reporting Unlawful Harassment or Discrimination:

14.4.1 Reporting: Any employee who believes he/she has been unlawfully harassed or discriminated against should promptly report it orally or in writing to the employee's unit manager, human resources, or the Executive Director. An employee is not required to complain first to a unit manager if

that person is the individual who is harassing and/or engaging in discriminatory actions against the employee. Instead, the employee may report the harassment/discrimination to any management employee.

- 14.4.2 Receiving Complaints:** Any unit manager who receives a complaint of unlawful harassment/discrimination, or who observes or otherwise learns about unlawfully harassing conduct is required to notify human resources immediately. Failure to do so may result in disciplinary action.
- 14.5 Remedial Action:**
- 14.5.1 Action:** Upon receiving complaints of discrimination or harassment, the AgenciesJPAs may undertake an investigation of the complaints. The Executive Director, human resources, or AgenciesJPAs attorney may retain an outside investigator to conduct the investigation. All complaints shall be investigated to the extent that the AgenciesJPAs deem appropriate. Any investigation and investigation report prepared relating to the complaint shall be kept confidential except as required by law. If harassment or discrimination is found to have occurred in violation of this policy, action shall be taken to ensure or confirm that the harassment or discrimination at issue is stopped. The AgenciesJPAs may take whatever measures are appropriate to ensure its workplaces remain free from unlawful discrimination or harassment.
- 14.5.2 Disciplinary Action:** Employees found to have engaged in discrimination or harassment covered by this policy may be subject to disciplinary action up to and including termination of employment. First-time violations of this policy, depending on the severity of the conduct, may lead to termination.
- 14.5.3 Dishonest or Uncooperative Behavior:** Employees found to have been dishonest or uncooperative during an investigation into allegations of unlawful harassment or discrimination may be subject to disciplinary action up to and including termination of employment.
- 14.6 No Retaliation:** Employees should feel free to report valid claims of unlawful harassment or discrimination without fear of retaliation of any kind. The AgenciesJPAs will not retaliate against or tolerate retaliation against employees for making any complaint of unlawful harassment in good faith, or against any employee for cooperating in an investigation.
- 14.7 Dissemination:** Policy and complaint procedures shall be provided to employees, and to new employees. From time to time, the AgenciesJPAs may also conduct training for its employees to assist them in learning how to recognize, avoid, and correct harassing and discriminatory behavior.
- 14.8 Department of Fair Employment and Housing (DFEH) and the Equal Employment Opportunity Commission (EEOC):**
- 14.8.1 DFEH:** In addition to notifying the AgenciesJPAs about unlawful harassment or retaliation, an affected employee may also direct his/her complaint to the California DFEH, which has the authority to conduct investigations of the facts. The deadline for filing complaints with the DFEH

is one year from the date of the alleged unlawful conduct. The nearest DFEH office or the FEHC can be found by searching the internet, looking in the local telephone directory, or by checking in the area where employment-related posters are kept.

14.8.2 **EEOC:** An employee also has the right to direct his/her complaint to the federal Equal Employment Opportunity Commission (EEOC).

14.9 **Obligations of Employees:**

14.9.1 **Know the Policies:** Employees are responsible for knowing the **AgenciesJPAs** anti-discrimination policy; refraining from discriminatory behavior, including harassment; reporting incidents of discrimination in a timely fashion; cooperating in any investigation concerning allegations of discrimination; and maintaining confidentiality concerning any investigation that is conducted.

14.9.2 **Communicate:** Employees are also encouraged to communicate with one another to assist co-workers in identifying, avoiding, and addressing behavior that may be perceived as harassing, discriminatory, or otherwise offensive.

Section 15 Drug and Alcohol-free Policy

15.1 **AgencyJPAs Policy:** Both **AgencyJPAs**'s policy is to maintain a drug-free workplace. Involvement with alcohol and drugs on and off the job can take its toll on job performance and employee safety. Employees must be in a condition to perform their duties safely and efficiently. The presence of alcohol and drugs on the job, and the influence of these substances on employees during working hours, is prohibited. If an employee is misusing alcohol or drugs, the **AgenciesJPAs** may refer the employee for treatment. This treatment may or may not be covered by the **AgenciesJPAs**' health plan or the treatment may be at the employee's own expense.

15.2 **Unlawful Behavior:** No employee shall unlawfully manufacture, distribute, dispense, possess, use, or be under the influence of any alcoholic beverage, drug, or controlled substance as defined in the Controlled Substances Act and Code of Federal Regulations during work hours or in any workplace. Employees who engage in this prohibited behavior may be subject to discipline up to and including termination.

15.3 **Suspicion:** Upon reasonable suspicion of an employee being under the influence of drugs or alcohol while on duty, the **AgenciesJPAs** may require the employee to submit to drug and alcohol testing, at **AgenciesJPAs** expense. Employees who decline to submit to such testing may be subject to discipline, up to and including termination of employment.

Section 16 Safety in the Workplace Policy

- 16.1 **Workplace Safety Policy:** The AgenciesJPAs are committed to providing a safe and healthful work environment and maintains an employee safety program meeting the requirements of state law.
- 16.2 **Management Responsibilities:** Management shall be expected to take steps within its control to maintain a safe work environment and to be in compliance with federal and state safety regulations.
- 16.3 **Employee Responsibilities:** Employees shall be expected to obey safety rules, follow established safe work practices, and exercise caution in all their work activities. Employees are also expected to report any unsafe conditions to their unit manager. Employees at all levels who are responsible for correcting unsafe conditions are required to do so. Written safety rules are a basic part of the Injury and Illness Prevention Program and employees shall be required to know and follow the safety rules, and management shall enforce them.
- 16.4 **Reporting Injuries:** Work-related injuries should be reported to the employee's unit manager. The report should then be sent immediately to human resources.
- 16.5 **Other Safety Rules:** Individual units may adopt specific safety rules applicable to their operations.
- 16.6 **Injury and Illness Prevention Program:** The AgenciesJPAs have an Injury and Illness Prevention Program (IIPP) designed to specifically address the legislation and regulations, and to function as an umbrella program that incorporates the elements of other occupational hazard control programs and procedures (e.g., Hazard Awareness and Communication Program, Chemical Hygiene Plan, etc.). The safety program includes: a written IIPP that provides for identification and correction of safety hazards; video display terminal and computer equipment policy; driver safety standards; and applicable ongoing safety training in compliance with federal and state safety regulations. The intent of the IIPP is to facilitate identification and evaluation of workplace hazards, enable the correction of unsafe conditions, provide a means of communication between employees and management on matters concerning employee safety and health, educate and train employees on health and safety matters, and implement a strategy by which compliance with the regulation can be achieved and documented. The IIPP designates a responsible person (or persons) and a system for:
 - Communicating with employees on matters concerning safety and health.
 - Identifying and evaluating workplace hazards.
 - Implementing procedures for injury/illness investigation,
 - Mitigating hazards.
 - Training employees.
 - Maintaining records.
- 16.7 **Department of Motor Vehicles Pull Program:** The JPAs participate in the State of California Department of Motor Vehicles (DMV) Pull Notice Program. Under this program the State sends the JPAs driving records of all employees on an ongoing basis. Human Resources reviews the driving records of those employees who are required or expected to drive as part of their condition of employment and

will take appropriate action should any of the driving records indicate any of the following: DUI, suspended license, or other serious driving offense (i.e., reckless driving, etc.)

Section 17 Smoking Policy

As required by state law, smoking is prohibited in all AgenciesJPAs or client vehicles, facilities, and within 20 feet of any entrances, exits, and windows that can be opened. Smoking is also prohibited while driving or riding in a vehicle on work-related business.

Section 18 Policy on Accepting Gifts

Employees are discouraged from accepting gifts from any outside vendor, citizen, or organization except for gifts of food that are shared among other employees and that retail for less than \$75. Employees shall adhere to the Fair Political Practices Commission (FPPC) rules for accepting and reporting gifts.

Section 19 Travel and Training Policy

- 19.1 **Travel and Training:** The AgenciesJPAs are committed to ensuring that its employees receive adequate training to perform their jobs. Training and travel are subject to management approval. Training opportunities that occur during normal work hours require approval by the unit manager.
- 19.2 **Minimizing Lost Work Time:** The AgenciesJPAs generally requires that training, and attendant travel, be scheduled in a way that will minimize expense.
- 19.3 **Cost-effective Travel:** AgenciesJPAs business travel shall be carried out in an efficient, cost-effective manner resulting in the best value. Teleconferencing should be considered when possible. The AgenciesJPAs will pay or reimburse all business travel-related expenses based on reasonableness, on the actual amount of expense incurred by the employee, and on the terms and conditions of the employee's individual employment agreement. Receipts when available are required for all travel expenses. Reimbursement for personal expenses and alcoholic beverages will not be authorized for payment.
- 19.4 **Travel Guidelines for Allowable Travel:** Allowable travel is for such work-related items as:
 - 19.4.1 **Legislators:** Communicating with representatives of regional, state, and the federal government on AgenciesJPAs or client adopted policy positions.
 - 19.4.2 **Professional Organizations:** Serving on professional organizations or governmental committees, boards, or task forces.
 - 19.4.3 **Conferences:** Attending educational seminars, conferences, or organized educational activities designed to improve skill levels or provide information on topics important to AgenciesJPAs or client policy and operations.

- 19.4.4 **Research:** Preparing research for either AgencyJPAs projects or implementing adopted plans, policies, goals, or programs.
- 19.4.5 **Meetings:** Attending meetings involving activities or decisions important to AgenciesJPAs interests, consistent with adopted plans, policies, goals, or programs.
- 19.4.6 **Events:** Attending events where either AgencyJPAs or the client organization is a formal sponsor or participant, or in performance of official duties.
- 19.4.7 **Community Groups:** Communicating with individuals or representatives of community groups on policy positions adopted by or under consideration by the AgenciesJPAs or client organization.
- 19.4.8 **Employee Recognition:** Recognizing employee service to the AgenciesJPAs or client organization.
- 19.4.9 **Other Business Activities:** Engaging in other business related activities with a direct connection to the implementation of adopted plans, policies, goals, or programs.
- 19.5 **Government or Group Transportation and Lodging Rates:** It is the policy to use discounted government or sponsoring group rates for transportation, whenever these are offered and available.
- 19.6 **Sponsored Lodging Costs:** When conference or training sponsors have made arrangements for lodging, employees shall stay at one of these facilities and the cost should not exceed the maximum group rate published. In the event that rooms are not available at one these facilities, employees should stay at a comparable facility at a comparable cost, not to exceed the maximum group rate published by the sponsor.
- 19.7 **Receipts:** Receipts must be submitted for all expenses. In the event that receipts are not available, an employee must provide a written explanation of the circumstances as to why this is the case and reason the expense was incurred.
- 19.8 **Meal Guidelines for Local Meeting and Training Costs:** The AgenciesJPAs use the IRS meal allowances at the time the travel was undertaken for the state in which it was taken at the highest allowable cost for that state.
 - 19.8.1 **Allowable Meal Expenses:** Meals not incurred as part of out-of-area or overnight travel are limited to activities outside of normal duties, such as business-related meetings held before or after regular working hours (including working lunches where this is the only time available) or extended overtime due to special projects or emergencies.
 - 19.8.2 **Unallowable Meal Expenses:** Meal reimbursements are not allowed as part of routine daily work assignments, unless part of the registration cost or the meal is served on site as part of the program to keep all participants together and not have them disperse for meals.

Section 20 Policy on AgencyJPAs Equipment and Vehicle Use

- 20.1 **Use of AgenciesJPAs Equipment/Automobile Use:** No AgenciesJPAs or client-owned equipment, automobiles, instruments, supplies, machines, or any other item that is the property of the AgenciesJPAs shall be used by an employee other than for work-related business, unless the unit manager approves in advance. No employee shall allow any unauthorized person to rent, borrow, or use any property, except upon prior approval of the Executive Director or unit manager.
- 20.2 **Automobile Use: AgencyJPAs-** or client-owned vehicles are to be used by employees who have valid driver's licenses and insurance certificates for travel on work-related business. Employees who utilize an AgenciesJPAs- or client-owned vehicle or their own personal vehicle in the performance of their duties must maintain a valid California driver's license at all times, have a satisfactory driving record, and must maintain their driving insurance. Employees must comply with all traffic regulations, laws, and ordinances while engaged in driving on work-related business. Only hands-free mobile devices may be used when driving, and no communications device may be used while driving to write, send, or read a text-based communication. Prior to using a vehicle on work-related business, employees must obtain and provide a copy of their California driver's license and a copy of a Certificate of Insurance on the form provided by the AgenciesJPAs which evidences that employee has comprehensive automobile liability insurance or business automobile liability insurance in an adequate amount.
- 20.3 **Use of Vehicle Safety Belts:** Employees who drive on work-related business shall use and ensure that all passengers use available safety belts in the vehicles being operated. Passengers shall ride only in those positions of a vehicle designed for the carrying of passengers.
- 20.4 **Vehicle Accidents:** When an accident occurs on the job involving one or more vehicles, the following steps should be taken by employees:
- 20.4.1 **Scene:** Secure the scene of the accident.
 - 20.4.2 **Move Vehicles:** Move any involved vehicles out of the right of way, if possible.
 - 20.4.3 **Emergency Response:** Call 911 for emergency services if someone appears to be injured or asks that 911 be called.
 - 20.4.4 **Unit Manager:** Contact your unit manager immediately, if communication devices are available.
 - 20.4.5 **Driver Information:** Exchange driver information and give the other driver a business card.
 - 20.4.6 **Personal Information:** Obtain the names, phone numbers, addresses, and e-mail addresses of any vehicle occupants, or observers of the accident.
 - 20.4.7 **Police Report:** Get the number of the police report that will be filed if the police respond to the accident.
 - 20.4.8 **Statements:** Do not make any statements concerning the assumption of liability. Give out only the required information.
 - 20.4.9 **Pictures:** Take pictures of the damage and all relevant aspects of the accident (the area where accident occurred, objects blocking view, etc.). If a

camera is not immediately available, write down all of the relevant information.

20.4.10 Insurance and Legal Requirements: Follow any insurance and legal requirements, such as immediately notifying your insurance company or the State of California's Department of Motor Vehicles.

Section 21 Information and Electronic Systems Use Policy

- 21.1 Definitions:** Electronic systems are defined as all hardware, software, and other electronic communication or data processing devices owned, leased, or contracted for by the **AgenciesJPAs** or client organization and available for official use, by employees. This use includes, but is not limited to, electronic mail, voice mail, calendaring, and systems such as the internet.
- 21.2 Public Disclosure:** Employees who use electronic systems and/or tools provided by the **AgenciesJPAs** do not have a right of privacy in such uses. Under the Public Records Act, e-mail messages and information stored in work computers and other electronic systems are public records subject to disclosure to the public, or they can be subpoenaed. In addition, the **AgenciesJPAs** reserve the right to review, audit, and disclose all matters sent over and/or stored in work systems at any time without advance notice. The Executive Director or his designee retains the right to enter and/or retrieve an employee's electronic communication system, data files, logs and programs used on **AgenciesJPAs** or client-owned electronic systems. Security features provided by the electronic communication system, such as, passwords, access codes, or delete functions, shall not prevent authorized employees from accessing stored electronic communications. Deletion of e-mail messages or files may not fully eliminate the message from the system.
- 21.3 Serial Meetings:** In accordance with the Brown Act (Gov Code section 54950 et seq.), employees must take care to ensure that electronic systems are not used to transmit, either all-at-once or serially, legislative officials' positions on matters of **AgenciesJPAs** business to a majority of any body of elected officials.
- 21.4 Use During Normal Business Hours:** The **AgenciesJPAs**' electronic systems are provided for the purposes of conducting business. Except for brief, occasional, necessary, or emergency use, the electronic systems shall not be utilized for personal use during normal business hours. Use of non-**AgencyJPAs** or non-client business software including games or entertainment software is considered an improper use of these electronic systems. Employees shall not conduct personal or private business, including purchase of goods or services via the **AgenciesJPAs** or client organization's internet connection. Such uses are prohibited at all times during normal business hours or outside of normal business hours.
- 21.5 Account Access:** Employees shall not attempt to gain access to another employees' personal file of electronic mail messages without the latter's express written permission or permission from the unit manager.

- 21.6 **Prohibited Use:** The electronic mail and other electronic systems shall not be used in a way that may be disruptive, offensive to others, harmful to morale, violate AgenciesJPAs policies and procedures, or violate laws. These electronic systems shall not be used to solicit or proselytize others for commercial venture, religious or political causes, outside organizations, or other non-job-related solicitations. Improper use includes any display or messages that are derogatory, defamatory, obscene, violent, or offensive to employees or the public and/or any messages that are of a sexual or discriminatory nature, including, but not limited to, slurs, offensive jokes, or other offensive language of disparagement of others based on their race, national origin, sex, sexual orientation, age, disability, or religious beliefs.
- 21.6.1 **Policy Compliance:** Employees are required to comply with all operational guidelines developed by the AgenciesJPAs. Such guidelines will address operational standards such as: message retention, schedule, copyright issues, use of passwords, system availability, back-up procedures, etc.
- 21.6.2 **Incidental Use:** Incidental and occasional personal use of electronic mail is permitted within the AgenciesJPAs, but the messages will be treated no differently from other messages and will remain the property of the AgenciesJPAs as to review and auditing procedures. All personal use shall be done outside of normal working hours.
- 21.6.3 **Personal Messages:** Employees who use the AgenciesJPAs' electronic mail system to send or receive personal or private messages must remove such messages from the system no later than 30 days after receiving or sending. Employees have no right of privacy to any email, whether personal or business related, in AgenciesJPAs computers.
- 21.6.4 **Internet Use:** Occasional personal access to the internet may be permitted. Such personal use shall only be permitted if it does not interfere with or delay the employee's work or interfere with regular AgenciesJPAs business and shall comply with all provisions herein. All use of the internet may be periodically reviewed by the unit manager.
- 21.6.5 **Other Prohibited Uses:** In addition to other prohibited uses, employees shall not:
- 21.6.5.1 **Install:** Install programs on computer system (including but not limited to virus checking and screen savers) without the prior written consent of the unit manager.
- 21.6.5.2 **Copy:** Copy programs for personal use.
- 21.6.5.3 **Disclose:** Disclose an account password or otherwise make the account available to others.
- 21.6.5.4 **Infringe:** Infringe on others' access and use of computers, including but not limited to:
- 21.6.5.4.1 **Excessive Messages:** Send excessive messages, either locally or offsite.

- 21.6.5.4.2 **Unauthorized System Modification:** Unauthorized modification of system facilities, operating systems, or disk partitions.
- 21.6.5.4.3 **Crashing the Network:** Attempt to crash or tie up an computer or network.
- 21.6.5.4.4 **Damaging:** Damage or vandalize computing facilities, equipment, software, or computer files.
- 21.6.5.4.5 **Intentionally Developing or Using Bad Programs:** Use of programs that disrupts other computer users, intentionally developing bad programs, access private or restricted portions of the system, and/or damage system software or hardware components.
- 21.6.5.4.6 **Installing:** Install or use a modem on AgenciesJPAs or client owned or leased computers without the prior written consent of the unit manager.
- 21.6.5.4.7 **Attorney-client Privileged Communication:** Forwarding or reproducing communications marked attorney-client privileged or confidential without the prior consent of the Executive Director and/or AgenciesJPAs Attorney.
- 21.6.5.4.8 **Federal or State Laws:** Violating any federal, state, or local law in the use of either AgencyJPAs's or client organization information systems.
- 21.7 **Public Records:** All permanent business records, including those stored on paper and electronic media, may be governed by the mandatory public disclosure requirements of the Public Records Act (Gov Code section 6250 et seq.), and the limited exceptions thereto. If a draft record is retained, it may become a public record subject to disclosure unless it is subject to an exception under the Public Records Act.
 - 21.7.1 **Permanent Records:** All permanent records, whether stored on paper or electronic media, shall not be destroyed unless prior written authorization is obtained pursuant to Government Code Section 34090.
 - 21.7.2 **Public Records Requests:** Public Records requests shall be handled in accordance with Government Code section 6250 et seq.
 - 21.7.3 **Media Disclosure:** The AgenciesJPAs reserve the right for any reason to access and disclose all messages and other information sent or received by electronic means or stored on electronic media.
 - 21.7.4 **AgencyJPAs Rights:** The AgenciesJPAs have the right to delete or retain any or all messages or other information sent or received by electronic means or stored on electronic media by an employee who is no longer employed by the AgenciesJPAs.

- 21.8 **Intellectual Property Rights:** No employee shall violate any copyright, software license, or other online information (including, but not limited to, text images, icons, programs, etc.) whether created by the ~~Agencies~~JPs or any other person or entity.

Section 22 Outside Employment Policy

- 22.1 **Outside Employment:** Employees may not engage in any outside employment, enterprise, or activity that the ~~Agencies~~JPs determines is in conflict with or impairs the employee's ability to perform their duties and responsibilities, or impacts any aspect of operations. Employees are required to notify their unit manager or human resources of all outside employment they are engaged in so that the outside employment may be assessed for conflict.
- 22.2 **Workday Activities:** During the workday, employees are expected to devote their time in performing their assigned duties as an employee of either ~~Agency~~JPs. Any outside work, part-time job, hobbies, or personal business must be performed during off-duty hours.
- 22.3 **Incompatible Work:** Employee shall not perform work for compensation outside of his/her ~~Agencies~~ employment where any part of his/her efforts will be subject to approval by any officer, employee, board, or commission, unless the employee obtains the prior approval of the Executive Director after consultation with the unit manager and human resources.

Section 23 Policy on Workplace Violence Prevention

- 23.1 **Violence in the Workplace Policy:** Acts of violence, whether threatened, gestured, or carried out will not be tolerated in the workplace. Anyone witnessing or becoming the subject of such behavior shall immediately report it to their unit manager and human resources for proper investigation. Minimizing the threat of violence is a duty of all employees.
- 23.2 **Notification:** It is the responsibility of all employees to notify a unit manager, human resources, or the Executive Director immediately of any violent act or a threat, or if a violent act or threat against themselves or any other employee occurs in the workplace or is directly associated with their employment. Notification may be made to any of these persons as appropriate and shall be reported as soon as practicable. Retaliation or the threat of retaliation against a person who reports such an incident is unlawful and shall not be tolerated.
- 23.3 **Possession of Inappropriate Items:** Employees shall not possess the following instruments at a worksite or on either ~~Agency~~JPs's or client property, including parking lots, unless there is a work-related purpose and written approval has been obtained from the employee's unit manager.
- 23.3.1 **Firearms:** Any type of firearms.

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- 23.3.2 **Explosives:** Any type of explosives or ammunition.
 - 23.3.3 **Fixed Knives:** Fixed blade knives.
 - 23.3.4 **Folding Knives:** Folding knives with blades over 3.5 inches.
 - 23.3.5 **Weapons:** Illegal weapons such as defined in Section 12020 of the California Penal Code.
 - 23.4 **Disciplinary Action:** The **AgenciesJPAs** shall take appropriate disciplinary action, up to and including termination of employment, against an employee violating this policy.
 - 23.5 **Counseling Services:** As needed, incident-related counseling services may be offered through the **AgenciesJPAs** Employee Assistance Program (EAP), or any other resource or program made available by the **AgenciesJPAs**, to employees who are the victims of violence, subjects of threats of violence, or subject to intimidation at the workplace. The **AgenciesJPAs** will work with public safety, the courts, and other authorities necessary to ensure employee safety.
 - 23.6 **Procedures for Imminent or Actual Violent Acts:**
 - 23.6.1 **Employee Responsibilities:** An employee who is in immediate apparent danger of a violent act, or another employee who witnesses a violent act or the threat of a violent act shall, whenever possible:
 - 23.6.1.1 **Safe Location:** Place themselves in a safe location.
 - 23.6.1.2 **Emergency Services:** Call 911 and request the immediate response of a police officer. Be prepared to inform the dispatcher of the circumstances and exact location of where an officer is needed.
 - 23.6.1.3 **Management:** Inform a unit manager of the circumstances.
 - 23.6.1.4 **Media:** Refer media inquiries to the unit manager.
 - 23.6.1.5 **Cooperate:** Cooperate fully in any administrative or criminal investigation conducted within this policy and the laws.
 - 23.6.2 **Unit Manager Responsibilities:**
 - 23.6.2.1 **Safe Location:** Place themselves in a safe location.
 - 23.6.2.2 **Ensure Safety:** A unit manager who is informed of a violent act or the threat of a violent act shall whenever possible ensure the immediate safety of employees and the worksite by calling 911, and notifying their site manager and human resources.
 - 23.6.2.3 **Involve Individuals:** If feasible, the unit manager shall have the involved individuals wait in separate rooms or locations until the police take control or remove them from the premises.
 - 23.6.2.4 **Restraining Order:** In consultation with human resources, the unit manager should determine if it is appropriate to obtain a restraining order, other appropriate injunctive, legal, and/or equitable relief.
 - 23.6.2.5 **Reassign:** Reassign/relocate employees or job duties, if required.
 - 23.6.2.6 **Terminate:** Terminate any business relationship.
 - 23.6.2.7 **Take Action:** Take any other action deemed to be necessary or required under the circumstances.

23.6.2.8 Obtain Information: Obtain basic information from the employee and provide to emergency responders.

23.6.2.9 Media Inquiries: Respond to media inquiries or ask the Executive Director's office to respond to them.

23.6.3 Procedures – Future Violence:

23.6.3.1 Reasonable Belief: Employees who have reason to believe they, or another employee, may be victimized by a violent act sometime in the future, at the workplace, or as a direct result of their employment, shall inform their unit manager immediately so appropriate action may be taken and so human resources can be notified.

23.6.3.2 Restraining Orders: Employees who have signed and filed a restraining order, temporary or permanent, against an individual due to a potential act of violence, who would be in violation of the order by coming near them at work, shall immediately supply a copy of the signed order to their unit manager and human resources.

23.6.4 Post-incident Review:

23.6.4.1 Policy Evaluation: The Executive Director, human resources, and the unit manager may conduct a post-incident review and use the review to evaluate this policy and procedure.

23.6.4.2 Support Systems: The AgenciesJPAs may determine and oversee any post-incident support systems may be needed.

Section 24 Policy on Relatives Working for the AgencyJPAs

24.1 Relatives Working for the AgencyJPAs: No employee, prospective employee, or applicant shall be improperly denied employment or benefits of employment on the basis of marital status with another employee or official of the AgenciesJPAs.

24.2 AgencyJPAs Rights: Notwithstanding the above, the AgenciesJPAs retain the right to take appropriate steps to avoid inappropriate working relationships among relatives. For administrative purposes, a relative shall be defined as a spouse or domestic partner, child, step-child, parent, grandparent, grandchild, brother, sister, half-brother, half-sister, aunt, uncle, cousin, niece, nephew, parent-in-law, brother-in-law, sister-in-law, or any other individual related by blood, marriage, living in the same household, or having a personal relationship that may be perceived as compromising employment objectivity. Notwithstanding the above, the AgenciesJPAs retain its rights to:

24.2.1 AgencyJPAs Rights: Take under the direct or indirect supervision of another party of a relationship.

24.2.2 Same Work Unit: Refuse to place 2 parties to a relationship in the same unit or facility when such action has the potential for creating adverse impact

on supervision, safety, security, or morale, or involves potential conflicts of interest.

24.2.3 **Disqualification:** Disqualify one party to a relationship for a position privy to confidential personnel matters who has a relative already in the **AgencyJPAs**'s employment when the relationship may compromise confidential information.

24.2.4 **Transfer:** Effect a transfer in the event the **AgenciesJPAs** learn of circumstances described above.

Section 25 Political Activity Policy

Except as specifically allowed by law, **AgenciesJPAs** employees are prohibited from participating in any political activity while on duty or while performing official business.

Section 26 Policy on Violations of the Hatch Act

26.1 **Hatch Act:** The **AgenciesJPAs** may apply for federal grant funding for a variety of projects. Some of those grant funds may be used for employee compensation. The Hatch Act prohibits government employees who are compensated by federal funding from engaging in partisan political activities, including but not limited to the following:

26.2.1 **Membership:** The Act precludes employees from membership in any political organization which advocates the overthrow of our constitutional form of government.

26.2.2 **Campaign Contribution Limits:** Employees receiving compensation from federal funds have an annual ceiling of \$5,000 for contributions to the campaign of an individual candidate for federal office.

26.33 **Guidelines:** Below are some of the guidelines that employees receiving compensation from federal funds need to follow when working or volunteering on a political campaign for federal office. Employees may not:

- Be a candidate in a political election in which any candidate represents a political party.
- Raise money for a partisan political campaign.
- Allow their names to be used in any fundraising appeal on behalf of a partisan political campaign.
- Participate in a phone bank that is engaged in fundraising for a partisan campaign.

Section 27 Policy on Workplace Accommodations for Employees With Disabilities

Accommodation for Employees with Disabilities: If an employee believes he/she has a disability, the employee may request a reasonable accommodation for that disability. Such requests should be submitted to the employee's unit manager or human resources. Human resources, in consultation with the unit manager, may engage in an interactive process with the employee to determine an appropriate reasonable accommodation for the employee in accordance with applicable law.

Section 28 Family and Medical Leave Policy

- 28.1 Family and Medical Leave Policy:** Under the Family and Medical Leave Act (FMLA) and the California Family Rights Act (CFRA), employees are not eligible for FMLA or CFRA leave benefits unless the employing LGS or RGS Agency JPA provides work for 50 or more employees. Unless and until the employing Agency JPAs employs 50 or more employees, employees are not legally entitled to FMLA or CFRA leave benefits.
- 28.2 Providing Similar Benefits:** The Agencies JPAs will provide Family and Medical Leave ("FML") benefits to its employees according to the following rules.
- 28.3 Eligibility:** In order to qualify for Family and Medical Leave, the employee must meet the following conditions:
- 28.3.1 Employment Period:** The employee must have been employed by the Agencies JPAs for 12 months.
- 28.3.2 Working Hours:** The employee must have actually worked at least 1,250 hours during the 12 month period immediately before the date when the leave begins. If an employee is employed but is on leave, any time spent on leave shall not count towards the 1,250 hours.
- 28.4 Type of Leave Covered:** Family and Medical Leave is a leave taken for the following purposes:
- 28.4.1 Newborn Children, Adoption, Foster Care:** In order to care for a newborn son or daughter, or for placement of a child for adoption or foster care.
- 28.4.2 Family Members Covered:** In order to care for a spouse, domestic partner, child, or parent with a serious health condition.
- 28.4.3 Employee's Own Serious Health Condition:** Because of a serious health condition that makes the employee unable to perform the functions of the employee's position.
- 28.4.4 Military "Qualifying Exigency Leave":** Necessary leaves that arises from the employee's spouse, son, daughter, or parent being a covered military member on active duty (or having been notified of an impending call or order to active duty).
- 28.4.5 Military Caregiver Leave:** Leave may be taken for up to 26 workweeks in a single 12-month period to care for a spouse, child, parent, or next of kin who is a covered servicemember with a serious injury or illness.

28.5 Policy Definitions:

- 28.5.1 Rolling 12-Month Period:** This means a rolling 12-month period measured backward from the date leave is taken and continuous with each additional leave day taken.
- 28.5.2 Child:** This means a child under the age of 18 years of age, or 18 years of age or older who is incapable of self-care because of mental or physical disability. An employee's child is one for whom the employee has actual day-to-day responsibility for care and includes a biological, adopted, foster, or step-child.
- 28.5.3 Child Incapable of Self Care:** A child is incapable of self-care if he/she requires active assistance or supervision to provide daily self-care in 3 or more of the activities of daily living or instrumental activities of daily living, such as caring for grooming, hygiene, and bathing, dressing and eating, cooking, cleaning, shopping, taking public transportation, paying bills, maintaining a residence, and/or using telephones and directories.
- 28.5.4 Parent:** This means a biological parent of an employee or an individual who stood in *loco parentis* (in place of the parent) to an employee when the employee was a child. This term does not include parents-in-law.
- 28.5.5 Spouse:** This means a husband or wife as defined or as recognized as such under California law for purposes of marriage.
- 28.5.6 Domestic Partner:** For this purpose, and any other benefit purpose, this means a domestic partner as defined under California Family Code section 297.
- 28.5.7 Serious Health Condition:** This means an illness, injury, impairment, or physical or mental condition that involves any of the following:
- 28.5.7.1 Inpatient:** Inpatient care (i.e., overnight stay) in the hospital, hospice, or residential medical care facility, including any period of incapacity (i.e., inability to work, or perform other regular daily activities due to the serious health condition, treatment involved or recovery therefrom).
 - 28.5.7.2 Continuing Treatment by a Health Care Provider:** A serious health condition involving continuing treatment by a health care provider includes any one of or more of the following:
 - 28.5.7.3 Period of Incapacity:** A period of incapacity (i.e., inability to work, or perform other regular daily activities due to serious health condition of more than 3 consecutive calendar days, and any subsequent treatment or period of incapacity relating to the same condition), that also involves the following:
 - 28.5.7.3.1 Treatment:** Treatment 2 or more times within a 30-day period of the first day of incapacity, one of which must be within 7 days of incapacity, by a health care provider, by a nurse or physician's assistant under direct supervision by a health care provider, or by a provider of

health care services (e.g., a physical therapist) under orders of, or on referral by, a health care provider.

28.5.7.3.2 Treatment Regimen: Treatment by a health care provider on at least one occasion within 7 days of incapacity, which results in a regimen of continuing treatment under the supervision of the health care provider. This includes for example, a course of prescription medication or therapy requiring special equipment to resolve or alleviate the health condition. If the medication is over the counter, and can be initiated without a visit to a health care provider, it does not constitute a regime of continuing treatment.

28.5.7.4 Pregnancy-related Incapacity: Any period of incapacity due to pregnancy or for prenatal care. (See section 9.16 of these Rules for Pregnancy Disability Leave. Pregnancy disability is included as FMLA leave, but not CFRA leave.) Under California law, an employee disabled due to pregnancy is entitled to pregnancy disability leave up to a maximum of 4 months. After the birth of the baby, the employee is entitled to additional CFRA bonding leave up to a maximum of 12 weeks. However, regardless of the length of time an employee takes leave for pregnancy disability and newborn care, under the FMLA and CFRA, the **AgenciesJPAs'** obligation to pay for health insurance is limited to a maximum of 12 weeks over a 12 month period.).

28.5.7.5 Chronic Serious Health Condition: Any period of incapacity or treatment for such incapacity due to a chronic serious health condition. A chronic serious health condition is one which involves the following:

28.5.7.5.1 Periodic Health Care Visits: Required periodic visits for treatment by a health care provider, or by a nurse or physician assistant under direct supervision of a health care provider.

28.5.7.5.2 Continuous: Continues over an extended period of time (including recurring episodes of a single underlying condition).

28.5.7.5.3 Episodic: May cause episodic rather than continuing period of incapacity (e.g., asthma, diabetes, epilepsy, etc.). Absences for such incapacity qualify for leave even if the absence lasts only one day.

28.5.7.6 Long-term Treatment: A period of incapacity which is permanent or long-term due to a condition for which treatment may not be effective. The employee or family member must be

under the continuing supervision of, but need not be receiving active treatment by a health care provider.

28.5.7.7 Multiple Treatments: Any period of absence to receive multiple treatments (including any period of recovery incapacity) by a health care provider of health care service after an accident or other injury, or for a condition that would likely result in a period of incapacity of more than 3-consecutive calendar days in the absence of medical intervention or treatment.

28.5.7.8 Health Care Provider: This means an individual duly licensed as a physician, surgeon, or osteopathic physician or surgeon who directly treats or supervises treatment of a serious health condition; podiatrist, dentist, clinical psychologists, optometrists, and chiropractors, (limited to treatment consisting of manual manipulation of the spine to correct a subluxation as demonstrated by X-ray to exist) authorized to practice in California and performing within the scope of their practice as defined under California law; nurse practitioners and nurse-midwives and clinical social workers who are authorized to practice under California law and who are performing within the scope of their practice as defined under California law; and Christian Science practitioners listed with the First Church of Christ, Scientist in Boston and Massachusetts.

28.6 Amount of Leave:

28.6.1 Leave Amount: Eligible employees are entitled to up to a total of 12 weeks of leave during a 12-month period. Twelve weeks means the equivalent of 12 of the employee's normally scheduled workweeks. For eligible employees who work more or less than 5 days a week or who work alternative work schedules, the number of working days that constitute 12 weeks is calculated on a pro rata or proportional basis.

28.6.2 Minimum Duration of Leave: If leave is requested for the birth, adoption, or foster care placement of a child of the employee, basic leave must be concluded within the first year of the birth or placement of the child.

28.6.3 Spouses/Domestic Partners Both Employed by the ~~Agency~~JPA: In any case in which a husband and wife or domestic partners are both employed by the ~~Agencies~~JPA and are both entitled to leave, the combined number of weeks of leave to which both may be entitled may be limited to 12 weeks during a 12 month period if leave is taken for the birth or placement for adoption or foster care of the employee's child (i.e., bonding leave.) This limitation does not apply to any other type of leave under this policy.

28.7 Intermittent Leave or Leave on a Reduced Work Schedule: If an employee requests leave intermittently (a few days or hours at a time) or on a reduced leave schedule to care for an immediate family member with a serious health condition,

the employee must provide medical certification that such leave is medically necessary. Medically necessary means there must be a medical need for the leave and that the leave can best be accomplished through an intermittent or reduced leave schedule. The leave may not exceed a total of 12 weeks over a 12 month period.

28.8 **Substitution of Paid Accrued Leaves:**

28.8.1 Unpaid Leave: Leave under this policy is unpaid. However, the AgenciesJPAs shall require an employee to use concurrently all paid accrued leaves while on Family and Medical Leave as follows: Where an employee has accrued sick leave, administrative leave and/or vacation, the Family and Medical Leave shall run concurrently with all such accrued leaves. The AgenciesJPAs shall require the concurrent use of sick leave only when the circumstances warrant the use of such leaves. The AgenciesJPAs shall not require an employee to use compensatory time earned in lieu of overtime concurrently with Family and Medical Leave.

28.8.2 Compensatory Time: Employees may be required to use compensatory time earned in lieu of overtime concurrently with Family and Medical Leave. Employees are required to provide reasonable advance notice to the AgenciesJPAs of their desire to use compensatory time concurrently with Family and Medical Leave.

28.8.3 Leave Running Concurrently: If an employee takes a leave of absence for any reason which is FMLA/CFRA-qualifying, the AgenciesJPAs will designate that non-FMLA/CFRA leave as running currently with the employee's 12-week FMLA/CFRA leave entitlement.

28.9 **Payment of Health Insurance Premiums While on Leave:**

28.9.1 Health Insurance Coverage: While an employee is on Family and Medical Leave, the AgenciesJPAs shall maintain the employee's health insurance coverage on the same conditions as if the employee has been continuously employed during the entire leave period. If the employee's leave is unpaid, the AgenciesJPAs shall maintain the employee's health coverage for a maximum of 12 weeks in a 12-month period, unless the employee requests, and the AgenciesJPAs agree, to extend coverage beyond that period. If the employee would normally pay health insurance premiums, the AgenciesJPAs shall require payment from the employee while the employee is on leave.

28.9.2 Disability Plans: An employee on unpaid leave will not continue to be covered under the AgenciesJPAs' long-term disability and other non-health benefit plans unless the employee makes the appropriate contributions for continued coverage and said continued coverage is permitted by the particular plan(s).

28.10 **Medical Certification:**

28.10.1 Written Certification: Employees who request leave for their own serious health condition, or to care for a child, parent, spouse, or domestic

partner who has a serious health condition, must provide written certification from a health care provider of the individual requiring care.

28.10.2 Statement: If the leave is requested because of the employee's own serious health condition, the certification must include a statement that the employee is unable to work at all or is unable to perform the essential functions of his/her position during the entire period of leave. In cases where employees request intermittent leave, employees must submit medical certification which states that such intermittent leave is needed due to the employee's serious health condition and is medically necessary.

28.10.3 Time to Provide a Certification:

28.10.3.1 Certification Filing Period: When an employee's leave is foreseeable, the employee must provide the medical certification within 30 days before the leave begins. When this is not possible, the employee must provide certification within the time frame requested by the [AgenciesJPAs](#).

28.10.3.2 Consequences for Failure to Provide an Adequate or Timely Certification: If an employee fails to timely provide a medical certification or provides an incomplete medical certification, the [AgenciesJPAs](#) may delay the taking of FMLA/CFRA leave until the required certification is provided.

28.10.4 Recertification:

28.10.4.1 Medical Opinion Review: If the [AgenciesJPAs](#) have reason to doubt the validity of a medical certification provided by an employee, the [AgenciesJPAs](#) may require a medical opinion of a second health care provider chosen and paid for by the [AgenciesJPAs](#). If the second opinion is different from the first, the [AgenciesJPAs](#) may require the opinion of a third provider jointly approved by the [AgenciesJPAs](#) and the employee, but paid for by the [AgenciesJPAs](#). The opinion of the third provider will be binding. An employee may request a copy of the health care provider's opinions when there is recertification.

28.10.5 Recertification: Recertification may also be requested under any of the following conditions:

28.10.5.1 Changed Request: When the basis for FMLA request has changed.

28.10.5.2 Extension Requests: When the employee requests an extension of leave.

28.10.5.3 Reasonable Intervals: At reasonable intervals requested, but not to be more than every 30 days, unless one of the aforementioned criteria also applies.

28.11 Procedures for Requesting Leave: All employees requesting leave under this policy must submit proper Family and Medical Leave forms to human resources. Although the [AgenciesJPAs](#) recognize that emergencies arise which may require

employees to request immediate leave, employees are required to give as much notice as possible of their need for leave. If leave is foreseeable, at least 30 days notice is requested. In addition, if any employee knows that he/she will need a leave in the future, but does not know the exact date(s) (e.g., for the birth of a child or to take care of a newborn), the employee shall inform his/her unit manager as soon as possible that such leave is needed. Such notice must be submitted in writing. If the AgenciesJPAs determine the notice of the employee is inadequate or the employee knew about the requested leave in advance of the request, the AgenciesJPAs may delay the granting of the leave until it can, in its discretion, adequately cover the position.

- 28.12 **Accrual of Benefits While on Leave:** Employees will not accrue benefits while in an unpaid leave status, including seniority rights, vacation, and sick leave accrual. Employee will accrue benefits while using paid leave concurrently with FMLA/CFRA leave.
- 28.13 **Right to Reinstatement Upon Return From FMLA Leave:** Upon the expiration of leave, an employee is entitled to be reinstated to the position of employment held when the leave commenced, or to an equivalent position with equivalent benefits, pay, and other terms and conditions of employment. Employees have no greater rights to reinstatement, benefits and other conditions of employment than if the employee had been continuously employed during the Family and Medical Leave period.
- 28.14 **Employee's Obligation to Periodically Report on Condition:** An employee on leave is required to periodically report every 30-calendar days on his/her status and within 5 days of intent to return to work.
- 28.15 **Fitness-for-Duty Certification:** As a condition of reinstatement of an employee whose leave was due to the employee's own serious health condition, which made the employee unable to perform his/her job, the employee must obtain and present a fitness-for-duty certification from the health care provider that the employee is able to resume work at least 5 days prior to the employee's intent to return to work. Failure to provide such certification may result in denial of reinstatement.
- 28.16 **Failure to Return From FMLA Leave:** If an employee uses Family and Medical Leave and fails to return to work, the AgenciesJPAs may recover its share of health care premiums paid on behalf of the employee while the employee was on leave. The AgenciesJPAs reserve the right to seek reimbursement from the employee by any legal means.

Section 29 Policy on Fitness for Duty Evaluations

- 29.1 **Fitness for Duty:** The AgenciesJPAs, at its expense, may require an employee to undergo a fitness-for-duty evaluation for any reasonable cause. If the employee is not fit to perform his/her duties with or without reasonable accommodation, the AgenciesJPAs may consider placing the employee in another position, seek the

employee's disability retirement, or separate the employee in accordance with applicable law.

Section 30 Confidentiality Policy

- 30.1 Policy:** The public and other parties with whom we do business entrust this JPAs with important information relating to their businesses. It is our policy that all information considered confidential will not be disclosed to external parties or to employees without a "need to know." If there is a question of whether certain information is considered confidential, the employee should first check with his/her immediate supervisor. This policy is intended to alert employees to the need for discretion at all times and is not intended to inhibit normal business communications.
- 30.2 Protecting Information:** Employees have access to a variety of sensitive and confidential information by virtue of their job assignment. Employees must protect that information from disclosure to anyone, except where that disclosure is required by their jobs. Writing about confidential information for non-work-related business in e-mails, on websites, on social networking sites, in chat rooms, or in blogs is expressly prohibited, as well as verbally communicating such information in person, over the phone, or in any other manner. Additionally JPAs logos may not be used in any of these forums.
- 30.3 Confidential Information:** Confidential information shall include but may not be limited to any of the following:
- Passwords and access codes.
 - Individual employment records.
 - Citizen lists, personal information, or histories.
 - Financial statements.
 - Computer programs and object and source codes.
 - Systems and their documentation.
 - Other non-public business and technical information, whether related to past, present, or future programs and services.
- 30.4 Penalties for Disclosing Confidential Information:** Employees who disclose confidential information are subject to disciplinary action up to and including dismissal from employment.

Section 31 Emergency Service Workers

- 31.1 Emergency Service Workers:** All JPAs employees are designated per state law as emergency service workers and are deputized per civil defense rules under a declared emergency to carry out the orders of established emergency command sections with the provided limited immunity under the Government Code. Every employee should know where he or she reports in the event of an area-wide

emergency. In the event of an emergency or disaster, every employee shall attempt to call in or contact their unit manager. Notwithstanding the call-in requirement, all employees are expected in an emergency or disaster to act as follows:

- **Attend** to the immediate physical safety of yourself and those immediately around you.
- **Contact** or see to the safety of your immediate family, develop a family plan, and establish a family call-in phone contact in advance, preferably with a relative out of state or out of the region.
- **Report to work** when directed to do so after trying to call in or when called back to work.

31.2 Emergency Situations: In an emergency situation, employees may be assigned to a variety of duties other than their normal assignments but generally related to their knowledge, skills, and abilities under their job class description. Those who are assigned to report to another organization shall be treated as JPAs employees assigned to another agency and shall be compensated and otherwise covered as JPAs employees upon proof of service attendance in another agency. Those reporting to work at their usual assigned JPAs shall be governed by established regular time and overtime rules.



LOCAL AND REGIONAL GOVERNMENT SERVICES AUTHORITIES

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TO: BOARD OF DIRECTORS **EC Meeting: 6-10-10**
FROM: JENNIFER BOWER, Director of Human Resources **Item: 6B**
SUBJECT: LGS and RGS EMPLOYEE SATISFACTION SURVEY

INFORMATIONAL ONLY

Staff developed a survey to help determine employee satisfaction with the agencies, overall and with key services. Feedback and survey results will be incorporated into changes and improvements to make the human resources function and the agencies, in general, more effective. We were excited about this survey and hoped it would provide valuable information about what we do well and what we can improve.

All employees were asked to complete the survey in late March with about 80% responding. The short survey took about 15-20 minutes to complete. Responses were anonymous unless the responder chose to identify him/herself in order to be contacted about specific issues. Employees were told that all ratings, comments, and suggestions would be kept strictly confidential.

As the survey report shows, employees are generally satisfied with the human resources function and administrative function of both Agencies. In addition to completing the survey, respondents provided feedback in the Employee Input/Suggestions. The feedback is very helpful in understanding the responses. In the General Satisfaction Ratings, the top categories were Your Job and Human Resources, indicating that respondents were most satisfied with aspects of their jobs and the services provided by Human Resources. On the opposite end of the spectrum, the category that received the lowest ratings was Career Development, as respondents were least satisfied with efforts such as promotional opportunities, training, and support for continuing education. Specific results are delineated in the survey report.

Staff are generally pleased with the results as it shows the considerable effort that has been made to be a client-oriented agency.

The next steps are to:

- Provide a brief synopsis with all Agency staff through the June monthly Benefit Briefing newsletter.
- Share relevant sections/results with the accounting firm that performs accounts payable, accounts receivable, and payroll services for the JPAs. We will work with them to determine what changes should be made and by when.
- Share relevant information with client agencies and assist in determining what if any next steps the client agencies may want to take or want us to take.
- Meet with the agencies human resources consultants to ensure they share the same core principles of a client-centered, and customer-oriented human resource function.
- Further analyze the results to determine the next priority levels for human resources.

FISCAL IMPACT

There is no fiscal impact.