

**Agenda Item:** {{section.number}}I

May 19, 2025

**TO: THE FINANCE COMMITTEE**

Director Mike Gardner

Director Laura Roughton

**FROM:** Richard R. Aragon, Assistant General Manager/Chief Financial Officer

**APPROVE SIDE LETTER OF AGREEMENT NUMBER 4 TO THE 2021-2026 MEMORANDUM OF UNDERSTANDING BETWEEN WESTERN MUNICIPAL WATER DISTRICT AND THE WESTERN MUNICIPAL WATER DISTRICT EMPLOYEE ASSOCIATION**

**RECOMMENDATION:**

Staff requests that the Finance Committee recommend the Board of Directors:

1. Approve Side Letter of Agreement Number 4 to the Memorandum of Understanding between the Western Municipal Water District and the Western Municipal Water District Employee Association revising the Incentive Pay for California Driver License Class A Drivers with Tanker and Hazmat Endorsement.

**EXECUTIVE SUMMARY:**

In May 2021, the Western Municipal Water District Board of Directors approved the terms and conditions set forth in the 2021-2026 Memorandum of Understanding (MOU) between Western Municipal Water District and the Western Municipal Water District Employee Association. Mid-cycle modifications to the MOU are best handled through Side Letters of Agreement. If appropriate at the time, the terms and conditions outlined in the side letters of agreement will be incorporated into the MOU documents in 2026.

**BUDGET IMPACT:**

There is a non-significant budgetary impact associated with approval of Side Letter of Agreement Number 4 to the Memorandum of Understanding between the Western Municipal Water District and the Western Municipal Water District Employee Association regarding Incentive Pay for California Driver License Class A Drivers with Tanker and Hazmat Endorsement. This action provides for the General Manager to have the authority to select or appoint the appropriate

number of qualified Operations Technicians or Senior Operations Technician to meet business demands with a one-time incentive pay bonus of \$1,500 and provides \$1,000 additional per employee of incentive pay per year.

**DETAIL:**

At their May 19, 2021, regular meeting, the Western Municipal Water District (Western Water) Board of Directors approved the terms and conditions set forth in the 2021-2026 MOU with the Employee Association. Mid-cycle modifications to the MOU are best handled through Side Letters of Agreement.

Side Letter of Agreement Number 4 to the MOU is intended to remove the limit of four (4) qualified licensed drivers for this program and allow the General Manager the ability to assign an appropriate number of drivers based on business needs while providing the incentive pay provision to secure licensed California commercial drivers with tanker and hazmat endorsements for special assignments to deliver fuel as needed to Western Water vehicles and/or projects.

Side Letter of Agreement Number 4 provides the following:

1. An incentive pay option for the appropriate number of Operations Technicians or Senior Operations Technicians who apply for the incentive pay and maintain a Class A commercial driver's license with tanker and hazmat endorsement. This special assignment will be determined by the General Manager, or Designee. The first time an employee is assigned to this special assignment, they will receive a one-time incentive of One Thousand Five Hundred Dollars (\$1,500.00).
2. In addition to the one-time incentive, employees who receive this special assignment shall receive up to an additional One Thousand Dollars (\$1000.00) per year to be paid out annually on a bi-weekly basis.
3. All employees who receive this special assignment must agree to be on-call to deliver fuel as needed to Western Water vehicles and/or projects.
4. Applications for this special assignment will be submitted to Human Resources. To be eligible to apply for the incentive, employees must have completed all required testing and screening and have their Class A commercial driver's license with tanker and hazmat endorsement.
5. Continuing in this assignment is at the will and pleasure of the General Manager, or Designee. Failure to maintain the Class A commercial driver's license and tanker and hazmat endorsement will result in immediate removal from the assignment.

Except as modified by the Side Letter of Agreement, the MOU shall remain in full force and effect as approved in May 2021. The management team has provided detailed information to the Employee Association Board and offered to meet and confer. The Employee Association provided their input and have ratified the changes with their members.

Reason for Action:

Following a review of qualified licensed staff to serve on-call and deliver fuel to vehicles and/or projects during regular and after-hours emergencies, it was determined we do not have enough drivers to meet business demands. Revising the side letter of agreement allows the General Manager to incentivize and assign the appropriate number of employees with commercial driver's licenses with tanker and hazmat endorsements.

Solution:

Approve Side Letter of Agreement No. 4 which replaces and supersedes Side Letter of Agreement No. 1.

**STRATEGIC PRIORITIES REFERENCE:**

This action aligns with Western Water's Strategic Priority of Elite Workforce.

**PROPOSED DATE OF ACTION:**

If approved by the Committee, this item is scheduled for consideration by the full Board of Directors at their meeting on June 18, 2025.

**LEGAL COUNSEL REVIEW:**

Legal counsel has reviewed side letter.

Respectfully submitted by:

Richard R. Aragon, Assistant General Manager/Chief Financial Officer

**Attachments:**

1. Revised Side Letter of Agreement No. 1 to the Memorandum of Understanding Between Western Municipal Water District and Western Municipal Water District Employee Association
2. Final Side Letter of Agreement No. 4 to the Memorandum of Understanding Between Western Municipal Water District and Western Municipal Water District Employee Association