



**Barton Springs
Edwards Aquifer**
CONSERVATION DISTRICT

Date: August 5, 2016
To: Board of Directors
From: John and Dana
Re: **District Employee Policy Manual** - Second Round of Edits/Changes and Reorganization

In this second round of edits to the District's EPM, additional changes have been made and sections reorganized. Following is a list of those changes (not including small one-word changes). Page numbers refer to the clean version in the backup.

PG SECTION/HEADING

- 3 "Discrimination and Harassment **Prohibited**" heading added but content the same. It now defines a separation in content from the previous heading above which was Equal Opportunity Employer
- 8 Vacation Accruals – removed end of FY carry over cap and maintained cap of two-year accrual of vacation leave at any one time.
- 9 Holidays - Clarified holiday schedule policy to reflect actual District policy.
- 10 Moved Insurance that was between LOA and Pay Policy to before Retirement under the Employment and Eligibility for Benefits section.
- 11-12 Inclement Weather - provided additional clarification, and index locations for determining office closure changed (San Marcos CISD added, Eanes ISD deleted).
- 16 Pay Policy Administration – merged 3 separate sections into/under this heading including Wages and Overtime, Comp Time, and Timekeeping (Appendix F-Timekeeping and Leave Administration was deleted as a separate section and incorporated into body.)
- 16-17 Comp time – clarified and removed redundant language. Removed end of FY carry over cap and maintained cap of two-year accrual of vacation leave at any one time (similar to vacation accrual revisions). Added two new headings: Earning Comp Time, and Using Comp Time.

- 18 Salary Program – new language added regarding indexing salaries to established pay rate structures and maximums from comparable agencies.
- 18 Promotions and Salary Adjustments - new description replacing old description.
- 18 Cost of Living Increases – policy changed - may exclude any positions considered to be at a maximum rate.
- 18 Merit-Based Increases – reworded but states the same thing.
- 19 Timekeeping and Leave-Balances Administration (part of the 3 sections merged).
- 20 Approvals heading added to separate text out.
- 21 Regular Work Hours, Working at Home Hours – redefined to allow nonexempts to work at home with prior approval or concurrence of General Manager.
- 23 Added new section "Reimbursement Policies" to include smartphone reimbursement, meals reimbursement, and moved professional registration fees and societies here also.
- 24-25 Smartphone Use policy redefined, and reimbursement changed from 175/100 to 150/quarter across the Board.
- 25 Other General "Policies" heading name change.
- 26 Office Telephone Use – Language clarified and updated.
- 28-30 Moved Disciplinary Action and Termination, AND Severance Policy to AFTER Formal Complaint Policy, rather than before Professional Registrations and Societies.
- 46 Appendix D Travel Policy. Reworked and removed redundancy. Deleted duty points.

TABLE OF CONTENTS

FOREWORD	3
Equal Employment Opportunity	
Discrimination and Harassment Prohibited	
Business Ethics	
PERSONNEL RECORDS	5
EMPLOYMENT AND ELIGIBILITY FOR BENEFITS	6
Work Week	
Flex-Time	
Employee Classifications	
VACATION	8
Length of Service Employment	
HOLIDAYS	9
INSURANCE	10
District Paid Coverage	
Employee Paid Coverage	
RETIREMENT PLAN	10
ABSENCE DUE TO ILLNESS OR EMERGENCY	11
Sick Time	
Inclement Weather	
LEAVE OF ABSENCE	12
Military Leave of Absence	
Other Absences	
PAY POLICY ADMINISTRATION	16
Timekeeping and Leave-Balances Administration	
REIMBURSEMENT POLICIES	23
Professional Registration Fees and Education	
Professional Societies	
Continuing Education	
Meals	
Smartphone Use	
Other General Policies	
RESOLVING PROBLEMS/THE FORMAL COMPLAINT POLICY	28
SEVERANCE POLICY	29
DISCIPLINARY ACTION AND TERMINATION	30

APPENDIX A - Ethics Policy..... 31
Ethics Policy - Statement of Affirmation 35

APPENDIX B - Policy for a Drug-Free Workplace 36
Drug-Free Workplace Policy - Employee Acknowledgement 40

APPENDIX C – Policy on Suspected Conduct and Dishonesty (Fraud Policy)..... 41

APPENDIX D – Travel Policy 46

APPENDIX E – Employee Incentive Compensation Plan.....53

APPENDIX F – Telecommuting Policy.....55

FOREWORD

This Employee Policy Manual contains important information and should therefore be read in its entirety upon receipt. While this manual has a lot of information, it cannot cover all subjects completely. Therefore, if there are any questions about the policies of the Barton Springs/Edwards Aquifer Conservation District (District), the employee should ask their immediate supervisor or the General Manager. The term “employees” as used throughout this document excludes all members of the Board of Directors (Board).

Employment with the District is on an at-will basis. This means that the employment relationship is not an entitlement but rather a privilege that may be terminated at any time by either the employee or the District for no reason at all or for any reason not expressly prohibited by law. The contents of this manual do not constitute a contract of employment. Nothing contained in this handbook should be construed as a guarantee of continued employment or of any particular policy or benefit. The policies, programs, and benefits described in this manual may be eliminated, added to, subtracted from, or otherwise amended at any time without advance notice or cause. Interpretations of this policy are reserved to the General Manager or his/her designee under guidance of the Board. Any agreement with regard to this or any other policy is invalid unless it is in writing and signed by the General Manager.

Equal Employment Opportunity

The District is committed to fair and equal treatment of all employees, and fair and equal consideration of all prospective employees, without regard to race, color, age, religion, sex, ancestry, Vietnam or disabled veteran status, national origin, genetic make-up, or disability.

The District commits to administering all personnel actions fairly, including such matters as employment, promotions, demotions, transfers, compensation, benefits, training, education, and social and recreational programs.

Discrimination and Harassment Prohibited

The District is committed to providing a working environment free from racial, religious, sexual, or other forms of discrimination or harassment. Such conduct will not be tolerated and constitutes grounds for dismissal. Any employee who feels he/she is the subject of discrimination or harassment or who witnesses discriminatory or harassing conduct should make a complaint immediately. The District takes seriously all complaints involving discrimination or harassment. When the complainant believes it would not be appropriate to discuss the complaint with his/her direct supervisor, the complaint should be submitted directly to the General Manager. If the complaint is about the General Manager or a member of the Board, the complaint should be submitted directly to the District’s Board President. If the complaint is about the Board President, the complaint may be submitted to any or all of the other Board members. All complaints will be treated in the strictest confidence possible without compromising a complete investigation. Complaints will be promptly investigated and resolved.

Sexual harassment can take many forms including, but not limited to, unwelcome physical contact, verbal abuse, leering, gestures, and more subtle advances or pressure inviting sexual activity. Such conduct is unlawful where:

- Submission to the advance is made a term or condition for obtaining employment opportunities or avoiding adverse employment action,
- Submission to or rejection of the advance is used as the basis for making employment decisions, or
- Such sexual conduct interferes with an individual's work performance or creates an intimidating, hostile or offensive working environment.

Retaliation or reprisal against any employee for complaining of harassment or discrimination of any kind, for participating in or cooperating with an investigation of a complaint of harassment or discrimination, or for assisting in any way with the exercise of rights under any state or federal law prohibiting harassment or discrimination is illegal and will not be tolerated.

Business Ethics

The District is a political subdivision of the State of Texas, and its employees are public servants. The District strives to maintain the highest standards of business conduct and ethics and will comply with all state laws governing ethics and conflicts of interest. The employee's adherence to these standards while carrying out the job is vital.

The District respects the employee's rights to engage in activities outside the District that are private in nature and which in no way conflict with or reflect upon the integrity or good name of the employee or the District. Because of potential conflicts of interest, ethical considerations and liability matters, an employee must advise and discuss the matter with the General Manager before acceptance of any outside employment or engaging in any activities which may result in conflicts of interest or possibly compromising the District's ethical or professional standards.

- District employees may not use their official position to secure special privileges or exemptions for themselves or others;
- Employees may not grant any special consideration, treatment or advantage to any citizen, individual or group beyond those that are available to every other citizen, individual or group;
- Employees may not disclose, without proper authorization, confidential information that could adversely affect the property, management, or affairs of the District, nor directly or indirectly use any information for their own personal gain or benefit, or for the private interest of others;
- District employees should not represent, directly or indirectly, or appear on behalf of private interests before the District Board, nor shall they represent any private interest in any action or proceeding involving the District, nor shall they accept a retainer or compensation that is contingent upon a specific action taken by the District.

The above list is not all-inclusive. Violation of the public trust in any way is a violation of the District's Ethics Policy and may result in disciplinary actions or termination. The Board has established an Ethics Policy for all elected or appointed officials, agents, and employees of the District. Please refer to, review, and sign the Statement of Affirmation in Appendix A, the District's Ethics Policy, found at the end of this document.

PERSONNEL RECORDS

The District maintains a personnel file for each employee that includes the employment application and resume; indicates educational experience; and contains experience records, evaluations, and other pertinent information.

All information is kept confidential to the extent allowed by law, with only authorized personnel (as determined by the General Manager) having access to it. The employee's individual records are available for review upon request, and employees may review their personnel records during work time and may make copies of those records.

Maintenance to keep data up-to-date in the file is important to the employee and the District. The Administration staff should be notified in writing promptly of changes in the following:

- Name
- Address
- Telephone number
- Marital status
- Beneficiaries to be named on insurance policies
- Person(s) to be notified in event of emergency
- Military status (if applicable)

This information will be maintained as part of the employee's personnel record. As stated in Section 552.024 of the Texas Government Code (the Public Information Act), the employee may request that his/her home address, home telephone number, emergency contact information, social security number, or information that reveals whether the employee has family members be kept confidential. This election must be made in writing within the first 14 days of employment or within 14 days of termination of employment with the District. If the election is not timely made, all or part of this information will be subject to disclosure in response to a request for public information.

The District will confirm employment information to authorized credit bureaus over the telephone, with the exception of salary information, which will be confirmed only upon the employee's specific written approval. No other information will be provided to services outside of the District without the employee's written permission unless required by law.

EMPLOYMENT AND ELIGIBILITY FOR BENEFITS

Work Week

The District's work week begins at 12:01 a.m. Monday morning and ends at 12:00 midnight Sunday night. Normal business hours are from 8:00 a.m. to 5:00 p.m., Monday through Friday. Full-time District employees are expected to work a minimum of 40 hours each week and 80 hours per pay period.

Flex-Time

The District offers the individual employee the option of working the traditional five-day, eight-hours per day work week; or to opt for a flex-time schedule. A flex-time schedule may consist of a compressed 4-day, 10-hours per day work week or an alternate schedule allowing for a start or finish time that is within one to two hours of normal business hours. All flex-time schedules must be approved by the General Manager. In making a decision about whether to approve a flex-time schedule, the General Manager will take into consideration the employee's position, the needs of the District, and the needs of the public.

For scheduling and administrative purposes, all District employees approved for flex-time are asked to make the commitment to follow the approved schedule in six-month increments. Once an employee has opted for and committed to a flex-time schedule, a schedule change may not occur more often than every six months. New employees are not eligible for a flex-time schedule within their first six months of employment.

It is the Board's policy that District business is conducted in a timely and professional manner and that disruption of normal operations is held to a minimum when employees are off. The first concern is that an adequate number of technical and administrative staff are on duty on each day of the work week, meaning that citizens who request service should expect to be served when they make the effort to visit the District office, and not be asked to return on another date.

Occasionally, employees may need to work on their normal days off in order to meet pending project deadlines or to conduct other District business as required. In cases of conflict, the General Manager will make the final determination.

Employee Classifications

The General Manager shall make the determination of an employee's classification.

Full-Time Employees

A full-time employee is defined as an employee who is employed on a non-temporary basis and who is expected to work a minimum of 32 hours each week and 80 hours per pay period. Full-time employees are entitled to receive all of the benefits offered by the District. The full-time employee can either be exempt or nonexempt. Both exempt and nonexempt full-time employees

participate in the District's compensatory time earnings program provided that they work the minimum hours and are eligible as described further below.

Part-Time Employees

A part-time employee is defined as an employee whose total hours worked annually is less than 1664 hours (an average of less than 32 hours per week). Part-time employees may or may not be specifically limited in the number of hours worked per week or pay period, at the General Manager's discretion, but they must be paid for each hour worked. Part-time employees who are not temporary employees or interns are entitled to participate in the District's holiday and vacation program. Upon completion of six months of employment, a part-time employee will be paid for a pro-rated amount of an eight-hour workday for any District holiday for which the employee was regularly scheduled to work. Vacation for part-time employees will accrue at the rate established under the Vacation section of this manual. Part-time employees are not eligible for the District's other benefit or compensatory time earnings programs in accordance with applicable state and federal labor law. Part-time employees are paid overtime at a rate of time and a half their hourly pay rate for hours they work in excess of 40 hours per work week. With the approval of the General Manager, employees who are expected to work less than full time but at least 32 hours per work week also participate in all the benefit programs of the District, but with accruals adjusted on a pro-rated basis.

Temporary Employees

A temporary employee is defined as an employee who is hired for a specific period of time or for the completion of a specific task or project. Temporary employees are not limited in the number of hours they can work by week, pay period, or annually. Temporary employees are not eligible for the District's benefit or compensatory time earnings programs in accordance with applicable state and federal labor law. Temporary employees are paid overtime at a rate of time and one-half their hourly pay rate for hours they work in excess of 40 hours per work week.

Interns

An intern is a student employee or volunteer for the District who is working to obtain experience and knowledge in furtherance of career goals. An intern may or may not receive monetary compensation. Interns are not eligible for the District's benefit or compensatory time earnings programs in accordance with applicable state and federal labor law. If compensated, interns are paid overtime at a rate of time and one-half their hourly pay rate for hours they work in excess of 40 hours per work week.

VACATION

The District recognizes the importance of vacation time for rest, relaxation, and recreation. The length of an employee's vacation is based on the length of their employment with the District. All full-time employees and eligible part-time employees earn vacation time in accordance with the following schedules:

Length of Service Employment

Full-time Employees

0 - end of 4 th year	6.67 hours per month up to 80 hours per year
5 - end of 9 th year	10 hours per month up to 120 hours per year
10+ years	13.34 hours per month up to 160 hours per year

Part-time Employees

0 - end of 4 th year	3.5 hours per month up to 40 hours per year
5+ years	5 hours per month up to 60 hours per year

Eligible employees will begin to accrue vacation benefits on their first day of employment, and are eligible to take vacation after completion of six months of employment unless otherwise approved by the General Manager. Employees may only use accrued vacation leave and may not carry a negative leave balance.

All vacation requests must be submitted with reasonable advance notice for approval by the General Manager. Every effort will be made to schedule employee vacations at the time they are requested. However, operating conditions will determine whether the employee's vacation can be scheduled at the exact time requested. Authorized vacation may not count towards overtime or accrual of comp time.

It is the District's opinion that vacations are beneficial to employees. Employees are encouraged to take vacations each year and are limited in the amount of unused vacation that may be accrued. An employee may not accrue more than two years vacation at any one time. If an employee accrues up to two years vacation time, the employee will not be allowed to accrue further vacation time until the two years of accrued time is reduced by taking time off or it is sold back to the District. Any accrued vacation time can be sold back to the District once a year only, during the first pay period in December.

If an employee voluntarily leaves the employment of the District and a minimum of two weeks notice is given or the employee is terminated, the employee will be paid for any unused vacation to which they are entitled at the time of the separation.

For calculating vacation eligibility, an employee's length of service is the continuous time spent in permanent employment of the District, including time spent on military leave of absence but excluding leave of absence for any other purpose, unless otherwise waived by the Board. Vacation does not accumulate during the time an employee is on a non-military related unpaid leave of absence.

HOLIDAYS

For eligible employees, the District recognizes 13 annual paid holidays as listed below. Holidays which fall on Saturday will be observed on Friday, and those which fall on Sunday will be observed on Monday.

If circumstances warrant, an employee may work on a scheduled holiday. However, work on scheduled holidays should be reserved only for extraordinary circumstances when an event or responsibility demands it, and the employee must have prior approval from their immediate supervisor or the General Manager. If an employee is authorized to work on a scheduled holiday with prior approval, the holiday hours will be added to the Regular Work Hours actually worked for that day and for the timekeeping period, whereby exempts would potentially earn comp time for such work at the normal rate (if the threshold is exceeded and is properly notated) and nonexempts would potentially earn comp time at an hour per hour rate for hours over 40 (if regular hours plus holiday hours exceeds 40 for the work week, provided actual hours worked do not exceed 40 for the week). Nonexempts recording more than 40 actual work hours for the week will accrue comp time at the normal rate.

Employees participating in the four-day work week program who are scheduled to be off on Mondays will observe a Monday holiday on Tuesday, and employees scheduled to be off on Friday will observe a Friday holiday on Thursday. Holidays will be credited at ten hours for those employees participating in the ten-hour, four-day work week program; and eight hours for employees working an eight-hour, five-day work program.

District Holidays

1. New Year's Day
2. Martin Luther King Day
3. Presidents' Day
4. Memorial Day
5. July 4th
6. Labor Day
7. Veterans Day
8. Thanksgiving Day
9. Day after Thanksgiving
10. Christmas Eve
11. Christmas Day
12. Day after Christmas
13. Personal Day (taken at the discretion of the employee and upon approval by the General Manager). All Staff-level employees receive one personal day per fiscal year, Senior staff receives two personal days, and Principal staff receives three personal days.

If a holiday occurs during an employee's vacation, the employee will be paid for that holiday and will not be charged with a vacation day for the day the holiday is observed.

GROUP INSURANCE PROGRAM

Full-time employees are eligible for the District's group insurance program on the first day of the month following the completion of 60 days of employment.

The District will pay the cost of the employee's premium of the District's current health insurance provider. The District will pay 25% of the dependent care coverage premium of the District's current health insurance provider. The District will pay the full premium of the employee and employee dependents for dental insurance. The District will pay the full premium for basic employee life insurance coverage at two times the employee's annual salary up to \$100,000 of coverage (the District's life insurance coverage includes short-term disability coverage, long-term disability coverage, and basic employee accidental death and dismemberment coverage). The District will pay the full premium of the employee for vision insurance.

District-Paid Coverage

- Employee Health Insurance
- 25% Dependent Coverage Health Insurance
- Employee and Dependent Dental Insurance
- Employee Vision Insurance
- Basic Employee Life Insurance (including short-term disability, long-term disability and basic employee accidental death and dismemberment)

Employee-Paid Coverage

- 75% Dependent Coverage Health Insurance
- Various supplemental AFLAC packages

RETIREMENT PLAN

The District maintains a mandatory participation retirement program for its eligible employees after the first year of employment (see Barton Springs/Edwards Aquifer Retirement Plan and Trust, Summary of Plan Provisions, for eligibility requirements). The District will deduct 7.5% of the employee's salary from the employee's paycheck each pay period and then match that 7.5% with a District contribution. The employee portion and the District's portion of the retirement funds are then invested under the employee's name in a retirement plan approved by the Board. An employee may choose from among several different funds for the retirement plan. Upon entry into the program, eligible employees are 50% vested with the District's contribution. After two years of service with the District, eligible employees will become 100% vested. Employee contributions to the account are always 100% vested. Note that this is a federal income tax-deferred program. In other words, 7.5% of gross wages will be tax-deferred for federal income taxes only; not for Social Security or Medicare taxes.

ABSENCE DUE TO ILLNESS OR EMERGENCY

Sick Time

An employee's value to the District depends upon reporting to work daily and on time. It is important to maintain a good attendance record. The District recognizes that there will be times when an employee will be unable to work because of personal illness or injury, regular medical or dental appointments, or because of an emergency or illness involving their immediate family. In this context, immediate family is defined as spouse, children, spouses of children, parents, brother, sister, father-in-law, mother-in-law, grandparents and grandchildren, step-children, step-parents, step-brother, step-sister, step-grandparents and step-grandchildren. In these instances, the District does not want employees to suffer financially as a result of their absence from work.

Eligible employees will receive sick leave credit of one day per month (sick leave will accrue at ten hours per month for those employees participating in the ten-hour, four-day work week program; and eight hours per month for those employees working an eight-hour, five-day work schedule) beginning the first day of employment with the District. Sick leave credits are granted by the District for the sole purpose of giving employees income protection when they are absent from work for the reasons described in this policy. They do not entitle the employee to be paid for the time they are absent from work for other reasons. Unused sick leave will be banked in the employee's name and may be drawn on for extended periods of illness or injury. Sick leave cannot be sold back to the District at any time, including upon separation from the District. Sick leave may be taken in one-hour increments. Sick leave is not hours worked for purposes of calculating overtime. Employees may only use accrued sick leave and may not carry a negative leave balance.

Inclement Weather

A major concern of the District is the safety of District employees. Inclement weather is defined as any weather emergency that precludes an employee from performing their normally scheduled duties. These conditions can include, but are not limited to, immediate or residual effects from dangerous driving conditions due to snow, sleet or ice, flooding, or the threat of other severe weather that could threaten or harm the lives of employees at home, work, or while traveling to and from work.

The District offices will officially delay opening or be closed, and inclement weather administrative leave will be authorized when either the Austin Independent School District or the San Marcos Independent School District are also closed for inclement weather, if the schools would otherwise be open. If both of the schools would have been closed anyway (e.g. winter holiday or summer break), the District will officially delay opening or be closed if the offices of non-essential staff for Hays County, Travis County, or the City of Austin are closed. When the office is closed or opening is delayed, employees are not prohibited from coming to work if they think they safely can but are not expected to do so. Under these circumstances, there is no need to notify the General Manager or the other staff of absence from work. Employees shall record "Inclement Weather" leave for hours taken off during the delayed office opening or office closure. Employees shall record any hours actually worked on an inclement weather day as hours worked. The District will change the outgoing phone message to announce the office closure.

The office closure notwithstanding, employees should use their own good judgment about whether it is safe for them to commute from their homes to work and back, including taking and picking kids up at school before and/or after work as needed. Employees concerned about their own or their family's safety during inclement weather conditions in which the office remains open should notify the General Manager so that administrative leave might be authorized on an individual basis, at the General Manager's discretion.

LEAVE OF ABSENCE

When an employee requires a leave of absence in excess of two weeks, the employee must request and obtain prior approval for the leave of absence (LOA). Requests for LOA greater than two weeks but less than four weeks may be approved by the General Manager. Requests for LOA in excess of four weeks must be authorized by the District Board of Directors (Board). As a rule, a LOA will not be approved for more than 12 weeks. A longer period LOA, up to a maximum of six months, may be approved if the need is substantiated to and approved by the Board. The employee may also seek extensions of leave. Leave extensions must also be approved by the Board. All requests for LOA and extensions must be submitted on a Leave Request form and must be supported by documentation that will enable the General Manager or the Board to make a decision to grant or deny the request. No LOA including any extension may exceed six months unless otherwise required by law. This policy will be administered consistently with the District's obligations under the Americans with Disabilities Act and state and federal military leave laws. A LOA will not be authorized unless there is a reasonable expectation that the employee will return to employment with the District at the end of the approved leave period.

Use of All Other Available Leave

All accrued leave and comp time must be exhausted and runs concurrently with an authorized LOA. Accrued sick leave may be used only in connection with a LOA based on medical necessity. After exhaustion of all paid leave, the remaining LOA, if any, is unpaid. No paid leave benefits accrue during an unpaid LOA. The six-month maximum absence includes all paid and unpaid days of leave.

Eligibility/Criteria

To be eligible for a LOA that exceeds an employee's accrued paid leave, the employee must be a full-time employee of the District and must have worked at least 1,250 hours during the immediately preceding 12-month period. Hours worked do not include time off for holidays, paid

sick or vacation time, or any period of unpaid leave. Factors considered by the District in granting a LOA include:

- the reason for the leave
- the anticipated duration of the leave
- the documents submitted to substantiate the need for the leave (*e.g.*, medical certification)
- the frequency with which the employee requests approval for leaves of absence
- the number of other District employees who are out on extended leave at the time of request
- the impact that granting the leave will have on District operations and the ability to satisfy essential obligations

While the District would strive to grant any meritorious request for a LOA, the District must ensure granting of the LOA will not create operational hardships and that all essential obligations of the District are able to be met with the staff available for the duration of the LOA.

Reasons for LOA

A LOA may be considered in the following circumstances:

- Extended illness, injury, or temporary disability and recovery therefrom. Pregnancy and the recovery from childbirth are treated the same as any other medical condition.
- Extended care for immediate family members (*i.e.*, spouse, children, parents, or other family member residing with the employee).
- Educational purposes when successful completion will contribute to the work of the District.
- Public service assignment.

Other circumstances may be considered on a case-by-case basis and at the sole discretion of the General Manager or the Board.

Documentation

Requests for a LOA must be made in writing to the General Manager as far in advance as possible prior to the requested leave date. Requests for an extension of leave must also be in writing and submitted to the General Manager. Requests for a LOA in excess of four weeks or extension will be presented to the Board of Directors for approval at the next meeting of the Board following the General Manager's receipt of the request so long as the request is made in time to get on the Board's agenda. The need for a medical LOA must be supported by documentation acceptable to the District, including but not limited to a doctor's explanation of why the employee cannot perform his/her duties, when he/she is expected to return to work, and periodic updates regarding the employee's ability or inability to return to work. No medical documentation is required in connection with an employee's own pregnancy unless the employee is seeking a LOA prior to childbirth for complications connected with her pregnancy. The General Manager may require that the employee on leave periodically contact a designated supervisor to report on his/her condition or status. Before returning to work from a medical LOA, the employee may be required to submit a letter from his or her doctor stating that the employee is able to perform the essential functions of his or her job. A job description will be provided by the District for the doctor's reference in submitting a fitness for duty statement.

Other Employment During Leave

Under no circumstances may an employee on an authorized LOA work another job, whether for pay, as a volunteer, or as self-employment, unless expressly authorized in writing by the District General Manager.

Reinstatement

Employees returning from a LOA will be reinstated to their same position if the position is available. Reinstatement is not guaranteed unless required by state or federal law. If the employee's previous position is not available, the District will use its best efforts to place the employee in a position of similar pay and status. If the same job or one of similar pay and status is not available, reinstatement may, at the District's discretion, be deferred until a position is available. If an employee's same position or a position with similar pay and status is not available, the employee's job may be terminated with eligibility for rehire. An employee who fails to return to work at the conclusion of an approved LOA will be considered to have voluntarily resigned his or her employment with the District.

Benefits/Premium Payments

All LOAs are unpaid except for any period in which accrued, paid leave is used during the LOA. During the paid leave portion of any approved LOA, all benefits continue to accrue, and the District will continue to pay its portion of any employee and dependent insurance premiums that it normally pays on behalf of the employee. Vacation, sick leave, holiday pay, and other benefits do not accrue during any portion of an approved LOA that is unpaid. If an approved LOA contains any period of unpaid leave, the District will continue to pay its portion of any employee and dependent insurance premiums that it normally pays on behalf of the employee during the first 12 weeks of the LOA during a single 12-month period measured from the first day of the approved LOA. Employees who have group health or any other kind of insurance through the District continue to be responsible for paying their portion of the premiums while on a LOA. An employee's failure to pay either his or her portion of insurance premiums during a LOA may result in cancellation of coverage.

Revocation

The General Manager may revoke an authorized LOA at any time. Failure to return to work after the expiration of an authorized LOA or failure to provide required medical status reports, physician's statements, or to contact the District per the required schedule, will likely result in revocation of the LOA and/or disciplinary action up to and including dismissal.

Military Leave of Absence

Military Duty

The District complies with state and federal laws governing an employee's absence from work for military training or duty. If an employee is called to active military duty or to Reserve or National Guard training, or if an employee volunteers for the same, the employee should notify the General

Manager and submit copies of their military orders as soon as practicable. The District will pay full-time employees who are members of the state military forces or a reserve component of the armed forces, for a period not to exceed fifteen days in a fiscal year, their full salary when such employees are engaged in authorized training or duty ordered or authorized by proper authority. Otherwise, a military leave of absence is unpaid leave. An employee's eligibility for reinstatement after military duty or training is completed is determined in accordance with applicable federal and state law.

Maternity Leave

Maternity leave is treated as any other sick leave or leave of absence.

Other Absences

Jury or Witness Duty

The District recognizes all employees' civic responsibility to participate in the judicial system as a juror as well as the need to appear as a witness when compelled to do so by subpoena or court order. When an employee receives a summons for jury duty or a subpoena or court order compelling attendance as a witness, he or she should immediately notify their supervisor. The employee will receive his or her regular pay, provided adequate proof is furnished. Up to 30 calendar days per calendar year will be paid, after which time leave will be unpaid unless the Board approves additional time.

Death in the Family

Paid time off up to three days is available for the employee to attend the funeral of a member of their immediate family. In this context, immediate family is defined as spouse, children, spouses of children, parents, brother, sister, father-in-law, mother-in-law, grandparents and grandchildren, step-children, step-parents, step-brother, step-sister, step-grandparents and step-grandchildren. Approval of the General Manager is required for time off to attend funerals of other relatives or associates. If approved, the employee may use accrued vacation time to attend the funeral.

PAY POLICY ADMINISTRATION

Pay Periods

Paydays will be every other Thursday, with time credited through the previous Sunday. If a payday falls on a holiday, employees will be paid on the last working day prior to the holiday.

Wages and Overtime

All employees are expected to work overtime from time to time when necessary. The rate of compensation for overtime is dependent on whether an employee's position is exempt or nonexempt, as reflected in their personnel file. For **nonexempt staff**, all Regular and Telecommuting Hours worked in excess of the standard 40 hours per week will be considered overtime and will be eligible for earning compensatory time (comp time). Overtime work for nonexempt staff should be reserved for those times when a specific project, event, or responsibility demands it and must have prior approval of the employee's immediate supervisor or of the General Manager. A nonexempt employee who works overtime without required approval will earn comp time but will be subject to discipline for violation of this policy.

All **exempt staff** as designated in accordance with statutory guidelines are exempt from the minimum wage and overtime provisions of the Fair Labor Standards Act. Exempt staff members are compensated for overtime on an hour-for-hour basis, once eligibility is achieved in a particular timekeeping period, as described below.

CompTime

Earning Comp Time

For nonexempt staff, all Regular Work Hours and Telecommuting Hours, and those properly notated Working at Home Hours worked that are in excess of 40 hours in a work week will be considered overtime, and comp time will be earned. All nonexempt staff will be compensated with comp time at a rate of one and one-half for overtime hours. All comp time earned and accrued for overtime hours worked above the 80-hour maximum shall be paid out to the employee at this same rate. Only hours actually worked (not vacation, sick, bereavement leave, or any other paid or unpaid time off except holiday leave) will be counted toward the calculation of overtime.

For exempt staff, all Regular Work Hours at any duty station, Telecommuting Hours, and those properly notated Working at Home Hours that make up the expected eight- or ten-hour work day, if any, along with Holiday Hours (if applicable in the timekeeping period), will be counted in determining eligibility to earn Comp Time. Any Working at Home Hours in *excess* of the expected eight- or ten-hour work day are not counted in determining eligibility. Also, any Comp Time Used Hours are not counted in determining eligibility for additional Comp Time.

The Comp Time Earned eligibility for exempt employees threshold is 85 hours per two-week pay period. Comp time credits are earned at the rate of one hour of comp time for each hour worked in excess of 80 hours in a pay period when the employee has actually worked 85 hours or more in that same pay period. For example, if an exempt employee works 84.5 hours in a pay period, the employee will receive no comp time credit; however, if the exempt employee works 85 hours in a

pay period, the employee will receive five hours of comp time credit, or an hour for each hour over 80 hours per pay period. Once eligibility in a particular timekeeping period is established, then the sum of all Regular Work Hours plus any applicable Holiday Hours that exceeds 80 hours per pay period are included in the Comp Time Earned calculation. Working at Home Hours and Telecommuting Hours are not included in the calculation of Comp Time Earned.

The maximum accumulated comp time shall not exceed 80 hours for nonexempts and 240 hours for exempts.

Using Comp Time

Comp time is taken by an employee at the discretion of the General Manager. If an employee requests the use of comp time, such use shall be permitted within a reasonable period after the request is made if the use of the comp time does not unduly disrupt the operations of the District. No more than 20 hours of comp time may be used in any 40-hour work period except during a termination notice period. The General Manager may, at his/her discretion, ask the employee to take comp time off in times of light workload.

Comp time cannot be sold back to the District at any time while employed with the District. Upon separation from the District, nonexempt employees are entitled to compensation for any accumulated comp time; exempt employees are not entitled to such compensation. At the discretion of the General Manager, an employee may be required to take unused comp time during the termination notice period.

Employees may only use accrued comp time and may not carry a negative comp time balance.

Deductions

Certain deductions are made from employees' gross earnings. These deductions are of two types; those required by law and those authorized by the employee.

The law requires that regular amounts be deducted from an employee's pay and to be applied toward payment of the employee's federal income taxes, Social Security, and Medicare. In addition, the District, in accordance with federal and applicable local and state laws, pays to various government agencies the employer's contributions for Social Security, Medicare, and unemployment taxes, and contributes 7.5% to the Board-approved Employee Retirement Plan and Trust for qualified employees.

If an employee wishes, they may have additional deductions taken for the employee optional insurance programs and/or other miscellaneous deductions upon written request to the General Manager and Administration provided that the deductions are regularly scheduled.

Improper deductions from the pay of exempt what employees is prohibited. If an exempt employee believes that an improper deduction from his/her salary has been made, a complaint should be made to the General Manager. The General Manager will investigate the complaint. Upon a finding by the General Manager that an improper deduction was made, the exempt employee will be reimbursed in the amount of the improper deduction, and the District will make a good faith effort not to make future improper deductions.

Direct Deposit Option

The District offers the option of having paychecks directly deposited into an employee's credit union or bank account with employee authorization.

Salary Program

It is the District's policy to provide a salary program and benefits package that rewards and retains competent employees and is competitive, equitable, and commensurate with industry standards and the market. Consistent with this policy, starting salaries and subsequent adjustments may be indexed to established pay rate structures and maximums from comparable agencies with comparable positions and responsibilities (e.g. City of Austin, Texas Water Development Board, Travis/Hays Counties, TAGD salary surveys).

Promotions and Salary Adjustments

It is the District's policy to make every reasonable effort to promote from within and provide the appropriate salary adjustments to retain competent employees and reward exemplary performance. Promotions and salary adjustments shall be awarded based on employee's contributions towards achieving the District's objectives, achievements of personal objectives established by the General Manager, work performance, changes in responsibility, professional and educational achievements, market conditions, industry standards, and other pertinent factors as determined by the General Manager consistent with District policy. The budgeted amount for all salary adjustments may be approved or amended at the discretion of the Board. Salary adjustments may be given by the General Manager within the Board-approved budgeted amount at any time during the fiscal year. Salary adjustments are prospective in application only and become part of the regular pay for that employee.

Cost of Living Increases

Cost of living increases may be given based upon budgetary and other considerations. The budgeted amount for cost of living increases may be approved, at the discretion of the Board, during the budget cycle for the following fiscal year and will apply to all District full-time and part-time employees with salaries/wages below the maximum pay rate as indexed to comparable positions at comparable agencies. Board approval of the budgeted amount shall serve as approval of the cost of living increases. Cost of living increases will be part of the regular pay in the future and will become effective on the first pay date after the start of each new fiscal year, even if part of the associated pay period is in the prior fiscal year. An employee is not eligible for a cost of living increase until after completion of one full year of employment with the District.

Merit-Based Increases

Merit-based increases may be given by the General Manager based upon budgetary and other considerations. Such increases will be awarded based upon staff performance, as determined by the General Manager, to recognize exemplary performance. The budgeted amount for a merit-based increase may be approved, at the discretion of the Board, during the budget cycle for the following fiscal year. A merit-based increase will become part of the employee's regular pay in

the future and will become effective on the first pay date after the start of each new fiscal year even if part of the associated pay period is in the prior fiscal year.

Objectives-based Incentive Compensation

The District sets individual performance objectives, representing special goals that are distinct from the normal work activities of individual employees, to help foster and align employee work performance with desired strategic and tactical objectives of the District. At its discretion, the Board may establish an incentive compensation pool during the approval of the budget for the following fiscal year. Achieving individual objectives in the fiscal year to which they apply earns that employee a pro-rata share of the potential incentive compensation pool as a one-time, non-recurring lump-sum annual payment; i.e., it is not added to the regular pay of the employee. (See Appendix E- Employee Incentive Compensation Plan).

Sale of Accrued Benefits

Employees may sell any accrued vacation time back to the District each year during the first pay period in December only, and will be paid for all accrued vacation time upon separation from the District if proper notice is given; a minimum of 2 weeks. Nonexempt employees but not exempt employees will also be paid for all accrued comp time upon separation from the District. Employees cannot sell sick time back to the District. Employees will not be paid for sick time upon separation from the District.

Timekeeping and Leave-Balances Administration

In counting hours worked per week for purposes of calculating comp time earned, only Regular and Telecommuting Work Hours or hours physically worked by the employee during the timekeeping period and official District holiday hours, if applicable in that timekeeping period, are counted as “hours worked” toward the minimum hourly threshold of 85 hours per pay period in determining eligibility to earn comp time. Other time off (e.g. Vacation, Sick, Jury Duty, Bereavement, comp time taken, or unpaid leave) is not counted as “hours worked” toward the threshold and do not earn comp time. Only hours that are worked in the employee’s normal or temporarily assigned work location or while conducting business on travel are eligible for earning comp time; specifically, hours working at home, even if in the performance of District business and as part of the normal work day, are not counted toward the threshold and are not eligible for earning comp time.

Exempt employees traveling on business may include travel time in their normal workday total but may not exceed their eight or ten hour daily total, depending on the employee’s work schedule. Nonexempt employees are not allowed to travel outside their normal eight or ten hour work days without prior approval by the General Manager. Any travel spent outside of the exempt employee’s normal work day is not chargeable time. Hours in normal commuting between the employee’s residence and local duty station are not chargeable time under any circumstance. Comp time earned is credited at the end of each pay period and is not available for use until credited.

Daily Time Recording

Accurate time records are essential to ensure District compliance with Wage and Hour Regulations, correct allocation of labor effort among various direct and indirect accounts, and proper computation of overtime and comp time. Each employee will enter his or her time for each workday, distributed among appropriate accounts according to the benefit provided by that labor, at the end of that workday (or as soon thereafter as feasible) through his/her networked computer, using the Journyx electronic timekeeping system (“Timesheet”). All hours worked must be reported.

Each Team will have its own Regular Work Hours and Working at Home Hours accounts. Generally, on any given day, all full-time employees must record a minimum of either eight or ten hours depending on the approved flex-time option; comprising Regular Work Hours, Working at Home Hours, and/or some Time-Off Account Hours.

No partial days may be entered, except a nonexempt employee who has already worked an aggregate 40 hours for the work week and has not been authorized to work extra hours may enter a partial day for the balance of that week. If any employee does not beneficially work the applicable minimum number of hours on a workday and does not utilize common paid time off accounts (vacation/holiday/sick leave), the employee must use *previously earned* comp time from the employee’s existing comp time balance to make up for that day’s shortfall by entering it in Timesheet for that day, even if the employee anticipates working excess hours later in the workweek and earning such comp time. Accounting staff will adjust paid time off accounts accordingly.

Approvals

The General Manager will electronically approve all time sheets by 8:30 a.m. Monday after each pay period, which initiates the payroll posting process. For employees taking off Mondays in the flex-time arrangement, those employees must have completed their time entry and “submit for approval” through the Journyx system on their last working day of the bi-weekly pay period (generally the close of business Friday). For employees taking off Fridays in flex-time and for employees working five-day weeks, those employees must have completed their time entry and “submit for approval” no later than 12:01 a.m. Monday following a bi-weekly pay period. If an exempt employee fails to submit his or her time sheet by the deadline listed above, the employee will be subject to discipline for violation of this policy.

For a nonexempt employee who has not timely submitted the time sheet, the employee will not receive a pay check for that pay period on that pay date. The employee must submit their time sheet for that time period for General Manager approval as soon as possible after the missed deadline but will not receive payment until the next regular pay date. If the missing time is not recorded in Timesheet and submitted for General Manager approval by the deadline for that next following timekeeping and pay period, then the nonexempt employee will be subject to management sanctions up to and including termination of employment.

Employees must apprise the General Manager or the Administrative Team Leader if there is an error in their timekeeping record that was already electronically authorized for approval; only the General Manager, Administrative Team Leader, or previously approved designee, may make changes to timekeeping records after they have been approved. Generally, such changes can only be made before payroll processing for that time period occurs.

Regular Work Hours

The District has established a labor account type called “Regular Work Hours,” which comprises the time actually spent on beneficial work done for the District at regular duty station(s) not including one’s home. This work could be the eight or ten hours on a normal work day, or additional hours worked in the office on those days, or hours worked at venues other than normal duty stations, or hours worked at such locations but not on a regular work day. Regular Work Hours must be recorded regardless of where the work is conducted (in the District office, in the field, at conferences, in off-site meetings, etc.). The District expects an honest eight or ten hours during a regular work day (depending on the agreed work schedule) of beneficial work from each full-time employee on each regular work day, with any shortfall to be made up from some appropriate, available Time-off account, or, for nonexempt staff, by having recorded 40 hours of authorized work for the week.

Working at Home Hours

The District has also established another labor account type called “Working at Home Hours,” which comprises actual time spent on beneficial work done for the District at one’s home at any time. All Working at Home Hours must be recorded in the Working at Home Hours account and shall be noted in the timesheet. Working at Home Hours by any employee should not be used routinely and should be reserved for only when a specific project or responsibility demands it. Any such hours in excess of the number of hours in the normal work day may be worked only with the concurrence of the General Manager. Work from home is generally reserved for exempt, team leader, or senior level employees, and is more a privilege than a right, subject to revocation if abused. Nonexempt employees may not work from home unless they do so under an approved Telecommuting Agreement with the District or with specific prior approval from the General Manager. A nonexempt employee who works from home without an approved Telecommuting Agreement or prior approval from the General Manager will be subject to discipline.

Timesheet Notation. Employees will be required to append a Journyx Timesheet Note to the relevant time account(s) whenever:

- Regular Work Hours worked and charged on a normal work day exceed the standard eight or ten hours,
- Regular Work Hours are worked and charged on normal non-work days (weekends, one’s usual weekday off), or
- Any Working at Home Hours are worked and charged.

The Note should explain concisely for that day and that time account both where the work was performed and what beneficial work was being accomplished by virtue of those hours.

Failure to append an adequate explanatory Note to such accounts will result in forfeiture of those excess hours in determining comp time eligibility and the calculation of CompTime Earned for exempt staff, and possible sanctions by the General Manager for nonexempt staff.

Biweekly and Weekly Leave Adjustments

The District calculates adjustments to Vacation, Sick Leave, and Comp Time balances at the end of each pay period.

Hours charged on a timesheet that exceed a bi-weekly total of 80 hours (for exempts) or a weekly total of 40 hours (for nonexempts) of Regular Hours (plus Holiday Hours for exempts) but that also have Time-Off Hours recorded on that timesheet during the same time period will be offset by Accounting after the timesheets are submitted such that any “excess” Time-Off is not used in that time period until and to the extent required to reach the normal bi-weekly or weekly total. Similarly, if the Regular Hours (plus Holiday Hours for exempts) are less than the normal bi-weekly (for exempts) or weekly (for nonexempts) total but Time-Off Hours are also recorded during the same time period such that the total number of hours are in excess of the normal total, then offsets will be made to the Time-Off charges used in that pay period to make up the difference just so the normal total hours is reached. These adjustments will be made in the QuickBooks accounting system by the Administration staff, not in Journyx Timesheet by the employee, and in a way to preserve hours in the following order, if and as necessary and possible: all or part of any Vacation taken; all or part of Comp Time taken, all or part of Sick Leave taken, and, finally, Other Time-Off taken.

Telecommuting

For good reason, the General Manager may authorize an employee to telecommute if the employee is eligible under the telecommuting policy criteria and the employee signs a telecommuting agreement. Those employees will use a new Telecommuting Hours account that is established in Journyx Timesheet as a labor and timekeeping task account for each Team, to evidence working under such special considerations in which beneficial work for the District is being accomplished on a non-Regular Work Hours basis. Telecommuting Hours do not require notation in Journyx, as the agreement specifies the type of work being performed. For **exempt** staff with a telecommuting agreement, Telecommuting Hours will also count towards establishing eligibility of other hours for Comp Time, but they will not be included in Comp Time Earned calculations, as the telecommuting arrangement is not considered to be Regular Work Hours that earn Comp Time. For **nonexempt** staff, Telecommuting Hours will authorize being paid for working those hours at home, which is otherwise prohibited without prior approval from the General Manager. (See Appendix F - Telecommuting.)

REIMBURSEMENT POLICIES

PROFESSIONAL MEMBERSHIPS, CERTIFICATIONS, AND EDUCATION

Professional Registration Fees

Professional employees may be reimbursed for one professional registration/certification at District expense so long as such registration or certification is a qualification for the employee's job with the District or otherwise directly related to the services performed by the employee on behalf of the District. Professional registration/certification may be a condition for assuming greater responsibility. Reimbursement of expenses for registration and/or course materials will be considered for necessary preparatory study courses and professional examinations. To be eligible for reimbursement, the employee must have received approval in writing from the General Manager prior to seeking professional registration/certification. Additional registrations /certifications must be recommended by the General Manager and approved by the Board for payment.

Professional Societies

For professional employees, the District will pay for membership fees and dues in professional societies in which the employee actively participates. Prior approval for payment of such fees or dues must be obtained from the General Manager. The Board will review from time to time to ascertain the number of professional organizations to which an employee belongs, and may set limits or reduce the number of organizations for which the District will pay fees or dues.

Continuing Education

The District encourages employees to pursue training and development courses which would be of direct benefit to both the District and the employee in terms of improved performance in the employee's present position or in preparation for future assignments. Request for reimbursement of educational expenses should be submitted in writing to the General Manager in advance of registration. The General Manager will determine which educational expenses will be reimbursed and will provide written approval. The District will reimburse these expenses upon completion of the approved training or development course. To be eligible for reimbursement, the following requirements must be met:

- The employee must be employed with the District for a minimum of one year to be eligible for Continuing Education expense reimbursement;
- Upon completion of the class, the employee must make at least a C or better;
- The employee must maintain full-time employment status with the District throughout the duration of the class; and

- The employee must submit proof of successful completion of the training or development course.

If the employee does not comply completely with the above-mentioned criteria, no expense reimbursement will be made.

An employee who has received Continuing Education expense reimbursement must remain employed with the District for a minimum of one year after completion of the Continuing Education. A failure to do so will require the employee to repay the District for such expenses.

MEALS

To clarify how the District will reimburse business meals paid by employees in the course of a work day, this policy pertains to expenses for meals that are not eligible for, or reimbursed by, an overnight Travel Expense Report.

The District will not reimburse meals for which only the employee or a group of employees-only is present, even if District business is discussed during the meal, unless on overnight travel status. Distance from the office or home during a day trip is not a criterion for reimbursement eligibility. A meal with either a District Director or a relevant external party in attendance and in which District business is discussed is eligible for limited reimbursement of the *employee's* meal expenses. Actual costs of the employee's meal will be reimbursed up to the following daily limits: Breakfast - \$8.00, Lunch - \$12.00, and Dinner - \$25.00. Expense associated with any alcoholic beverage will not be reimbursed, even if the total bill is below these limits. Reimbursement requires submittal of a Team Leader- or General Manager-approved Employee Expense Reimbursement Form, with an attached receipt for the meal(s) being claimed unless the cost of a meal is less than \$10.00. Disbursements from petty cash for reimbursing meal expenses shall not be made.

It is policy of the District that employees will not entertain either themselves and/or external parties and will purchase meals for such parties only from time to time and in the course of some District function or activity in which the external party is an integral, necessary participant. Reimbursement of business-related meals under these circumstances should conform to the daily per-person limits and procedure established above and must be submitted by the Team Leader whose program area is receiving the benefit of the external party's participation.

SMARTPHONE USE

Eligible employees will receive a recurring quarterly salary supplement, which is intended to offset the cost of acquiring and keeping updated personal communication devices since those personal devices are beneficially used for business purposes. The acquisition and use of these devices are discretionary with the individual employee, but it is recognized that there are additional operating costs, especially data plans for bandwidth usage, that are incurred as part of the business use of some of these personal communication devices, and to the extent the employee uses more than an incidental amount of that capability for business purposes, that use should be reimbursable to the employee. However, currently there is no independently verifiable means to distinguish the proportion of data plans used for personal and for business purposes on an ongoing basis, since

that cannot be determined from carrier documentation. Whether an employee chooses to utilize such devices and if so, which device is selected, are personal choices of the employee. The District will not be responsible for reimbursing any costs associated with acquiring, maintaining, repairing, and replacing the smartphones.

- To be eligible for reimbursement of recurring expenses under this policy:
 - the smartphone must be set up by the District's IT support staff to connect to the District's exchange server to ensure that email, calendars, and contacts are shared in a secure environment. It is the employee's responsibility to maintain that condition, and
 - the employee must be employed with the District for at least six months.
- The reimburseable amount is \$150 quarterly. Within 15 days of the end of each fiscal quarter, any eligible employee who seeks to be reimbursed for the business use of their personal phone must file, on a District-provided Smartphone Business Use Reimbursement Form, a claim for such use.
- Since so-called Discretionary Senior/Principal staff funds are intended to benefit the District and not just individual employees, such discretionary funds are not able to be used to pay for the unreimbursed, non-business use part of, smartphones.

OTHER GENERAL POLICIES

Length of Service Awards

The District appreciates and recognizes the importance of employees' continued service with the District. Employees will be presented a service award commemorating continued service after the 5th, 10th, 15th, 20th, 25th and 30th years.

Personal Appearance

All employees are representatives of the District. Employee's are expected to maintain a neat appearance and wear appropriate attire to create a business-like atmosphere and reflect a good image of the District and the employee.

Safety

The District makes every effort to keep the work area safe and free from hazard. The employee's supervisor will assist with safety and health requirements. Employees are expected to observe all applicable safety requirements and report immediately any unsafe or hazardous condition to the supervisor or the General Manager.

If, in spite of precautions, an employee is injured on the job, the employee should immediately notify the supervisor. The supervisor is responsible for notifying the District's insurance department. All on-the-job injuries, no matter how small, must be reported by the employee to the supervisor. Job-related injuries may be covered by the District's workers compensation insurance

carrier. If an employee is involved in a business-related automobile accident, the employee should notify the supervisor immediately.

Office Telephone Use

Telephones have been installed in the office for the purpose of transacting District business. Employees should use professional discretion when making or accepting personal calls. Telephone courtesy is important. These simple rules should be followed:

- Answer all calls promptly
- Identify the District and yourself
- Speak in a friendly manner
- Transfer calls only when necessary
- Leave word with the Receptionist when you will be away from your telephone
- If circumstances occur when a personal call results in any charge to the District, the employee will notify the accountant and make arrangements to repay the billed amount.

District Property And Equipment

The District attempts to provide employees with adequate tools, equipment, vehicles and facilities to enable them to properly perform their duties. All employees are required to observe safe work practices and lawful, careful, and courteous operation of vehicles and equipment.

From time to time, the District may issue or authorize the use of various pieces of equipment or other property to employees, e.g., credit cards, keys, tools, written materials, computers, and computer-related equipment. Employees are responsible for items they are authorized to use or which are formally issued to them by the District, as well as for items otherwise in their possession or control or used by them in the performance of their duties. The improper, careless, negligent, destructive, or unsafe use or operation of equipment will likely result in disciplinary action, up to and including termination of employment. Employees will be held financially responsible for any loss of or damage to District property resulting from an employee's negligence, lack of care in securing the property, or deliberate act of sabotage or destruction.

Employees must notify their supervisors immediately if any vehicle, equipment, machine, tool, etc. appears to be damaged or defective, or is need of maintenance or repair.

District property, materials, supplies, tools, equipment or vehicles may not be used for personal business.

All employees are solely responsible for their personal property at all times.

Alcohol and Drug Use

The consumption of alcohol during regular work hours and the use or distribution of illegal drugs is prohibited. Please refer to and sign the Drug-Free Workplace Policy Employee Acknowledgement form found in Appendix B, the District's Policy for a Drug-Free Workplace.

Smoking

The District provides a smoke-free work environment. Smoking is only permitted outside of the District office and vehicles.

Board and Staff Communication

The Board hires a General Manager to be the Chief Operating Officer of the District. The Board sets policy for the District, and the General Manager is charged with implementing such policy. Among other duties, the General Manager is responsible for the proper functioning of District operations on a day-to-day basis and for hiring, firing, and disciplining the District's employees. As the liason between the staff and the Board, the General Manager is the proper person for all communications between individual employees and Board members. The General Manager is the proper person for employees to approach with concerns about their duties, recommendations for improvement of District operations, and needs for new equipment necessary to enhance operations.

Directors who desire or need staff to perform significant work tasks should arrange for such work assignments through the General Manager rather than assign tasks directly.

Searches

The District may conduct unannounced searches or inspections of the work site, including but not limited to District property used by employees such as lockers, file cabinets, desks and offices, computer and electronic files, whether secured, unsecured or secured by a lock provided by the employee. The District may also conduct searches or inspections of the employee's personal property located on District premises, including vehicles parked on District parking lots if there is a reasonable basis to conclude that the search is necessary.

All searches must be authorized and conducted under the direction of the General Manager.

Professional Conduct

Employees and Directors are representatives of the District and are subject to public scrutiny at all times. Therefore, all employees and Directors are expected to conduct themselves in an exemplary and professional manner. The District expects courteous and respectful interpersonal communications at all times, both internally and with the public at large. This includes all interaction between individuals including, but not limited to verbal, written, email, and attitudinal. Professional disagreements and personality conflicts are expected to occur from time to time but should not escalate into unnecessary, antagonistic, aggressive, or argumentative behavior. The District views such actions as undesirable, counterproductive, and contrary to workplace harmony. Such situations are embarrassing, not only to the individuals involved but to the District as well, and should be avoided or addressed through the Formal Complaint Policy.

RESOLVING PROBLEMS/ THE FORMAL COMPLAINT POLICY

The District values harmonious working relationships and fair terms and conditions of employment. All employees are encouraged to attempt to resolve any complaints or concerns regarding their terms and conditions of employment with their immediate supervisors. If complaints or concerns cannot be resolved informally in this manner, a formal written complaint may be filed with the General Manager within ten days of the event giving rise to the complaint. The General Manager will consider the complaint, conduct an investigation if appropriate, and provide a written decision to the complainant within 30 days of receipt of the complaint. The General Manager's decision is final.

In the event the complaint is about or against the General Manager, the written complaint may be filed with the President of the Board of Directors. The President will consider the complaint, conduct an investigation if appropriate, and make a recommendation to the full Board of Directors for resolution of the complaint within 30 days of receipt of the complaint. The Board of Directors will make a decision on the complaint at its first meeting following receipt of the President's recommendation or at a later meeting if necessary.

Before filing a written complaint under this policy, the employee should consider the following:

- Is this matter significant enough to take the time necessary for the General Manager or Board President to go through the process of resolving it?
- Have I given my best efforts to working this problem out informally?
- After putting my complaint in writing, am I still convinced that it is important enough or is appropriate to file a complaint?
- Does my written complaint state my complaint concisely, does it cover the essential facts, and does it stick to the point?
- Have I prepared documentation to provide any necessary copies?
- Have I followed applicable procedures or protocol such as discussing the issues with the appropriate administrative employee in the District staff structure prior to filing a complaint, and am I still within the time constraints set out in this policy?
- Have I utilized a "cooling off" period? Am I filing a reasonable complaint that is based on fact and is not driven by emotion?

If the complainant can honestly answer "yes" to each of these questions, then it is the right of the employee to pursue the formal complaint process in an effort to seek resolution to the issue in question and provide for a more productive working environment fostered by mutual trust and respect.

Examples of work-related matters about which a District employee may submit a formal written complaint include, but are not limited to, the following:

- Written reprimand
- Probation
- Suspension with or without pay
- Demotion
- Violation of District policies
- Verbal or physical abuse including, but not limited to, assault
- Conflicts of personality and unprofessional conduct detrimental to the District and its mission
- Violation of state or federal law

Complaints regarding discrimination or harassment are governed by the District's Equal Employment Opportunity Policy.

The District will keep all matters pertaining to formal complaints confidential to the extent possible without jeopardizing the effectiveness of any required investigation.

Retaliation is prohibited. No employee who has filed a formal complaint or who has cooperated in the investigation of a formal complaint may be retaliated against. All allegations of retaliation should be made in writing to the General Manager or to the President of the Board of Directors if the allegation involves the actions of the General Manager.

SEVERANCE POLICY

A severance package is not legally required of employers. Severance packages are benefits, and with few exceptions, providing benefits is optional for employers in the United States. However, the District offers a severance package to full-time employees who have worked at the District for at least one full year and that are terminated without cause. Severance is equal to one week of salary for each full year that employee is employed full-time by the District, to be pro-rated for any time worked less than a full year, upon termination without cause. This amount will be payable to the terminated employee in one lump sum at the time the last paycheck is scheduled to be paid.

Additional matters which may result in disciplinary action and which may constitute "cause" for which a severance payment is denied include, but are not limited to, the following: unsatisfactory job performance, repeated tardiness or excessive absences, insubordination, illegal acts, dishonesty, falsification of District records, failing to follow health and safety rules, breaches of security, job abandonment, violation of District employment policies, conviction of a felony offense, conduct which brings discredit to the District or which constitutes a conflict of interest with the employee's duties to the District, violations of the District Code of Ethics, or destruction of District property.

DISCIPLINARY ACTION AND TERMINATION

Resignation

Employees are requested to give at least two weeks notice in writing prior to voluntary termination. Two weeks notice is required for payment of accrued vacation time. At the option of the General Manager, the employee may be required to take unused vacation during the termination notice period. Vacation and sick time will continue to accrue during the two-week notification period.

All keys and District property must be returned before the last working day.

Termination and Discipline

The District, in its selection process, makes every effort to hire individuals who will be able to perform to District standards. There are times, however, when an employee does not conform to District standards and is subject to discipline. Violation of District policies may result in (but is not limited to) the following disciplinary action: oral reprimands, written reprimands, suspension with or without pay, probation, performance improvement plans, and/or employment termination. Generally, discussions with supervisors and attempts to remedy problems precede termination. However, immediate termination without prior discipline may result when the severity of the infraction or the best interest of the District requires such action.

APPENDIX A

Ethics Policy

Section 1: General Statement of Policy

It is the policy of the District that its Directors, employees, and agents conduct themselves in a manner consistent with sound business and ethical practices; that the public interest is paramount in all District actions; and that even the appearance of impropriety be avoided to ensure and maintain public confidence in the District. District Directors and employees are public servants subject to state ethics laws.

Section 2: The Purpose of the Policy

- A. To encourage high ethical standards in official conduct,
- B. To establish guidelines for ethical standards of conduct for all District officials and employees as public servants,
- C. To increase public confidence that the resources of their government are not used for unwarranted direct or indirect enrichment of governmental decision-makers or their close advisers, and
- D. To eliminate or at least diminish any incentive for private interests to conduct private financial transactions with governmental decision-makers or their close advisers for the purpose of securing a special advantage in competition for governmental contracts for services and goods.

Section 3: Standards of Conduct

- A. No District official, employee, or agent shall be directly or indirectly interested in any contract for the purchase of any property or construction of any work by or for the District.
- B. No District official, employee, or agent shall use his/her office or position or any confidential information received through his/her holding of a District position to transact any business in his/her official capacity with any person or entity in which he/she, or a member of his/her immediate family, has an interest except in accordance with procedures provided for in Section 6.
- C. No District official or employee may solicit, accept, or agree to accept an honorarium in consideration for services that he or she would not have been requested to provide but for his or her official position or duties with the District.
- D. A District official, employee, or agent who exercises discretion in connection with contracts, purchases, payments, claims, or other pecuniary transactions of the District may not solicit, accept, or agree to accept any benefit from a person known to be or likely to be interested in a transaction involving the official's, employee's, or agent's discretion.

E. No District official, employee, or agent may solicit, accept, or agree to accept any benefit from a person the individual knows to be subject to regulation, inspection, or investigation by the individual or by the District.

A “benefit” under paragraphs D and E above, does not include any of the following:

- A gift or other benefit conferred on account of kinship or a personal, professional, or business relationship independent of the official status of the recipient.
- A political contribution.
- An item with a value of less than \$25.00 (excluding cash or a negotiable instrument).
- Transportation, lodging, and meals in connection with a conference or similar event in which the public servant renders services that are more than merely perfunctory such as addressing an audience or participating in a seminar.
- Food, lodging, transportation, or entertainment accepted as a guest if the the employee or Board member is required by law to report those items and does so report.

A District employee may not provide to others gifts, entertainment, or services on behalf of the District that could not be accepted under this policy.

Section 4: Communication of Ethics Policy

All new and current Directors, employees, committee members, and agents shall be provided a copy of the District Ethics Policy. New and current employees shall sign a *Statement of Affirmation* upon employment, and shall reaffirm their adherence to the Ethics Policy at the time of Director election confirmations and oaths of office. A copy of the signed *Statement of Affirmation* will be retained in the employee's personnel file. All new and current Directors shall sign a *Statement of Affirmation* which will be filed with the Board or District Secretary and reaffirmed at the time of Director election confirmations and oaths of office.

The Ethics Policy shall be made available to District vendors, contractors, financial institutions, and professional consultants upon engagement of services. The Policy shall also be made available to prospective vendors and contractors submitting bids for services.

Section 5: Financial Reporting of Directors

Each District Director must comply with the financial reporting requirements of the Texas Election Code, Title 15, Chapter 254.

A Director who becomes a candidate is subject to the reporting requirements for candidates as set forth in §§ 254.061 - 254.088 of the Texas Election Code.

Section 6: Conflict of Interest

A. Affidavit and Abstention from Voting [Local Government Code Section 171.004 (Vernon Supp. 1992)]

1. If a Director has a substantial interest in a business entity or in real property, the Director shall file, before a vote or a decision on any matter involving the business entity or the real property, an affidavit stating the nature and extent of the interest and shall abstain from further participation in the matter if:
 - a. in the case of a substantial interest in a business entity, the action on the matter will have a special economic effect on the business entity that is distinguishable from the effect on the public; or,
 - b. in the case of a substantial interest in real property, it is reasonably foreseeable that an action on the matter will have a special economic effect on the value of the property, distinguishable from its effect on the public.
2. The affidavit must be filed with the General Manager of the District.
3. If a Director is required to file and does file an affidavit, the Director is not required to abstain from further participation in the matter requiring the affidavit if a majority of the Directors are likewise required to file and do file affidavits of similar interests on the same official action.

B. Voting on Budget [Local Government Code, Section 171.005 (Vernon Supp.1992)]

1. The Board of Directors of the District shall take a separate vote on any budget item specifically dedicated to a contract with a business entity in which a Director has a substantial interest.
2. Except as provided by this Section, the affected Director may not participate in that separate vote. The Director may vote on a final budget if: (a) the Director has complied with the provisions of this Section; and (b) the matter in which the Director is concerned has been resolved.

C. Definitions

1. "Business entity" means a sole proprietorship, partnership, firm, corporation, holding company, joint-stock company, receivership, trust or any other entity recognized by law. (Local Government Code, Section 171.001)
2. For purposes of this policy, a Director has a substantial interest in a business entity if:
 - a. The Director owns 10% or more of the voting stock or shares of the business entity or owns either 10% or more, or \$15,000 or more, of the fair market value of the business entity; or
 - b. Funds received by the Director from the business entity exceed 10% of the Director's gross income for the previous year.

3. A Director has a substantial interest in real property if the interest is an equitable or legal ownership with a fair market value of \$2,500 or more.
4. A Director is considered to have a substantial interest under this Section if a person related to the Director in the first degree by consanguinity or affinity has a substantial interest under this Section. (Local Government Code, Section 171.002)

E. Prohibited Acts/Penalties (Local Government Code, Section 171.003)

1. A Director commits an offense if the Director knowingly
 - a. violates any of the Sections above,
 - b. acts as a surety for a business entity that has work, business or a contract with the District, or
 - c. acts as a surety on any official bond required of a Director of the District.
2. An offense under this section is a Class A misdemeanor.

Section 7: Revolving Door

No District Director or employee may represent an interest other than the District's in front of the Board of Directors for 90 days after termination of employment/term of office with the District.

Section 8: Remedies

If it is determined that a violation of this Ethics Policy occurred by an employee, the General Manager shall proceed promptly to determine the appropriate penalty. Appropriate documentation of the violation, findings, and penalty will be maintained in accordance with the personnel policies of the District.

If it is determined that a violation of this Policy occurred by a District official, Director or agent, the Board shall proceed promptly to determine the appropriate action.

Criminal penalties apply for violations of state ethics laws.

Ethics Policy

Statement of Affirmation

I acknowledge that I have received a copy of the District Ethics Policy. I also acknowledge that the provisions of the Policy are part of the terms and conditions of my employment and that I agree to abide by them.

Signature of Employee

Date:

Print Name

Employee's Social Security #

APPENDIX B

Policy for a Drug-Free Workplace

Purpose

The objective of this policy is to develop a drug and alcohol-free workplace to help ensure a safe and productive workplace and to provide education and treatment to District employees. In order to further this objective, the following rules regarding alcohol and controlled substances in the workplace have been established.

- The manufacture, distribution, dispensing, possession, sale, purchase, or use of a controlled substance on District property is prohibited.
- Being under the influence of alcohol or controlled substances on District property, while engaged in the business of the District, or while otherwise representing the District is prohibited. Possession and use of prescription drugs on District property is permitted only if the employee has a valid prescription from a doctor. Excessive, abusive, or hazardous use of either prescription or over-the-counter drugs on District property is prohibited.
- Employees who violate this policy are subject to appropriate disciplinary action including termination.
- The policy applies to all employees of the District regardless of rank or position, and includes full-time, temporary, part-time, and contract personnel.

Definitions

- **District Premises:** All District property including buildings, vehicles, lockers, and parking lots.
- **District Property:** All District-owned or leased property used by employees such as buildings, offices, vehicles, lockers, desks, closets, etc.
- **Controlled Substance:** Any substance listed in Schedules I-V of Section 202 of the Controlled Substance Act (21 U.S.C. S812), as amended. In general, it is any drug or derivative thereof, of which the use, possession, sale, transfer, attempted sale or transfer, manufacture, or storage is illegal or regulated under any federal, state, local law or regulation; any other drug including (but not limited to) a prescription drug, used for any other reason other than a legitimate medical reason; and inhalants used illegally.
- **Drug:** A drug is any chemical substance that produces physical, mental, emotional, or behavioral changes in the user.

- **Drug Paraphernalia:** Equipment, products, or materials that are used or intended for use in concealing an illegal drug, or for use in injecting, ingesting, inhaling, or otherwise introducing into the human body a controlled substance.
- **Fitness for Duty:** The physical ability to work in a manner suitable for the job. To determine "fitness," a medical evaluation may include drug and/or alcohol testing.
- **Reasonable Cause:** Supported by evidence strong enough to establish that a policy violation has probably occurred.
- **Under the Influence:** A state of having a blood alcohol concentration of 0.08 or more, where "alcohol concentration" has the meaning assigned to it in Texas Penal Code section 49.01, or the state of not having the normal use of mental or physical faculties resulting from the voluntary introduction into the body of an alcoholic beverage or a controlled substance.

General Policy Provisions

Any of the following actions constitute a violation of this Policy and may subject an employee to disciplinary action including termination:

- Using, selling, purchasing, transferring, possessing, manufacturing, or storing a controlled substance or drug paraphernalia, or attempting or assisting another to do so while in the course of employment or engaged in a District sponsored activity, on District premises, in District owned, leased or rented vehicles, or on District business.
- Working or reporting to work, conducting District business, being on District premises or in a District owned, leased or rented vehicle while under the influence of a controlled substance or alcohol, or while in an impaired condition.

Preventive Acts

- Employees taking drugs prescribed by an attending physician must advise the General Manager in writing of any possible side effects such medication may have regarding their job performance and physical/mental capabilities. This written information must be kept confidential and communicated to the General Manager prior to the employee commencing work. All medical information will be kept confidential and the employer, without exception, will punish any breach of privacy and confidentiality in this regard. All prescription drugs must be kept in their original containers.
- Any employees involved in a work-related accident where alcohol or drugs are believed to be a contributing factor will be referred to the General Manager and District Board of Directors in addition to other accident investigation activities.

Drug Testing

Employees may be tested for alcohol and/or illegal and unauthorized drugs after a workplace injury or an accident involving injury to a third party or damage to District property or the property of

another if there is a reasonable suspicion of alcohol or drug use. Employees engaged in safety-sensitive job duties may be randomly tested for alcohol or drug use. Safety-sensitive duties are those which involve the safety of the employee or of third parties and include without limitation operation of any vehicle or equipment for which a commercial driver's license is required.

Mandatory Reporting of Convictions

Employees are required to provide written notice to the General Manager within five calendar days of a conviction or deferred adjudication for violation of any criminal drug law, driving while intoxicated, driving under the influence, or vehicle homicide (including a plea of nolo contendere).

Employee Assistance Program

The District will provide employees and their families with confidential, professional assessment and referral for assistance in resolving or accessing treatment for addiction to, dependence on, or problems with alcohol, drugs or other personal problems adversely affecting their job performance. Confidential assessment and referral services will be provided without cost to the employee or family member. The cost of treatment, counseling or rehabilitation resulting from an Employee Assistance Program (EAP) referral will be the responsibility of the employee, but may be partially covered under the District's health insurance.

When suspected or documented job impairment due to alcohol or drug use has been observed and identified, a supervisor will refer to the General Manager who may recommend participation in the EAP. Any action taken by the General Manager, however, will be based on job performance.

General Manager referrals to the EAP will include the employee's release of information consent forms to be returned to the General Manager by the EAP. Refusal to participate in or failure to complete the EAP-directed program will be documented. Should job performance not improve after a reasonable amount of time as determined by the drug counselor, the employee is subject to progressively corrective action, up to and including termination of employment.

Self-referral by employees or family members is strongly encouraged. The earlier a problem is addressed, the easier it is dealt with and the higher the success rate. Self-referral will not be the basis for corrective actions but does not preclude the District's use of corrective actions based on job performance. The General Manager may allow time for completion of self-referral to an EAP-directed program before initiating or determining additional corrective actions.

EAP-related activities, such as referral appointments, will be treated on the same basis as other personal business or health matters with regard to use of sick leave or comp time. Sick leave may be taken as needed, while comp time must be pre-approved.

Coordination with Law Enforcement Agencies

The sale, use, purchase, transfer or possession of a controlled substance or drug paraphernalia is a violation of the law. The District will report information concerning sale, possession, purchase, transfer, or use of any controlled substances on District premises to law enforcement officials and

will turn over to the custody of the law enforcement officials any such substances found during a search of an individual or property. Searches of lockers, desks or closets will only be conducted when based on reasonable cause. The District will cooperate fully in the prosecution and/or conviction of any violation of the law.

Reservation of Rights

The District reserves the right to interpret, change, suspend, cancel or dispute, with or without notice, all or any part of the policy, procedures, or benefits herein.

Although adherence to this policy is considered a condition of continued employment, nothing in this policy alters an employee's status and shall not constitute nor be deemed a contract or promise of employment. Employees remain free to resign their employment at any time for any or no reason and the District retains the right to terminate any employment at any time.

Other Laws and Regulations

The provisions of this policy shall apply in addition to, and shall be subordinate to, any requirements imposed by applicable federal, state or local laws, regulations, or judicial decisions. Unenforceable provisions of this policy shall be deemed to be deleted.

Drug-Free Workplace Policy

Employee Acknowledgement

I acknowledge that I have received a copy of the Drug-Free Workplace Policy. I also acknowledge that the provisions of the Policy are part of the terms and conditions of my employment and that I agree to abide by them.

Signature of Employee

Date:

Print Name

Employee's Social Security #

APPENDIX C

Policy on Suspected Misconduct and Dishonesty **(Fraud Policy)**

Introduction

Like all organizations, the District is faced with risks from wrongdoing, misconduct, dishonesty and fraud. As with all business exposures, the District must be prepared to manage these risks and their potential impact in a professional manner.

The impact of misconduct and dishonesty may include:

- the actual financial loss incurred
- damage to the reputation of the organization and its employees
- negative publicity
- the cost of investigation
- loss of employees
- damaged relationships with permittees and constituents
- litigation
- damaged employee morale

The goal is to establish and maintain a business environment of fairness, ethics and honesty for employees, permittees and anyone else with whom the District has a relationship. To maintain such an environment requires the active assistance of every employee and manager every day.

The District is committed to the deterrence, detection and correction of misconduct and dishonesty. The discovery, reporting and documentation of such acts provides a sound foundation for the protection of innocent parties, the taking of disciplinary action against offenders up to and including dismissal where appropriate, the referral to law enforcement agencies when warranted by the facts, and the recovery of assets.

Purpose

The purpose of this document is to communicate the District's policy regarding the deterrence and investigation of suspected misconduct and dishonesty by employees and others, and to provide specific instruction regarding appropriate action in case of suspected violations.

Definition of Misconduct and Dishonesty

For purposes of this policy, misconduct and dishonesty include but are not limited to:

- acts which violate the District's Ethics Policy

- theft or other misappropriation of assets, including assets of the company, customers, suppliers or others with whom the District has a business relationship
- misstatements and other irregularities in company records, including the intentional misstatement of the results of operations
- wrongdoing
- forgery or other alteration of documents
- fraud and other unlawful acts
- any similar acts

The District specifically prohibits these and any other illegal activities in the actions of its employees, manager, and Board of Directors and others responsible for carrying out the District's activities.

Policy and Responsibilities

Reporting

It is the responsibility of every employee, manager and Board Director to immediately report suspected misconduct or dishonesty to the General Manager. The General Manager, when made aware of such potential acts, must immediately report such acts to the Board President and the District's legal representative. Any reprisal against any employee or other reporting individual because that individual, in good faith, reported a violation is strictly forbidden.

Due to the important yet sensitive nature of the suspected violations, effective professional follow-up is critical. Managers, while appropriately concerned about "getting to the bottom" of such issues, should not in any circumstances perform any investigative or other follow-up steps on their own. Concerned but uninformed managers represent one of the greatest threats to proper incident handling. All relevant matters, including suspected but unproved matters, should be referred immediately to those with follow-up responsibility.

Additional Responsibilities of Managers

All employees have a responsibility to report suspected violations. However, employees with supervisory and review responsibilities at any level have additional deterrence and detection duties. Specifically, personnel with supervisory or review authority have three additional responsibilities.

First, you must become aware of what can go wrong in your area of authority.

Second, you must put into place and maintain effective monitoring, review and control procedures that will prevent acts of wrongdoing.

Third, you must put into place and maintain effective monitoring, review and control procedures that will detect acts of wrongdoing promptly should prevention efforts fail.

Authority to carry out these three additional responsibilities is often delegated to subordinates. However, accountability for their effectiveness cannot be delegated and will remain with the managers.

Assistance in effectively carrying out these responsibilities is available upon request through the General Manager.

Responsibility and Authority for Follow-Up and Investigation

The General Manager and the District's legal representative have the primary responsibility for all investigations involving the District.

Properly designated members of the investigative team will have:

- free and unrestricted access to all company records and premises,
- the authority to examine, copy and/or remove all or any portion of the contents of files, desks, cabinets, and other storage facilities (whether in electronic or other form) without the prior knowledge or consent of any individual who might use or have custody of any such items or facilities when it is within the scope of investigative or related follow-up procedures.

All investigations of alleged wrongdoing will be conducted in accordance with applicable laws.

Reported Incident Follow-Up Procedure

Care must be taken in the follow-up of suspected misconduct and dishonesty to avoid acting on incorrect or unsupported accusations, to avoid alerting suspected individuals that a follow-up and investigation is underway, and to avoid making statements which could adversely affect the District, an employee, or other parties.

Accordingly, the general procedures for follow-up and investigation of reported incidents are as follows:

- Employees and others must immediately report all factual details as indicated above under this Policy.
- The General Manager has the responsibility for follow-up and, if appropriate, investigation of all reported incidents.
- All records related to the reported incident will be retained wherever they reside.
- Do not communicate with suspected individuals about the matter under investigation.
- The General Manager may also obtain the advice of the District's legal representative at any time throughout the course of an investigation, steps, proposed disciplinary action or any anticipated litigation.

- Neither the existence nor the results of investigations or other follow-up activity will be disclosed or discussed with anyone other than those persons who have a legitimate need to know in order to perform their duties and responsibilities effectively.
- All inquiries from an attorney or any other contact from outside of the company, including those from law enforcement agencies or from the employee under investigation, should be referred to the District's legal representative.

Investigative or other follow-up activity will be carried out without regard to the suspected individual's position, level or relationship with the company.

Questions or Clarifications Related to This Policy

All questions or other clarifications of this policy and its related responsibilities should be addressed to the District's General Manager, who shall be responsible for the administration, revision, interpretation, and application of this policy.

Approval

General Manager

Date

Acknowledgment

My signature signifies that I have read this policy and that I understand my responsibilities related to the prevention, detection, and reporting of suspected misconduct and dishonesty.

I further acknowledge that I am not aware of any activity that would require disclosure under this or other existing company policy or procedure statements.

Signature: _____

Print Name: _____

Date Signed: _____

APPENDIX D

Travel Policy

PURPOSE

The District Travel Policy is designed to establish clear and uniform policies for official District travel costs reimbursement, clearly identify travel expenses eligible for reimbursement by the District, and to serve as a guide for the accounting and proper reporting of travel-related expenses.

Events which are considered District business include seminars, training, meetings, field trips, conferences, educational events, exhibitions, expositions, and any other related events pertaining to the Travel Criteria.

TRAVEL CRITERIA

To make the trip applicable to the Travel Policy, the goal of the trip has to meet one or more of the following criteria:

- It deals specifically with subjects that would directly benefit the District or which are part of the District's activities,
- It has a direct bearing on the professional competence of District personnel or Board, or
- It involves matters of general interest to groundwater planning, management, protection, enhancement, conservation, and other subjects pertinent to the District's business and activities.

There are four types of travel locations:

- **Local:** within the District's jurisdiction and greater Austin area,
- **Out-of-Town:** beyond the local area above and within the borders of the State of Texas,
- **Out-of-State:** beyond the boundaries of the State of Texas, and
- **International:** beyond the boundaries of the United States of America.

RESPONSIBILITIES

Employee

The employee is responsible for being conservative and prudent to maximize economy and efficiency when incurring expenses while traveling on District business. The employee is responsible for following the Travel Policy while involved in any event related to District travel and reimbursement, including booking and/or verification of reservations and other travel arrangements, keeping receipts, and applying for timely reimbursement.

General Manager

The General Manager is responsible for: 1) providing and periodically revising a written policy concerning the incurring and reimbursement of travel expenses on District business, 2) requesting approval from the Board for all staff out-of-state travel, 3) informing the Board on all other approved travel, 4) approving travel expenditures submitted for reimbursement, and 5) authorizing payment of a per diem if appropriate.

The General Manager has the discretion to: 1) approve local and out-of-town travel within the state that has been previously approved in the operating budget; 2) purchase or authorize purchase of education, conservation, pollution and/or other related materials to be used by the District while attending meetings with state agencies, political subdivisions, conferences/seminars, or other similar events; 3) authorize travel cash advances; and 4) purchase or authorize the purchase of food and/or non-alcoholic beverages within budget constraints.

Board of Directors

The Board is responsible for approving the written policy concerning the incurring and reimbursement of travel expenses on District business which is provided and periodically revised by the General Manager; and for approving the General Manager's request for all staff and Board travel out-of-state.

The Board President will approve travel expenditures submitted for reimbursement in the absence of the General Manager. The Board Vice President will approve travel expenditures submitted for reimbursement in the absence of the Board President.

District

The District's General Manager and accounting staff are responsible for approval and payment of all actual and necessary expenses for employees who must be away from their regular assigned place of employment. Reimbursement will be based on a properly completed and approved expense reimbursement request or travel expense report (TER) form.

The District's General Manager and accounting staff will also implement and monitor the approved travel budget, and report all travel expenditures under proper accounting codes and according to approval procedure.

LIABILITIES

Employee and/or Director

The traveling employee and/or Director is responsible for their own safety and incidental personal belongings while traveling on District business; any fines and/or tickets resulting of their own doing or personal account; personal purchases; any loss of funds provided by the District for travel expenses; and for the expenses of their accompanying spouse, child, or any companion who is not employed by the District nor on the Board.

District

The District will not be responsible for an employee's incidental personal belongings while traveling on District business; any fines and/or tickets resulting of their own doing or personal account; personal purchases; any loss of funds provided by the District for travel expenses; and for the expenses of their accompanying spouse, child, or any companion who is not employed by the District nor on the Board.

FORMS

The two forms that may be used for travel expense reporting are the Request for Reimbursement of Employee/Director Expenses and the Travel Expense Report (TER).

Travel Expense Report

The TER Form is used to report expenses associated with overnight travel, and for reimbursing out-of-pocket, non-prepaid expenses that are incurred associated with overnight travel. The TER Form is used in two ways:

Request for Cash Advances or Per Diem

Any request for authorization for cash advances or per diem should be entered on the TER form and submitted for approval to the General Manager at least 15 days prior to travel date. Under normal circumstances, the District will issue a check for advances on the payday prior to the travel unless there are special circumstances. Cash advances are based on actual per diem rates or other known expenses. Travel advances will be provided at the discretion of the General Manager, depending on the type and purpose of the trip involved.

If the employee elects to be reimbursed for meals and incidental expenses on a per-diem basis rather than actual cost basis, the TER must be used as a per-diem authorization. Fill out the header information and the per-diem column only, including the total per-diem requested, and get it authorized by the appropriate signature authority before leaving on a trip. The employee must elect and be paid for per-diem before the trip is taken, with the per-diem paid by District check to the employee, so this form for your per-diem funds should be submitted several work days before the beginning of the trip. Keep a copy of this TER Form.

After the trip, receipts and documentation of expenses shall be submitted to accounting as proof of expenditure to be processed and filed with the request for reimbursement. Any cash not spent should be returned to accounting. In the event of cancellation, all cash advances shall be returned to the District.

Travel Expense Reporting

All eligible overnight travel expenses should be recorded on a TER form and submitted with supporting receipts to accounting as soon as possible after the trip is completed. Requests for expense reimbursement that are older than two months, absent extreme circumstances, will not be reimbursed.

After the employee returns from a trip, another TER is submitted with all approved additional expenses, to be approved by the appropriate signature authority. If the employee elected to use per-diem, include that cost (to the District) on the trip expense total, and also as a pre-paid expense item, attaching the copy of the approved TER that was used to receive the per-diem before the trip, along with other trip receipts, as documentation. If an employee's personal vehicle is used either as the primary means of travel on the overnight trip or to go to and from the airport on a business trip, keep track of those miles and put the cost of those miles, at the prevailing IRS mileage rates, on the TER as "Local Mileage." The employee must also fill in the account(s) the travel expenses should be charged to at the bottom of the TER, which must add up to the total expense of the trip. The trip total should include all expenses and receipts and documentation related to the trip, including conference registration fees that were separately prepaid by the District.

According to federal regulations defining what is a deductible business expense, an employee may request and be paid only for $\frac{1}{3}$ of one day's per diem on each of the trip's travel days (i.e., outbound and inbound days), regardless of how and what time of day was spent traveling. Also, if the employee will incur a relatively large expense for business travel several months in advance on some personal account, then the employee has the option of using the District credit card rather than a personal credit card for such expenses; if this option is selected, then such District charge-card purchases must also be shown as a District Prepaid Expense on the TER that is submitted after the trip so that accounting can associate that with the trip. Business charges to personal credit cards are not eligible for the state sales tax exemption.

Regardless of when, what type, size, or purpose of business expense is incurred, if it is charged to the District credit card, it must be reported with receipts attached immediately upon the employee's next return to the office, even if that expense is for a trip that hasn't happened yet, or for a purchase that hasn't been received yet. If it is beyond the employee's signature authority, then a P.O. must be completed and appropriately authorized for that purchase, again ideally in advance of such purchase using the District credit but otherwise immediately thereafter.

EXPENSES ELIGIBLE FOR REIMBURSEMENT

All expenses must be itemized with a description of the expense to include the date the expense was incurred, the amount to be reimbursed, and applicable receipt/documentation to be attached to the appropriate form.

1. **Mileage:** Based on the current year's IRS Standard Mileage Reimbursement Rate. Whenever practical, an employee should make arrangements to use the District vehicles, especially for local and same-day travel.

All employees using their personal vehicles for District business must have a valid Texas driver's license and carry the minimum type and level of insurance required by state law. The District will reimburse employees using their personal vehicles for District business, as defined by this Travel Policy, for up to \$250.00 for the payment of personal insurance deductibles incurred as a result of loss or damage to an employee's personal vehicle, provided the employee must not be judged at fault in a police report concerning the incident.

- Employee's personal vehicle use on District-related matters at all times may be reimbursed.
- Travel that falls within the four Duty Point Categories requirements may be reimbursed.
- Directors traveling on District business are entitled to receive mileage reimbursement.

All employees using their personal vehicles for District business must have a valid Texas driver's license and carry the minimum type and level of insurance required by state law. The District will reimburse employees using their personal vehicles for District business, as defined by this Travel Policy, for up to \$250.00 for the payment of personal insurance deductibles incurred as a result of loss or damage to an employee's personal vehicle, provided the employee must not be judged at fault in a police report concerning the incident.

2. **Transportation:** Actual expenses and approved documentation required for transportation expenses incurred in District related business (e.g., taxi, bus, air, car rental, gasoline, etc.).
3. **Parking and Tolls:**
 - Parking meters (actual expenses, no documentation required).
 - Garages and lots where receipts are available (actual expenses, approved documentation required).
4. **Meals and Gratuities:**
 - When receiving per diem, no documentation required. The General Manager may authorize a per diem while on District business or traveling based on IRS Federal Per Diem rates for the destination city, or the closest city to the travel destination.
 - When not receiving per diem, actual expenses for food and non-alcoholic beverages while traveling on District business; approved documentation required.

5. **Lodging:** On out-of town trips and other District business (actual expenses, approved documentation required).
6. **Training, seminars, conferences, conventions and similar events:** For registration, books and supplies (actual expenses, approved documentation required).
7. **Purchasing education, conservation and related materials:** Purchases within the individual employee's purchasing authority (actual expenses, approved documentation required).
8. **Photocopies and/or other related services** for District business: (actual expenses, approved documentation required).

EXPENSES NOT ELIGIBLE FOR REIMBURSEMENT

The District will not be responsible for certain expenses, including but not limited to the following:

1. Loss of personal funds or property, as defined by this Travel Policy, unless resulting from a District act;
2. Personal entertainment expenses including alcoholic beverages, movies, shows, videos, carnivals, places of attraction, and/or any costs not relevant to District business, unless part of a conference or related event;
3. Excess baggage charge for personal belongings;
4. Unauthorized expenses for car rental and registration fees;
5. Expenses of employee's or Director's accompanying spouse, child, or any companion who is not employed by the District or does not serve on the Board of Directors.

TAX EXEMPTIONS

Where possible, all eligible tax exemptions should be utilized. Employees and/or Directors are responsible for obtaining tax exemption certificates to be used during their travel. Tax exemption certificates are available from the District's accounting staff and should be carried when traveling.

BOOKING POLICIES

This section is for flights, lodging, or any other items requiring advance booking. Administrative staff is responsible for all routine bookings. Employees requesting special travel arrangements may do so on their own time and are responsible for any additional expenses beyond the routine bookings arranged by the administrative staff. All bookings should be made as early or as timely as possible and should involve the lowest or most reasonable prices on the market, taking into account the needs of the traveler and the purpose of the trip. Booking expenses should be refundable or exchangeable whenever practical. Bookings should consider savings offered by traveling off-peak hours, weekends, and special offers if available, and which save time or money for the District.

EXPENSES FOR DISTRICT BUSINESS-RELATED GUESTS

Expenses for District guests are subject to approval by the General Manager with consideration of specific circumstances. The Travel Policy restrictions and benefits applied to District guests are the same as to District employees or Directors.

REIMBURSEMENT AND ACCOUNTING FOR TRAVEL EXPENSES

All original receipts as described in the section “Expenses Eligible for Reimbursement” and/or proper documentation for incurred travel expenses must be submitted within 60 days of travel to accounting. This will allow accounting to bill job-related charges to specific accounts within a reasonable period after the expenses were incurred.

If a receipt is lost, the employee or Director will be required to itemize the expense on their expense reimbursement request or TER form. The General Manager must approve this expenditure.

Accounting is responsible for ensuring that all entries of travel expenses for reimbursement are appropriate, complete and up-to-date; and for providing complete information on past travel expenses whenever necessary. All travel expenditures submitted for reimbursement must be approved by the General Manager.

PROHIBITIONS

All restrictions and benefits outlined in the District Travel Policy apply to the Board and persons employed by the District and their guests. Anyone who files a false expense reimbursement request or TER form may be subject to disciplinary and/or legal action.

APPENDIX E

Employee Incentive Compensation Plan

In addition to cost-of-living and other approved salary increases that occur at the start of the fiscal year, the compensation of all eligible staff of the District will be augmented by a non-recurring incentive component, provided certain conditions are met during the course of the year. This incentive compensation component will be paid to those staff members who achieve or satisfy individual objectives that are established between the individual staff member and the General Manager at or near the start of each fiscal year. Changes in the Incentive Compensation Plan or its amounts for a fiscal year may be made only before the start of the fiscal year; that is, it is not a discretionary program or expense.

Eligibility of Participants

All regular employees (i.e., not temporary employees) who are in good standing (i.e., not on probation) at the end of the fiscal year, and also who have been or will have been employees of the District for at least one year at the end of the fiscal year, are eligible for participation in the Incentive Compensation Program for that fiscal year. Both exempt and nonexempt employees are eligible to participate.

Incentive Amount

The incentive compensation pool will be established as part of the approved budget at the start of each fiscal year. Government labor laws require the District to specify in advance the amount of additional, incentive compensation that each staff member would be paid if he or she meets the prescribed conditions. The amount to be paid to an eligible employee from the approved pool will be indexed, first, to the percentage of that employee's actual salary budgeted in that fiscal year to the total salaries budgeted for all eligible employees, and then, further indexed to the percentage of the pre-defined individual objectives, by whole numbers, that the employee achieves. Accordingly, for any one individual employee, each goal will have an identical incentive compensation value.

Individual Employee Objectives

For each fiscal year, each employee will establish with the General Manager a set of designated individual objectives to be accomplished during the upcoming fiscal year, after the budget for that year has been approved. These statements will reflect accomplishment of programmatic goals that relate to important roles in the budgeted work of the teams that the employee substantively supports, personal and/or professional development goals, goals related to meeting specific staff guidelines or other organizational cultural needs, and other special projects or initiatives for the employee that are negotiated with the General Manager. Inputs from Team Leaders and colleagues may be sought by the General Manager in assessing if a particular objective for an employee has been achieved, but the General Manager will make the final determination of how many individual objectives have been achieved for each individual.

The objectives will be achievable within the budgeted funds, and the General Manager will be a partner in helping the employee achieve those goals. Each of the objectives for any one employee will be valued the same, so each also will be established to be, to the extent practicable, similar in importance to the District.

The General Manager will also attempt to normalize the degree of difficulty in earning incentive compensation dollars proposed among the staff members. For example, the individual objectives for the more senior, higher-paid members of the staff will generally represent more “stretch goals” and/or ones that are of more strategic or tactical importance.

General Manager Participation

Provided the eligibility requirements above are met, the General Manager will participate in the Incentive Compensation Plan in a similar, but slightly different fashion. The General Manager’s individual objectives will be set by the Board near the start of each fiscal year, and may include or comprise the District goals also established by the Board. The potential incentive compensation amount will be the sum of 1) the amount defined in an identical fashion as to other employees, i.e., as a percentage of total eligible payroll that is applied to the budgeted pool, plus 2) an additional increment, if any, that the Board of Directors establishes at the start of the fiscal year. The proportion of the potential incentive compensation to be paid to the General Manager will be determined by the Board, after considering equally 1) what percentage of the potential incentive compensation is paid to other employees (reflecting how well the General Manager helped the rest of the staff achieve their objectives), and 2) what proportion of the agreed District and/or individual objectives the General Manager accomplished during the course of the year (reflecting how well the General Manager met the specific expectations of the Board).

APPENDIX F

Telecommuting Policy and General Elements of Telecommuting Agreements

Telecommuting Policy

Policy Statement

Upon written request to the General Manager, the District may approve telecommuting-based employment for certain eligible staff working in certain eligible jobs when it is in the District's best interest to do so. Approval of any request for a telecommuting arrangement is at the General Manager's sole discretion, based upon the needs of the District and any applicable legal considerations. Telecommuting will not be authorized unless and until the employee signs a special telecommuting agreement between the District and the employee that specifies the agreed terms and conditions under which the telecommuting is to be performed.

Both exempt and non-exempt staff may be eligible to enter a telecommuting arrangement, which may be either for a relatively short-term, temporary period or on an ongoing, regular basis. Further, the telecommuting may be for a defined, regular part of one or more work days per week or for one or more defined work days each week. While the District will take into consideration an employee's personal situation and non-business factors with respect to decisions about telecommuting, the decision-making is primarily based on overall needs of and benefits to the District. Regardless of employee eligibility, telecommuting is not an employee right.

Considerations for Eligibility

Eligibility requirements for a telecommuting employee include a) having been an employee of the District for at least 24 months; b) having achieved and maintained above average job performance in the judgment of the GM; and c) having a job for the District that has essential functions, as identified in the job description, that may be performed proficiently under a telecommuting arrangement. Jobs that require close supervision, timely use of District resources available only at the District's facilities, or timely interaction with staff, stakeholders, or the public will not be approved for telecommuting. Notwithstanding the considerations above, final determination of an employee's eligibility for telecommuting rests with the General Manager.

The following general characteristics are appropriate for telecommuting jobs or tasks: requires ability to work independently; requires concentration and diligence; requires little face-to-face interaction with other staff, stakeholders, or the public; *and* allows job performance to be monitored by output of a specific, measurable work product. Only to the extent that a particular job conforms to those characteristics will that part of a job be allowed to be worked under a telecommuting arrangement.

The following personal traits are desirable to be a successful telecommuter: able to work productively on their own, without regular direct supervision and with minimal distraction; highly knowledgeable about the job requirements; self-motivated, well organized, and trustworthy in

achieving deadlines; excellent written and verbal communication skills; *and* not in need of regular social interaction in the workplace.

Conditions for Telecommuting Arrangement

Telecommuting employees must make alternate arrangements for care of children who are less than 12 years old and for eldercare, if either are dependents at the telecommuting location during those work times. Telecommuting is not amenable to or a substitute for dependent care during the telecommuting work period.

Telecommuting employees must agree and ensure: that the telecommuting work area conforms to applicable OSHA regulations (a copy of which will be provided by the District); that all time spent in telecommuting is accurately recorded and that any overtime hours are appropriately authorized; that confidential and privileged information is protected; and that all policies at the normal workplace also apply at the telecommuting work place.

Elements of Telecommuting Agreements

Telecommuting Agreements (T/A) are required for each and every telecommuting employee. The following elements will generally be a specified part of the T/A:

1. The work to be accomplished, the description of the work product(s), and the basis for judging telecommuting work performance.
2. The FLSA status of the telecommuting employee (i.e., exempt or non-exempt), and the compensation for any approved, earned overtime.
3. The hours of the day and the days of the week during which the telecommuting work will be accomplished, and the expectations of when the telecommuting employee is needed in the District office to maintain the productivity and efficiency of all staff.
4. The understanding that even on an approved telecommuting work day, if the employee is needed in the District's office or at another location on behalf of the District, the employee will be available on reasonable notice of not less than one hour to appear where needed.
5. The understanding that should a District holiday or inclement-weather day, or an employee-initiated paid time off day (sick day or vacation day) fall on the assigned telecommute day, no other day can be substituted as a telecommuting day.
6. The equipment, services, and supplies to be furnished by the District and by the telecommuting employee, and the expressed understanding that any equipment, services, and supplies furnished by the District must be used solely for District business purposes.
7. The responsibility for equipment maintenance and repair, electronic security (e.g., anti-malware), and work space maintenance and operating costs.

8. The arrangements by which telephone calls, faxes, voicemails, and emails will be forwarded to the telecommuting employee.
9. The means by which telecommute time will be recorded and approved, and whether and by which any compensable overtime while telecommuting is to be authorized.
10. The provision of a safe and healthful telecommuting work space, including OSHA-acceptable ventilation, lighting, and noise levels, and a commitment to report any injury to the telecommuting employee suffered during the telecommute period to the District, and the specification of the right of the District and/or OSHA to enter the workplace premises to ensure the work space is free of hazards that might cause injury and/or to investigate any such injury.
11. Consent by the employee to reasonable periodic inspections of the telecommuting premises by the District to ensure proper maintenance of District property and compliance with safety standards.
12. The applicability to the telecommuting employee of all District policies for its staff.
13. No reasonable expectation of privacy exists with respect to telephone and computer used in the telecommuting work-space location, and that they may be monitored for compliance with District policies, regardless of whether they are furnished by the District or the telecommuting employee.
14. The T/A can be discontinued at any time by the District with or without cause.
15. The T/A does not constitute a contract of employment, and that the telecommuting employee is still “employed at will“ by the District.
16. The security protections to be afforded and the restrictions on the existence of and access to confidential and proprietary information in the telecommuting work space, and the recovery of such information upon termination of the telecommuting practice.
17. Assurance that the telecommuting work space is in compliance with local zoning ordinances.
18. Acknowledgment and acceptance of the effect, if any, of providing the telecommuting work space on the homeowners insurance of the telecommuting employee.

**A TELECOMMUTING AGREEMENT FORM NEEDS TO BE SIGNED BY BOTH
EMPLOYEE AND THE DISTRICT.**

