



EMPLOYEE POLICY HANDBOOK

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1000. INTRODUCTION

Lebec County Water District, (the "Company") is pleased to have you as one of our employees. We believe that you will find your employment with us to be both rewarding and challenging.

Everyone begins at Lebec County Water District with an employment probationary period. This period lasts 90 days, unless otherwise agreed to in written agreement, (excluding any leave without pay) and will be considered an orientation and training period. During this time, your supervisor will observe your ability to perform your assigned duties and you will have the opportunity to find out how you like your job working for Lebec County Water District. You will receive on-going feedback on your performance during this period. Before the end of your probationary period, your supervisor will complete a performance evaluation with you. If your performance has been satisfactory, your probationary period will be considered finished. If your performance has not been satisfactory, your probationary period may be extended or you may be terminated. Completion of the probationary period **is not** considered a contract for continued or otherwise guaranteed employment and **does not** change the at will nature of employment with the Company. Note: Also see policies regarding probationary period in Paid holidays and paid vacation.

This Employee Policy Handbook sets forth the policies applicable to all full-time and part-time employees. It contains the major policies and procedures of the Company, as well as the benefits afforded our employees. The terms of individual written employment contracts supersede the policies contained herein to the extent the written contract is inconsistent with this handbook.

We ask you to read and familiarize yourself with the policies in this Employee Policy Handbook.

This handbook supersedes all previously issued handbooks and any inconsistent policy statements or memoranda made in the past. With or without prior notice, the Company reserves the right to revise, modify, delete or add to any and all policies, procedures, work rules or benefits stated in this handbook or in any other related document. However, any such changes must be in writing and must be signed by the Company President.

Any written changes to this handbook will be distributed to all employees, so that they will be aware of the new policies or procedures. No oral statements or representations can in any way change or alter the provisions of this handbook.

This handbook sets forth the entire agreement between you and the Company as to the duration of employment and the circumstances under which employment may be terminated. Nothing in this handbook or in any other personnel document, including benefit plan descriptions, creates or is intended to create a promise or representation of continued employment for any employee.

If you have any questions concerning the contents of this handbook, please consult your supervisor.

2000. EMPLOYMENT POLICIES AND PROCEDURES

2001. Equal Employment Opportunity

The Company is an equal opportunity employer and makes employment decisions on the basis of merit. Company policy prohibits unlawful discrimination based on race, color, creed, sex, gender, gender identity, religion, marital status, age, national origin or ancestry, physical or mental disability, medical condition, sexual orientation, or any other consideration made unlawful by federal, state, or local laws. All such discrimination is unlawful and prohibited by the Company. Company policy also prohibits unlawful discrimination by any employee towards customers, vendors, contractors, persons working or visiting on the company's premises.

To comply with applicable laws ensuring equal employment opportunities to qualified individuals with a disability, and to the extent required by the **Americans With Disabilities Act and other applicable laws**, the Company will make a reasonable accommodation for the known physical or mental limitations of an otherwise qualified individual with a disability who is an applicant or an employee unless undue hardship for the Company would result.

Any applicant or employee who requires an accommodation in order to apply for the position or to perform the essential functions of the job should contact office personnel at (661) 248-6872 or lebecwater@att.net and request such an accommodation. The individual with the disability should specify what accommodation is required to perform the essential functions of the job. The Company will then engage in a timely, good faith interactive process with the applicant or employee to identify possible accommodations, if any, that will enable the applicant or employee to perform the essential functions of the job. If the accommodation is reasonable, will not create an undue hardship on the Company or create a safety threat, the Company will make the accommodation.

If you believe that you have been subjected to any form of unlawful discrimination, provide a complaint to your supervisor, preferably in writing. If the complaint involves your supervisor, the complaint should be directed to Human Resources or the company president. Your complaint should be specific and include the names of the individual(s) involved and any witnesses. The Company will promptly undertake an effective, thorough and objective investigation.

If the Company determines that unlawful discrimination has occurred, effective and appropriate remedial action will be taken. Appropriate action also will be taken to deter any future discrimination. The Company will not retaliate against you for filing a complaint and will not knowingly permit retaliation by management or your co-worker.

2002. Anti-Harassment Policy

The Company is committed to providing a work environment that encourages mutual respect and is free of unlawful harassment and strongly condemns any form of unlawful employment-related harassment. Company policy prohibits unlawful discrimination and bias. The Company's anti-harassment policy applies to all persons involved in the operation of the Company and prohibits unlawful harassment by any employee of the Company, including supervisors and co-workers. The law also protects employees from harassment by customers, vendors and other third parties under certain circumstances. Company policy also prohibits unlawful harassment by any

employee of customers, vendors, contractors, persons working or visiting on the Company's premises.

Prohibited unlawful harassment includes, but is not limited to, the following: Any harassment or use by anyone in its employ of any verbally-derogatory epithet based on race, religious creed, color, age, sex, gender, gender identity, physical or mental disability, national origin, ancestry, medical condition, marital status, sexual orientation, or any other consideration made unlawful by federal, state or local laws; or sexual harassment, defined as unwanted sexual advances, or visual, verbal or physical conduct of a sexual nature; or sexual harassment including any form of offensive behavior and includes gender-based harassment of a person of the same sex as the harasser when (1) submission to the conduct is made explicitly or implicitly a term or condition of an individual's employment, (2) submission to or rejection of the conduct by an individual is used for employment decisions affecting an individual, or (3) such conduct has the purpose or effect of unreasonably interfering with the employee's work performance or creating an intimidating, hostile, or offensive work environment.

An employee who believes that this policy is being violated, either with respect to himself/herself or as to another employee, should report that belief to the employee's supervisor immediately either in writing or personally. An employee who believes that the employee's supervisor is violating this policy should report the matter to the supervisor's superior, or report the problem directly to the CEO or Company President.

Upon notice of an employee's concern about being harassed, the Company will act to stop any further harassment and to correct any effect of the harassment and will:

1. Fully inform the complainant of his or her rights and of any obligation to secure those rights;
2. Fully and effectively investigate the complaint. The investigation will be immediate, thorough, objective and complete. Persons with information on the matter will be interviewed.
3. Take prompt and effective action to remedy harassment.
 - a. First, appropriate action will be taken against the harasser.
 - b. Second, steps will be taken to prevent any further harassment.
 - c. Third, appropriate action will be taken to remedy the complainant's loss, if any.

Retaliation Is Strictly Prohibited

In addition to prohibiting harassment in the workplace, state and federal law also prohibits retaliation. Retaliation means taking employment action against an employee who complains about harassment or discrimination if such action may likely discourage a reasonable employee from making or supporting a claim of harassment or discrimination. Examples may include, depending on the circumstances, demoting, failing to promote, terminating, changing work hours or changing job duties.

It is illegal to retaliate against an employee because they complained about harassment or discrimination, even if no harassment or discrimination ever happened. Company policy **STRICTLY PROHIBITS** any form of retaliation against an employee because they complained about harassment or discrimination.

2003. Confidentiality and Trade Secret Information

As a condition of employment and continued employment with the Company, all employees are expected to conduct themselves in a manner which protects and preserves the Company's proprietary, confidential and trade secret information. The following are examples of proprietary, confidential and/or trade secret information that must be preserved by employees and former employees.

1. Business matters relating to marketing, costs, profits and pricing methods.
2. The details or provisions of any private written or oral contract or understandings between the Company and a third party, client or vendor.
3. The details of any statistical data, training manual, financial statements, forms, techniques, methods or procedures not generally known to competitors of the Company.
4. Procedural, training or instructional manuals which have been developed by the Company and which are not generally known to the public.
5. Long-range plans, budgets, acquisition strategies, methods of operations, pricing, bid information and financial performance belonging to the Company.
6. Computer software and programs, proprietary information and other data relating to aspects of the Company which cannot be obtained from sources other than the Company.
7. Other confidential information that provides the Company with a substantial competitive advantage in conducting its business that has not, by legitimate means, become generally known and in the public domain.
8. Names and addresses and any related information pertaining to the Company's customers.
9. Confidential employee information.
10. Information protected by the Uniform Trade Secrets Act

2004. Conflicts of Interest

Our employees are expected to devote their best effort and attention to the full-time performance of their jobs. Employees are expected to use good judgment, to adhere to high ethical standards, and to avoid situations that create an actual or potential conflict between the employee's personal interests and the interests of the Company.

A conflict of interest exists when the employee's loyalties or actions are divided between the Company's interests and those of another, such as a competitor, supplier, or customer. Both a conflict of interest and the appearance of a conflict of interest should be avoided. Employees, who are unsure as to whether a certain transaction, activity, or relationship constitutes a conflict of interest or the appearance of a conflict of interest, should discuss the situation with his or her immediate supervisor for clarification.

This policy does not attempt to describe all possible conflicts of interest that could develop. Some of the more common conflicts from which employees should refrain, include the following:

1. Accepting personal gifts or entertainment from competitors, customers, suppliers or potential suppliers.
2. Working for a competitor, supplier or customer.
3. Engaging in self-employment in competition with the Company.
4. Disclosing Company trade secrets or information for personal gain to the Company's detriment.

5. Having a direct or indirect financial interest in or relationship with a competitor, customer, or supplier, except that ownership of less than 1% of the publicly traded stock of a corporation will not be considered a conflict.
6. Using Company assets or labor for personal use.
7. Acquiring any interest in property or assets of any kind for the purpose of selling or leasing it to the Company.
8. Committing the Company to give its financial or other support to any outside activity or organization.
9. Developing a personal relationship with a subordinate employee of the Company that might interfere with the exercise of impartial judgment in decisions affecting the Company or any employees of the Company.

If an employee or someone with whom the employee has a close personal relationship (a family member or close companion) has a personal, financial or employment relationship with a competitor, supplier or customer, the employee must disclose this fact in writing. If an actual conflict of interest is determined to exist, the Company may take whatever corrective action is deemed appropriate based upon the circumstances.

Employees may pursue and participate in employment or other business activities outside of normal working hours provided such arrangement does not create a conflict of interest, detract from performance and/or effectiveness while working for the Company and the employee does not offer or provide such services to the Company. Employees who have other employment must disclose such employment to his or her supervisor so that an evaluation can be made as to whether a conflict of interest exists. The failure to adhere to this guideline, including the failure to disclose any potential conflicts or to seek an exception, will result in disciplinary action up to and including termination.

2005. Employment At-Will

Employment at the Company is employment at-will. Employment at-will may be terminated at the will of either the employer or the employee. Employment may be terminated with or without cause, and with or without notice, at any time by you or the Company. Terms and conditions of employment with the Company may be modified at the sole discretion of the Company with or without cause and with or without notice.

No one has the authority to make employment other than “at-will” except the board of directors and then only in writing.

No implied contract concerning any employment-based decision or terms and conditions of employment can be established by any other statement, conduct, policy or practice. Examples of the types of terms and conditions of employment that are within the sole discretion of the Company include, but are not limited to, the following:

Promotion; demotion; completion of the probationary period; transfers; hiring and discharge decisions; compensation; benefits; qualifications; discipline; layoff or recall; rules; hours and schedules; work assignments; job duties and responsibilities; production standards; subcontracting; reduction, cessation or expansion of operations; sale, relocation, merger or consolidation of operations; determinations concerning the use of equipment, methods or

facilities; or any other terms and conditions that the Company may determine to be necessary for the safe, efficient and economic operation of its business.

2006. Business Conduct Policy

A key element to our continued success is each employee's commitment to be guided by certain standards and principles in performing his or her job. It is important that employees be guided by the following:

1. Adhering to all applicable international, federal, state and local laws and regulations.
2. Protecting our corporate reputation and assets.
3. Acting responsibly to avoid situations potentially harmful to the company or conflicts of interest.
4. Being ethical and honest.

The Company considers work rules, guidelines, and work performance important responsibilities. They are essential to the proper management of our business and ensure that employees work together effectively. When these rules and guidelines are not followed, or the employee's work performance is below Company standards, written disciplinary warnings may be issued.

COMPANY WORK STANDARDS

Progressive/corrective discipline is an instrument to change unacceptable work behavior and to motivate and encourage you to become more productive. Progressive discipline in no way alters at-will employment and is not a contract for employment. Notwithstanding the progressive discipline policy set forth herein, the Company shall at all times, have the authority to impose discipline as it sees fit depending on the severity, intentional nature, and other circumstances of an employee's conduct. Therefore, the Company may impose outside of the progressive steps set forth herein if the Company determines that the circumstances of the behavior warrant it.

Our success depends on teamwork. If you are performing your job in a way that harms the productivity, safety, or morale of the rest of the team, your supervisor will discuss these concerns with you. This is your opportunity to discuss your viewpoint, as well. If improved performance does not follow, you will receive written notices that will also be discussed with you. The purpose of these discussions is to motivate and encourage you to be more productive. Progressive discipline is a means to increase the severity of discipline for the repeated violation of rules. In the concept of progressive discipline, offenses are categorized as minor, major, and critical:

	First (1st) Offense	Second (2nd) Offense	Third (3rd) Offense
Minor Offence	Verbal Warning	Written Warning	Discharge
Major Offence	Written Warning	Discharge	
Critical Offence	Suspension/Discharge		

If no additional disciplinary action occurs within 12 months of an oral reprimand or written warning, the disciplinary cycle starts over. If any single critical rule or combination of rules (see chart above) is violated within a 12 month period, you may be subject to discharge. The following lists give examples of the various types of offences and are not necessarily all-inclusive.

MINOR OFFENSES

- Violations of safety standards which do not result in injury to self or others.
- Failure to report a safety violation in writing to your supervisor.
- Unintentional failure to observe written or oral instructions.
- Excessive break time.
- Attending to personal affairs on company time.
- Forgetting to record your time properly. (Laborers communicate actual hours to foreman.)
- Creating or contributing to unsafe conditions.
- Personal phone calls which interfere with your job performance or the operation of the Company.
- Horseplay (boisterous, non-work related activity.)

MAJOR OFFENSES

- Gambling on Company premises.
- Late to work.
- Leaving work area without authorization.
- Clocking in ahead of time or late.
- An act of sexual or other unlawful harassment having the purpose or effect of interfering with an individual's work performance or creating an intimidating, hostile, or offensive working environment. (see sexual harassment policy).
- Failure to perform in relation to the requirements of the job.
- Undertaking business endeavors for yourself or others.
- Failure to report an on-job accident within 24 hours of the occurrence.
- Interfering with the job performance of another employee.
- Giving, receiving, or asking for assistance while working on an assigned job without your supervisor's knowledge or permission.
- Use of vile, foul, or abusive language.
- Inability to support company goals and programs.
- Breach of confidentiality or professional ethics.
- Unauthorized overtime.
- Posting, altering, or removing any state required material on Company bulletin boards unless specifically authorized to do so.
- Unintentional damage to Company property or equipment.
- Downloading music, games, programs or surfing the internet unless authorize by supervisor. (Not allowed using Company computers **during** and/or **after** business hours)
- Altering or removing (including but not limited) decals, guards or postings from any safety device or tools except for repairs.
- Failure to operate Company equipment in a safe manner.
- Failure to take proper care of Company equipment (warm up/smooth operating/proper shutdown.)

CRITICAL OFFENSES

If you are believed to be in violation of any of the following offences, you may be suspended from your job without pay while the situation is investigated, and then terminated or reinstated based on the results of the investigation.

- Theft (regardless of the amount) or dishonesty (regardless of the severity.)
- Threatening, intimidating, or coercing others.
- Sleeping on the job.
- Willful damage of Company property or equipment.
- Omission or falsification of information in the employment application or any other Company record.
- Using, selling, transporting, possessing, consuming or being under the influence of illegal drugs or alcohol on the premises, or in Company vehicles (see substance abuse policy.)
- Continued inability to meet standards of performance.
- Three unexcused absences from work (see attendance policy.)
- Conduct detrimental to Company operations that results in negative public relations or customer service.
- Insubordinate acts or statements or willful failure to carry out orders.
- Conviction or pleading guilty to a crime which impairs an employee's suitability or ability to work for the Company.
- Altering or adjusting your time records or those of another employee or recording another employee's time.
- Unauthorized copying or distributing of Company records.
- Solicitation or distribution on Company time or on Company property (except in designated areas.)
- Gross misconduct.
- Intentional work stoppages.
- Job abandonment/walking off the job.
- An act of sexual or other unlawful harassment having the purpose or effect of interfering with an individual's work performance or creating an intimidating, hostile, or offensive working environment. (see sexual harassment policy)

This is not meant to be a complete list of all work rules, but rather is illustrative of the type of conduct that will not be tolerated by the Company. This statement of prohibited conduct does not alter the Company's policy of at-will employment. Both you and the Company remain free to terminate the employment relationship at any time, with or without reason or advance notice.

2007. Use of Alcohol, Illegal Drugs or Controlled Substances

The past success and future growth of the Company is a direct result of our most important asset: Our people. Consequently, the Company is concerned about the use of alcohol, illegal drugs or controlled substances as it affects the workplace. Use of these substances whether on or off the job can adversely affect an employee's work performance, efficiency, safety and health and therefore seriously impair the employee's value to the Company.

In addition, the use or possession of these substances on the job constitutes a potential danger to the welfare and safety of other employees and exposes the Company to the risks of property loss or damage, or injury to other persons. The Company has a vital interest in

maintaining safe and efficient working conditions for its employees and ensuring that all Company vehicles are properly maintained and operated in a safe manner.

Furthermore, the use of prescription drugs and/or over-the-counter drugs may affect an employee's job performance and seriously impair the employee's value to the Company. Any employee who is using prescription and/or over-the-counter drugs that may impair the employee's ability to safely perform the job, or affect the safety or well-being of others, should not report for work during the time the employee is using the medication. The employee should use any accrued vacation or sick leave during this time period. If the employee does not have accrued leave, the employee should request a personal leave of absence.

Proper use of prescription drugs directly prescribed to the employee are not exempt from these restrictions even if the employee is complying with physician orders. At the supervisor's discretion, an employee may be asked not to report to work if the employee reasonably appears to be impaired.

The following rules and standards of conduct apply to all employees either on the Company's property (owned or leased) or during the workday (including meals and rest periods).

The following are strictly prohibited by the Company:

1. Possession or use of alcohol, or being under the influence of alcohol while on the job or on Company property.
2. Driving a Company vehicle while under the influence of alcohol or any controlled substance, or while taking any prescription or over-the-counter medication which may tend to impair the employee's ability to safely and legally operate a Company vehicle.
3. Distribution, sale or purchase of an illegal or controlled substance while on the job or on Company property.
4. Possession or use of an illegal or controlled substance or being under the influence of an illegal or controlled substance while on the job or on Company property.
5. Being under the influence of a controlled or prescription drug while on the job if it in any way negatively affects the employee's ability to perform his or her job in a safe and efficient manner.
6. Being under the influence of marijuana or its chemical components during working hours, regardless of whether or not it was prescribed by a physician.

Violation of the above rules and standards of conduct will not be tolerated. Company may also bring the matter to the attention of appropriate law enforcement authorities.

1. Drug Testing

Each employee, as a condition of employment, will be required to participate in pre-employment (unless otherwise notified), reasonable suspicion and post-accident testing upon selection or request of management. In addition, those employees who are subject to Department of Transportation regulations related to drug and alcohol testing or any other state or federal drug and alcohol testing programs shall comply with the terms and conditions of such programs, even if not set forth fully herein.

The substances that will be tested for include, but are not limited to amphetamines, cannabinoids, cocaine, opiates, phencyclidine (PCP) and alcohol. This list is not to be considered comprehensive.

Testing for the presence of alcohol will be conducted by analysis of breath. Testing for the presence of the metabolites of drugs will be conducted by the analysis of urine or hair sample.

The employee will sign a separate acknowledgement regarding this drug and alcohol policy as a condition of employment.

The Company reserves the right to immediately terminate any employee who tests positively.

To ensure the accuracy and fairness of our testing program, all testing will be conducted according to DHHS/SAMHSA guidelines where applicable and will include a screening test; a confirmation test; the opportunity for a split sample; review by a Medical Review Officer, including the opportunity for employees who test positive to provide a legitimate medical explanation, such as a physician's prescription, for the positive result and/or request a re-test of the split sample; and a documented chain of custody.

2. Pre-Employment Testing

Upon receipt of an offer of employment by the Company, those individuals who may be hired shall submit to drug testing at the Company's expense. A negative result on such drug test shall be required in order to be employed by the Company.

3. Testing Based on Reasonable Suspicion

Employees may be referred by a supervisor or any director to a Company-approved physician or medical group for evaluation when the supervisor or director has a reasonable suspicion that the employee is intoxicated or using controlled substances, (e.g., cocaine, marijuana) or other illegal drugs during work hours or at a time which may affect job performance or safety. Evidence of such behavior may include, but is not limited to: slurred speech, uneven gait, mood swings, violent temper, excessive absenteeism and/or tardiness, a reportable work-related accident or injury, an avoidable accident involving a vehicle or causing property damage.

If the physician or medical professional agrees with the supervisor that reasonable suspicion exists, the employee will be asked to submit a breath, urine, or hair sample, as applicable, for analysis.

4. Post Accident Testing

Those employees involved in any kind of industrial accident shall, at the discretion of their direct or indirect supervisors, be subject to drug and alcohol testing as soon as medically and reasonably possible after such accident.

5. Employee Consent to Release Chemical Analysis

All employees required to submit breath, urine, or hair samples for chemical analysis will be required by the Company to sign an Employee Consent Form authorizing the results to

be forwarded to the Company. A refusal by the employee to execute the Employee Consent Form will require a review of the facts and circumstances of the particular situation by management in the absence of medical information and the test results.

The Company reserves the right to impose discipline, up to and including termination, depending upon the particular situation.

6. Confidentiality of Test Results

Test results of the chemical analysis of breath, body fluids, or hair for applicable substances will be kept confidential in the same manner that all other confidential personnel medical records are kept confidential. Upon written request, the employee will be furnished with a copy of his or her test results.

7. Analysis of Test Results

Being under the influence of drugs or alcohol on the job or during work hours will be presumed by the Company to pose a serious safety and health risk. Additionally, any use of alcohol or drugs during non-work time which results in a positive test of the employee during work hours may result in a similar presumption that the use of the drugs or alcohol poses serious safety and health risks.

All cases involving off-duty use of drugs or alcohol will be evaluated on a case-by-case basis. Any employee who tests positive will bear the burden of showing that his or her off-duty use of drugs or alcohol does not adversely affect his or her job performance and does not pose a health or safety risk.

8. Work Area, Employee Container Search Policy

The Company reserves the right to inspect any employee's work area, locker, desk or any other enclosed container kept by the employee on the work premises or in a Company vehicle. Such inspection may be done with or without notice and with or without cause.

If the employee has a lock on a locker, container, etc., the employee shall open the container upon request. Failure to unlock a locker or container shall be deemed an act of gross insubordination and shall be grounds for discharge.

9. Positive Test

If an employee tests positive for a barred chemical substance or for alcohol, he or she may request a re-test of the split sample at the Company's expense. If the re-test remains positive, or the employee does not elect to have the sample re-tested, and the Medical Review Officer is unable to determine a reasonable medical basis for a positive test, the employee will be subject to discipline up to and including termination.

2008. Personal Information

The Human Resources office and your supervisor should always have a current address and telephone number for each employee, as well as information regarding the person to be contacted in case of an emergency. You are responsible for advising the Human Resources office and your supervisor of any changes.

2009. Personnel Files

Your personnel file will be maintained at the Company's office. Employment documents such as application materials, contracts, educational attainment records and performance evaluations and documentation will be kept in this file. To review your file, complete and provide a written request to the human resource department. Your request will be granted as soon as practical to arrange for the documents and personnel necessary for the review.

2010. Security

In simplest terms, security is for the purpose of protecting people, Company property and information.

The security of our facility as well as the welfare of our employees requires that every individual be constantly aware of potential security risks. You should immediately notify your supervisor when unknown persons are acting in a suspicious manner, in or around the facility, or when keys, security passes or identification badges are lost or misplaced.

Employees entrusted with keys to the office or other Company facilities are responsible for the safekeeping of the keys and/or access cards, the security and protection of Company property, as well as any activity taking place while the employee is present and the office is closed.

2011. Injury Reporting Procedure

Employees are required to report any work-related injury or illness, no matter how small, to their immediate supervisor. The supervisor will supply, and the employee shall help the supervisor complete, OSHA Form 301, "Injury and Illness Incident Report." In addition, the supervisor will supply and the employee shall complete the employee portion of "Employee's Claim for Workers' Compensation Benefits." Employer will complete and return a copy of the form to the employee within one working day of the employee's submission date. Immediate drug testing is mandatory for all work related injuries and accidents.

2012. Workplace Violence Policy

The Company has a zero tolerance policy for workplace violence, verbal and nonverbal threats and related actions. Firearms and weapons **cannot** be brought into the workplace at any time. Employees who violate this policy are subject to immediate discipline up to and including termination.

Employees should immediately report to their immediate supervisor any incidents or threats. We encourage employees to promptly report such incidents and to suggest ways to reduce or

eliminate risks. The Company will not retaliate against any employee for reporting an incident, and will not knowingly permit any retaliation by management or non-management employees.

2013. Professional Appearance

All personnel are required to dress professionally and appropriately during regular business hours or while working at the office. Good judgment and taste are always required. Each employee is a representative of the Company in the eyes of our clients and the public, so it is important that each employee report to work properly groomed and wearing appropriate dress. In addition, clothing that displays sexual or other potentially offensive statements or logos or designs are prohibited. Employees who report to work inappropriately dressed may be asked to leave and return in acceptable attire.

2014. Personal Telephone Calls

The Company recognizes that employees will need to make personal telephone calls from time to time. As much as possible personal calls shall be placed during meal and rest periods. Please keep in mind that Company phone lines are generally intended for business use. Personal calls should be limited in amount and kept to no more than one or two minutes in duration. No long distance calls are to be made without advance supervisor approval and the cost of such calls must be reimbursed upon completion. Abuse of personal telephone privileges will lead to disciplinary action and/or the suspension of personal telephone use.

2015. Cell Phones

Personal cellular phones may be carried on your person. However, personal cell phone usage is to be kept to an absolute minimum and reserved for emergencies and unusual circumstances. Please inform your friends and families of this policy. If the Company finds that personal calls are interfering with Company work, a requirement that all cell phones be turned off during business hours will be instituted.

Employees are prohibited from using cell phones while operating a motor vehicle on Company business or when operating Company equipment, regardless of whether or not such use is hands free. Violation of this policy will be subject to disciplinary action up to and including termination.

2016. Personal Relationships in the Workplace

The employment of relatives, married couples or persons involved in a romantic relationship may cause conflicts, raise issues of favoritism and damage employee morale.

A “relative” is any person who is related to another employee by blood or marriage. A relative is also any person who is related to another employee by law, for example, by adoption, guardianship or as registered domestic partners.

A “romantic relationship” is one that could be reasonably expected to become a close consensual or sexual relationship regardless of the gender or sexual orientation of the employees involved. “Dating” is included in the definition of “romantic relationship.”

A supervisor may not oversee a related employee. An employee in a “romantic relationship” may not be supervised by the romantic partner. A supervisor involved in a “romantic relationship” with another employee or applicant must immediately disclose the relationship to management. A supervisor who is related to another employee or applicant must immediately disclose the relationship to management. A supervisor who fails to follow this policy of disclosure can be disciplined or terminated.

Related or romantically involved employees who are employed in supervisor/subordinate positions have ten (10) working days to decide which employee will transfer to an available position or resign.

Related or romantically involved employees in any position, who the Company determines have raised a conflict of interest or potential conflict of interest, shall have ten (10) working days to decide which employee will transfer to an available position or resign.

If the employees involved are unable to agree which employee will resign or transfer, the Company will transfer, or when no position is available, terminate, one of the employees involved.

The Company shall decide whether a transferring employee is qualified for the new position.

Employees in a “romantic relationship” shall refrain from displays of affection or excessive conversation during work hours, at Company functions or on Company property.

3000. EMPLOYMENT AND PAYROLL POLICIES AND PROCEDURES

3001. Employment Status

- 1. Full-time employees** are those employees who generally work thirty (30) or more hours per week. All full-time employees shall be eligible to receive all of the benefits set forth in this policy.
- 2. Part-time employees** are those employees who work less than thirty (30) hours per week. Part-time employees shall not be eligible to participate in any insurance plans adopted by the Company, nor any other fringe benefit programs unless they regularly work more than thirty-five (35) hours per week, or where mandated by law.
- 3. Temporary employees** are those employees hired for a particular task. Irrespective of the amount of time necessary to complete that task, such employees shall not by the passage of time be converted to full-time employees. Temporary employees shall not be eligible to participate in any insurance plans adopted by the Company, nor any other fringe benefit programs, except where mandated by applicable law.

3002. Meal and Rest Periods

Unless otherwise scheduled, full-time employees shall work an eight-hour shift with a 30 minute meal period. Your supervisor will designate your normal work hours. Meal periods are unpaid and not counted as part of the eight hour work shift. Any consecutive 8 hour work period must have a 30 minute meal period regardless if it is a second meal period within a work shift.

Non-exempt, full-time employees are provided with a daily 30-minute unpaid meal period which is generally taken in the middle of the day unless otherwise authorized by your supervisor. Meal periods are not optional. Non-exempt employees are authorized and expected to take scheduled meal periods and may not take meal periods at their desks or work areas. Meal periods may not be voluntarily waived or taken later than five hours into a work shift. If six hours will complete an employee's workday, they may elect to waive their meal period. Meal periods may not be used for late arrival or early departure.

Ten minute rest periods are provided for every four hours of work or major portion thereof; generally mid-morning and mid-afternoon. Your supervisor will inform you when you may take your rest period. Non-exempt employees are authorized and expected to take rest periods. Rest periods may not be combined, added to a meal period or used for late arrival or early departure.

3003. Punctuality and Attendance Standards

Employees are expected to report to work as scheduled by the Company, on time and prepared to start work. Employees are expected to remain at work for their entire work schedule, except for meal periods or when required to leave on Company authorized business. Late arrival, early departure or other absences from scheduled hours are disruptive and must be avoided.

Personal appointments should be scheduled during non-work hours unless approved in advance by your supervisor.

If it is not possible to be at work at the scheduled time, an employee shall call his or her supervisor or other appropriate person in the department 30 minutes before, when possible, but no later than the start of his or her scheduled work time on each and every day of absence. Calling after the start of the workday or failing to call in, will result in disciplinary action. In all cases of absence or tardiness, employees must provide their supervisor with an honest reason or explanation. Excessive absenteeism or tardiness (excused or unexcused) will not be tolerated.

Part-time office staff and temporary office staff shall work according to the schedule designated by their immediate supervisor.

An employee who does not call or report to work for three (3) consecutive work days will be considered to have voluntarily resigned employment with the Company, unless there are extenuating circumstances. Supervisors experiencing such absences should contact the President immediately.

3004. Overtime Policy

Overtime pay will be paid to non-exempt employees as required by applicable state law or federal law. For purposes of determining which hours constitute overtime, only actual hours worked in a given workday or workweek will be counted unless otherwise required by law. On occasion, you may be required to work overtime. Refusal to work required overtime will result in disciplinary action. **ADVANCE APPROVAL BY MANAGEMENT FOR OVERTIME MUST BE APPROVED BY THE PRESIDENT IN WRITING.** Failure to obtain prior approval for overtime will result in disciplinary action.

3005. Holiday Pay Policy

The Company observes eight paid holidays (8-1/2 days total) per year (see section 4003). Water operators who are on duty on a holiday will receive pay at the overtime rate. Those employees who are within a probationary period, as described in section 1000, shall not receive holiday pay.

3006. Time Records

All employees are required to submit time records by the date set by your immediate supervisor. The time record should show all hours worked and vacation or leave hours. An employee's supervisor must initial corrections and sign off on each time card.

Punching or filling out another employee's time record, allowing another employee to punch or fill out your time record, or altering a time record, is considered a falsification of Company documents and is grounds for disciplinary action.

3007. Paydays

There are 26 paydays every calendar year. Employees are paid every other Thursday for work through the previous two weeks. The Company work week begins on Monday and continues through the subsequent Sunday.

Paychecks are normally available by 4 pm from the Payroll Office. If a payday falls on a holiday, paychecks will be available the prior business day unless the Company specifies otherwise.

If there is an error in your paycheck, please report it immediately to your supervisor or the President.

3008. Absences

Prior to taking a leave of absence for purposes of personal illness, family illness, bereavement leave, military leave, jury duty, personal leave, or other foreseeable absences, an Employee Leave Request should be submitted to your immediate supervisor for approval at least two weeks prior to the scheduled leave date, unless the request is due to an unexpected emergency or unplanned necessity. The nature of the emergency should then be shared with the supervisor.

All employees are expected to work on a regular and consistent basis to complete their regularly scheduled hours per week. Excessive absenteeism may result in disciplinary action, up to and including termination. Disciplinary action taken due to absenteeism will be considered following a review of the employee's absences, reasons for such absences, and overall work record.

An employee who does not call or report to work for three consecutive work days will be considered to have voluntarily resigned employment with the Company, unless there are extenuating circumstances. Such incidents will be reviewed by your supervisor and/or the Company President.

3009. Expense Reimbursement

Expenses incurred in connection with the Company's business will be reimbursed as set forth herein. Claims for reimbursement must be submitted on the Expense Reimbursement form, which is available from your supervisor. Expense reports must (1) be prepared monthly, (2) contain the reimbursable expenses incurred during the prior 30-day period along with supporting documentation (e.g. receipts for meals, mileage reports, etc.), (3) be signed by the employee, (4) be submitted to your supervisor on the first day of the month, and (5) be approved by your supervisor.

3010. Employee Separation Procedures

An employee who chooses to terminate his or her employment with the Company should submit a letter of resignation to their supervisor stating their last date of employment and the reason for leaving. A two-week notice of resignation is requested, if possible.

The employee agrees to return all Company equipment before the last day of employment including but not limited to, all keys and/or access cards, Company telephones and/or radios, and charge card (if issued).

While the decision to begin the employment relationship is consensual, the same is not always true when the time comes to terminate the employment relationship. As an at-will employer, the Company may end the employment relationship at any time, with or without cause or notice. In the event that your employment is terminated, you must return all property owned by the Company upon the earlier of the Company's request or upon your departure.

4000. EMPLOYEE BENEFITS HANDBOOK

Since insurance benefits change from time to time, Company-approved insurance benefits are described in a Benefits Handbook provided separate and apart from this Employee Policy Handbook.

4001. VACATION

Full-time employees who have successfully completed the Company Waiting Period of 90 days accrue vacation to use for personal time off. A full-time employee is an employee who works an average of 35 hours per week. Temporary and part-time employees do not accrue vacation time.

Employees who do not successfully complete the Company Waiting Period have accrued no vacation and no payment for vacation is owed. Employees will accrue vacation thereafter unless broken by an absence without pay, a leave of absence, or termination of employment.

After successful completion of the Company Waiting Period of three months and continuing through 12 months of continuous employment, vacation will accrue at a rate of 0.417 days per month (5 days per year).

At the start of the employee's second year of continuous employment, the accrual rate will increase to 0.833 days per month (10 days per year).

At the start of the employees fifth year of continuous employment the accrual rate increases to 1.25 days per month (15 days per year).

Vacation can accrue up to two times the annual allotment ("accrual cap"). Once the accrual cap is reached, no additional vacation can be accrued until earned vacation time is used.

Employees become eligible to take accrued vacation after six months of active service as work schedules permit. Vacation requests must be made in writing to the General Manager two weeks in advance. The General Manager will make final determinations and must approve your vacation schedule in advance. Vacations shall be scheduled to provide adequate coverage of job responsibilities and staffing requirements.

4002. Holidays

The Company observes eight paid holidays (8-1/2 days total) per year. Currently the paid holidays are: New Year's Eve (half day), New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and the following Friday, Christmas Eve and Christmas Day. A holiday schedule will be published and distributed to employees each December for the upcoming year.

Regular full-time employees receive holiday pay based on their normally scheduled straight time hours. Regular part-time employees scheduled to work 20 hours or more per week will receive a pro-rated holiday pay based on their hours worked per week. Those employees who are within a probationary period, as described in section 1000, shall not receive holiday pay.

To be eligible for holiday pay, you must have worked, or been available to work, the days immediately preceding and immediately following the holiday, unless an absence on either day is approved in advance by your supervisor, such as in the case of sickness or accident, or for other reasons beyond your control.

When a holiday falls on Saturday, it is usually observed on the preceding Friday. When a holiday falls on a Sunday, it is usually observed on the following Monday. However, the Company may close on another day or grant compensating time off instead of closing. Holiday observances will be announced in advance.

4003. Sick Leave

The Company offers a maximum of 24 hours, which is the equivalent of 3 shifts of 8 hours each of paid sick leave per calendar year (the “Annual Accrual Cap”). Once the Annual Accrual Cap has been reached in a calendar year, no additional paid sick leave will accrue that year. Paid sick leave will accumulate at the rate of 1 hour per 30 hours worked. An employee may begin using accrued paid sick leave after completion of their 90th day of employment. Paid sick leave total accumulation is capped at a maximum of 48 hours. Therefore, if at any time an employee’s accrued sick leave should reach 48 hours, then the employee will not accrue additional sick leave until all or some portion of the accrued sick leave is used.

If the need to use sick leave is foreseeable, the employee must give reasonable advance notice, but where the need is unforeseeable the employee need only give notice as soon as practicable but no later than the beginning of the next scheduled shift. If for any reason an employee leaves his or her employment with the Company there is no payout of accumulated sick days under any circumstances. If an employee leaves and gets rehired by the Company within 12 months, the employee can reclaim what had already accumulated in their paid sick leave account prior to the time he or she left employment.

The Company retains the right to request any employee to verify an illness or injury with a written statement from a physician. A release from a physician that an employee is able to return to work may be required (at the Company's discretion) for absences of 3 days or longer.

If an employee becomes sick during the day, his or her supervisor must be notified before the employee leaves the work site. Failure to follow this procedure may result in treatment of the day as an unexcused, unpaid absence and could result in disciplinary action.

An employee who is unable to report to work due to illness or injury must inform the Company of that absence at the start of the workday on each and every day of absence. Calling in an absence more than 30 minutes after the start of the workday or failure to call in may result in treatment of the day as an unexcused, unpaid absence and in disciplinary action.

Employees may use their paid sick leave for their own illness or to care for an immediate family member who requires their assistance due to illness or infirmity.

An employee who does not call or report to work for three consecutive work days will be considered to have voluntarily resigned employment with the Company, unless there are extenuating circumstances. Supervisors experiencing such absences should contact Human Resources immediately.

4004. Pregnancy Disability Leave

Under the California Fair Employment and Housing Act (FEHA), if you are disabled by pregnancy, childbirth or related medical conditions, you are eligible to take a pregnancy disability leave (PDL). If you are affected by pregnancy or a related medical condition, you are also eligible to transfer to a less strenuous or hazardous position or to less strenuous or hazardous duties, if this transfer is medically advisable.

1. The PDL is for any period(s) of actual disability caused by your pregnancy, childbirth or related medical conditions, up to four months (or 88 workdays for a full-time employee) per pregnancy.
2. The PDL need not be taken in one continuous period of time but can be taken on an as-needed basis.
3. Time off needed for prenatal care, severe morning sickness, doctor-ordered bed rest, childbirth, and recovery from childbirth would all be covered by your PDL.
4. Generally, we are required to treat your pregnancy disability the same as we treat other disabilities of similarly situated employees. This affects whether your leave will be paid or unpaid.
5. You may be required to obtain a certification from your health care provider of your pregnancy disability or the medical advisability for a transfer. The certification should include:
 - a. The date on which you became disabled due to pregnancy or the date of the medical advisability for the transfer;
 - b. The probable duration of the period(s) of disability or the period(s) for the advisability of the transfer; and
 - c. A statement that, due to the disability, you are unable to work at all or to perform any one or more of the essential functions of your position without undue risk to yourself or to other persons, the successful completion of your pregnancy, or a statement that, due to your pregnancy, the transfer is medically advisable.
6. During your pregnancy disability leave, you may be eligible for state disability insurance payments, intended to provide income continuation during your absence. The company will coordinate your disability payments with your available sick leave and, at your option, vacation time.
7. Taking a pregnancy disability leave may impact certain of your benefits and your seniority date. If you want more information regarding your eligibility for a leave, the impact of the leave on your seniority and benefits, and our policy for other disabilities, please contact Human Resources.

4005. Personal Leave of Absence

A personal leave of absence without pay may be granted at the discretion of the Company. Requests for personal leave should be limited to unusual circumstances requiring an absence of

longer than two weeks. Employees are required to use any available vacation and/or sick leave before beginning a Personal Leave of Absence.

Unpaid personal leave for illness and injury is governed by Company policy and federal and state laws.

Employees should immediately notify the Human Resources Department of any of the following circumstances:

- You become disabled.
- You know you will become disabled due to surgery or pregnancy.
- A parent, child, spouse or domestic partner becomes seriously ill or injured and will require care.
- You need to bond with a new child either by birth, adoption or foster placement.

In situations where an individual qualifies for state and/or federally provided leave, such leave will be designated as provided by the governing regulation and will not be considered Personal Leave.

The Company will not pay the Health Care premiums of any employee or if applicable, an employee's dependents, during a leave of absence unless such payment is required by state or federal law. See Human Resources for information on continuation benefits.

Employees are required to use available vacation or sick leave for personal absences of duration shorter than two weeks. If an employee does not have sufficient accumulated vacation or sick leave, a leave without pay may be granted at the Company's discretion. However, unscheduled short term leave without pay is disruptive to Company's staffing goals and such leave, unless required by law, will be granted only under emergency circumstances. Excessive absenteeism will result in disciplinary action up to and including termination.

When an employee is ready to return to work following a leave of absence for illness or injury, a written release from the treating physician must be provided to the employee's supervisor or the Human Resources office.

4006. Bereavement Leave

In the event of the death of your current spouse, child, parent, legal guardian, brother, sister, grandparent, grandchild, or, mother-in-law, father-in-law, son-in-law or daughter-in-law, you may take up to three consecutive scheduled workdays off with pay with the approval of the Company. Your supervisor may approve additional unpaid time off.

4007. Jury Duty or Witness Leave

The Company encourages employees to serve on jury selection or jury duty when called. Eligible employees who have completed a full year of employment will receive full pay while serving up to five days of jury duty. You should notify your supervisor of the need for time off for jury duty as soon as a notice or summons from the court is received. You may be requested to provide written verification from the court clerk of having served. If work time remains after

any day of jury selection or jury duty, you will be expected to return to work for the remainder of your work schedule.

Employees who receive a subpoena to be a witness at a hearing or trial will be granted Witness Leave according to the same requirements for Jury Duty above. Witness Leave is not granted if you volunteer to be a witness.

You may retain any mileage allowance, fees, etc., paid by the court for jury or witness service.

4008. Military Leave

Eligibility

Generally, an employee returning from military leave is guaranteed reemployment and other rights as long as (s)he complies with certain notification and other requirements. An employee is protected if (s)he meets the following criteria:

- The employee gave notice that (s)he was leaving the job for military service (unless military necessity or other extenuating circumstances precluded the notice);
- The period of service was five years or less;
- The employee was not discharged from service under dishonorable or other punitive conditions; and
- The employee must have reported to his/her civilian job in a timely manner or submitted a timely application for reemployment.
- In some cases, military leaves of absence beyond five years will be protected.

Return to Work

The period of time within which an employee must return to work after the completion of service depends on the duration of the military service. Employees who serve less than 31 days are required to return to employment by the beginning of the first regularly scheduled work period after the completion of military service. Such employees, however, are excused for the amount of time required to return home safely and for an eight-hour rest period.

If an employee served between 31 and 180 days, he or she must file an application for reemployment within 14 days after the completion of military service.

If an employee served more than 180 days, he or she must file an application for reemployment no later than 90 days after the completion of military service.

In all cases, if compliance with the time limits becomes impossible or unreasonable through no fault of the employee, he or she will be given additional time. Furthermore, reporting and application deadlines are extended for up to two years for persons who are hospitalized or convalescing from a service-related illness or injury.

Employees returning from the armed services will be reemployed in the job that they would have attained if they had not been absent for military service. The Company will provide

training or other assistance to returning service members to help them refresh or upgrade their skills to qualify for reemployment.

Benefits

Service members and their families will continue to receive health benefits for 31 days. The service member and his/her family may continue health care coverage at their expense. Employees returning from military leave will resume health plan coverage without a waiting period or other exclusion.

The period of military duty will be counted as covered service for the purposes of retirement plan eligibility, vesting and benefit accrual. The Company may not make plan contributions during a military leave. However, upon reemployment, the Company will restart contributions, and make up contributions that would have been made during your absence. If you are required to contribute to the retirement plan, you will have up to three times the period of military duty or five years, whichever is first, to make the contributions

4009. Time Off to Vote

Employees who expect any conflict between their work schedule and the exercise of voting rights in any election for any public office should notify their supervisor so the employee's schedule can be adjusted as needed to ensure that they will have the opportunity to vote.

No employee will be penalized or retaliated against for requesting time off to vote.

4010. State Disability Insurance

Illnesses or injuries that are not work-related may be covered by State Disability Insurance for eligible employees.

If you become disabled or know that you will be disabled due to illness, injury or pregnancy, notify the Company immediately.

When an employee is ready to return to work following a leave of absence for illness or injury, a written release from the physician may be required by The Company.

4011. Make Up Time

The Company may allow the use of make-up time when employees need time off to tend to personal obligations or for sick days. Subject to the supervisor's approval employees may request to make up the time later in the same workweek, or may work extra hours earlier in the workweek to make up for time taken off later in the workweek. Make-up time worked will not be paid at an overtime rate.

All make-up time must be worked in the same workweek as the time taken off. The Company's seven-day workweek is from 12:00 a.m. Monday through 11:59 p.m. the following Sunday.

Employees may not work more than 11 hours in a day or 40 hours in a workweek as a result of making up time that was or would be lost due to a personal obligation.

5000. PRIVACY, COMPUTER USAGE AND E-MAIL POLICY

5001. Use for Business Purposes/Company Access, Review

The Company provides furniture, desks, storage areas (e.g. drawers, lockers, files and cabinets), work areas, lockers, file cabinets, vehicles, and other company-provided equipment/facilities, computers and communication systems (e.g. telephone, electronic mail, and other systems). These assets are referred to collectively as "Company Assets." These Company Assets are provided to employees at the Company's expense to assist you in carrying out Company business.

Employees must understand that the Company Assets belong to the Company and, therefore, the Company may (at any time and without notice) access, inspect, inventory, or search any Company Asset. Employees must understand that items or information of a personal nature may be discovered in the course of any such exercise of the Company's rights.

The e-mail system is to be used for business related purposes only to transmit business information. The Company treats all messages sent, received or stored in the e-mail system as business messages.

The Company has the capability to access, review, copy and delete any messages sent, received or stored on the e-mail system. The Company reserves the right to access, review, copy or delete all such messages for any purpose and to disclose them to any party (inside or outside the Company) it deems appropriate.

Should employees make incidental use of the e-mail system to transmit personal messages, such messages will be treated no differently from other messages, i.e., the Company reserves the right to access, review, copy, delete or disclose them for any purpose. Accordingly, employees should not use the computer or the e-mail system to send, receive or store any messages that they wish to keep private. Users should treat the computer and e-mail system like a shared file system - with the expectation that messages sent, received or stored in the system (including individual hard disks) will be available for review by any authorized representative of the Company for any purpose.

Use of the e-mail system to copy and/or transmit any documents, software, files, or other information protected by copyright laws is prohibited and will result in disciplinary action.

5002. Copyrighted Information

Use of the e-mail system to copy and/or transmit any documents, software, files or other information protected by copyright laws is prohibited.

5003. Other Prohibited Uses

The Company prohibits use of the e-mail system or the Company computer system to engage in any communications that are in violation of Company policies, including but not limited to transmission of defamatory, obscene, offensive or harassing messages, or messages that disclose personal information about other individuals without authorization. Violation of this policy will result in disciplinary action.

5004. Internet Access

The Internet offers a vast amount of easily accessible information to those who access it. The Company is linked to the Internet to allow employees access to information and resources for Company purposes and in order to enable employees to perform their job duties more efficiently. Any employee access to the Internet for non-Company purposes must be authorized in advance and in writing. Any “downloading” from the Internet by employees for their personal use must be authorized in advance and in writing. Accessing pornographic, offensive or other inappropriate information in violation of Company policy is expressly prohibited. Employees are urged to use their common sense and judgment.

5005. General Rules Regarding Email and Instant Messaging

Our company utilizes electronic means to communicate with co-workers, including email and instant messaging (IM). Though these modes of communication are convenient, care must be taken in the development of the content. Inappropriate messages can result in interoffice conflict, potential harassment and disciplinary measures.

To use electronic communication tools effectively, employees should follow these guidelines:

- Emails and IM are not a substitute for oral communication. If you have a matter of importance to discuss, do so in person.
- Emails and IM is to be limited to work related matters, and business etiquette is to be utilized in drafting messages.
- Announcing late arrivals or early departures over IM is not a substitute for proper approvals. Please follow Company attendance policies.
- Network security procedures are to be followed at all times.
- Never open attachments from an unknown source and always make sure anti-virus software is running and virus definitions are up to date.
- Do not send confidential, proprietary, or trade secret information via IM.
- Do not send emails or IM under another employee’s login id.
- Off-color humor, foul, inappropriate, offensive or discriminatory language and harassment of any kind are prohibited.
- Improper use of email or IM may result in discipline up to and including discharge.

6000. ADVERSE POLICY IMPACT

Your employer has implemented numerous policies that are designed to achieve important business objectives. We recognize, however, that an otherwise legitimate workplace policy can have unintended consequences to individuals in a particular group or class. If you feel that one of our policies adversely impacts you due to your unique circumstances (e.g. your membership in one of the “protected classes”), you may seek accommodation regarding such policy. The procedure to seek this accommodation is as follows: Deliver to your supervisor (or your supervisor’s supervisor) a memorandum, in writing, which identifies (1) the policy at issue; (2) the reason why the policy, as it applies to you, creates an adverse impact on you; and (3) the accommodation that you request to avoid this adverse impact.

Examples of “protected classes” include, but may not be limited to, “race or color; national origin or ancestry; sex or gender; religion; age (for persons 40 and older); mental or physical disability; veteran status; and medical condition.”

ACKNOWLEDGEMENT OF ALCOHOL AND DRUG POLICY

I have read, or had read to me, a copy of the Company's alcohol and drug policy. I understand the consequences of violating the policy, as well as my rights and obligations under the policy. If I did not understand the policy, I have asked for and have received an explanation of those items which I did not previously understand.

All employees are prohibited from manufacturing, cultivating, distributing, dispensing, possessing or using illegal drugs or other unauthorized or mind-altering or intoxicating substances while on Lebec County Water District property (including parking areas and grounds), or while otherwise performing their work duties away from Lebec County Water District property. Included within this prohibition are lawful controlled substances, which have been illegally or improperly obtained. This policy does not prohibit the possession and proper use of lawfully prescribed drugs taken in accordance with the prescription.

Lebec County Water District is in agreement with the Federal Government that marijuana is a controlled substance and will not recognize medical marijuana as a legitimate prescription. A positive test result for marijuana will be treated the same as any other positive test result, even if an employee has a medical marijuana prescription.

Employees are also prohibited from having any such illegal or unauthorized controlled substances in their system while at work, and from having excessive amounts of otherwise lawful controlled substance in their systems.

All employees are prohibited from distributing, dispensing, possessing or using alcohol while at work or on duty. Furthermore, off-duty alcohol use, while generally not prohibited by this policy, must not interfere with an employee's ability to perform the essential functions of his/her job.

Employees may be required to submit to drug/alcohol screening whenever there is a reasonable suspicion that they have violated any of the rules set forth in this policy. Reasonable suspicion may arise from, among other factors, supervisory observation, co-worker reports or complaints, performance decline, attendance or behavioral changes, results of drug searches or other detection methods, or involvement in a work related injury or accident.

In addition, various job classifications are categorically subject to random or periodic drug testing to the extent required by applicable state and federal laws.

I further consent to the results of any such drug or alcohol tests being released by the Medical Review Officer. I understand that I will receive a copy of this consent form if requested. I further agree that if additional release forms are required at the time of testing that I will execute such forms to allow release of test results to the Medical Review Officer.

I also understand that the Post-Accident/Reasonable Suspicion Policy and related documents are not intended to alter my at-will employment status.

I acknowledge receipt of a copy of this policy.

X

Employee Signature

X

Printed Name

X

Date

EMPLOYEE ACKNOWLEDGMENT

I hereby acknowledge receipt of the Lebec County Water District **Employee Policy Handbook**, have read its provisions and agree to its contents and the procedures contained therein. I understand that except for the employment at-will policy, the Company can change any and all policies or practices at any time.

In consideration of my employment, I agree to conform to the rules and regulations of the Company and agree that my employment and compensation can be terminated, with or without cause, and with or without notice, at any time, at the option of either the Company or me. I understand that no manager or representative of the Company other than the Board of Directors has any authority to enter into any agreement for employment for any specified period of time, or to make any agreement contrary to the foregoing, and that such changes must be in writing.

My signature below certifies that I understand that the foregoing agreement on employment at-will status is the sole and entire agreement between the Company and me concerning the duration of my employment and the circumstances under which my employment may be terminated. This Agreement supersedes all prior agreements, understandings and representations concerning my employment.

DATED: _____

Employee Signature

Lebec County Water District

DATED: _____

By: _____

Title: _____