

**MEMORANDUM OF UNDERSTANDING
BETWEEN THE
ORANGE COUNTY WATER DISTRICT ("DISTRICT")
AND THE
ORANGE COUNTY EMPLOYEES ASSOCIATION ("OCEA")**

PREAMBLE

Pursuant to Government Code Section 3500, *et seq.*, representatives of the Orange County Water District Employees Association ("OCWDEA") have met and conferred with the representatives of the Orange County Water District ("District") and have reached an understanding and recommend that the Board of Directors for the OCWD adopt the following Memorandum of Understanding (MOU):

**ARTICLE I
TERM OF AGREEMENT**

The term of this agreement shall be effective July 1, 2026, to June 30, 2029.

**ARTICLE II
RECOGNITION**

This agreement applies to all employees represented by the OCWDEA as set forth in the attached salary table (Appendix A).

**ARTICLE III
COMPENSATION**

Effective the pay period including July 1, 2026, all employees covered by this Agreement shall receive a base salary increase of five percent (5.0%). Effective the pay period including July 1, 2027, all employees covered by this Agreement shall receive a base salary increase of five percent (5.0%). Effective the pay period including July 1, 2028, all employees covered by this Agreement shall receive a base salary increase of four percent (4.0%). Said adjustments shall be made to the current salary schedule attached hereto as Appendix A. After adjustments have been made, the updated Salary Schedules will be updated and posted on the District's website.

**ARTICLE IV
HEALTH INSURANCE**

A. Subject to the reopener language as outlined below in subparts B-D of Article IV of this MOU, the parties agree to a continuation of the health plans currently in place with the following monthly premium cost share for the medical plans:

- Employee Only – District 100%, Employee/Retiree 0%;
- Employee + 1 Dependent = District: 95%, Employee/Retiree: 5% (if the current cost share exceeds this, the cost share will not be decreased);

- Employee + 2 or More Dependents – District: 95%, Employee – 5%
- B. The parties recognize the fundamental importance of the health insurance benefit to the employees and the District. The parties also recognize that certain changes to State and Federal laws, programs, taxes and regulations including the Affordable Care Act, may impact future medical plan offerings. In the event that reform measures or changes in the healthcare marketplace alter healthcare coverage options, costs or other elements of healthcare and materially alter the provisions of this MOU, either party may request to reopen Article IV regarding medical insurance for the purposes of discussing alternative approaches and proposals to providing healthcare coverage.
- C. This Article shall automatically reopen if at any time during the term of this MOU:
 1. The District is notified of a change in insurance carriers, a change in benefit plans, or a change in administrators, and such change has a material or significant affect or impact on actual benefits received by unit members covered by this MOU.
 2. The District elects to change insurance carriers, change or add benefit plans, change administrators, or offers alternative plans such as a Health Savings Account to accompany the District's High Deductible Health Plan, and such change has a material or significant affect or impact on actual benefits received by members of this MOU.
 3. The District contributions for health insurance set forth above in this Article IV in subpart A, are not subject to the reopener language and shall remain as stated for the full term of this MOU.
- D. Rights under AB 646 fully preserved.
 1. It is the specific intent of the parties to this Agreement that Article IV of this MOU shall preserve the full rights of the parties in the event of a reopener, and in the event of an impasse, as provided for in Government Code Section 3505.4 et seq. (AB 646).
 2. In the event that a health care reopener of this Article occurs and the parties fail to reach an agreement on any proposed changes, the existing health care plan options/benefits will remain in effect until the exhaustion of the impasse process set forth in Government Code Section 3505.4 et seq. (AB646).
 3. In view of the short time period involved in plan renewals or plan changes, the parties agree to expedite the meet and confer process and impasse process, if requested, as quickly as possible.

ARTICLE V COVERAGE FOR RETIREES

The District contribution for health insurance for retirees and surviving spouses shall be the same as for active employees as adjusted and set forth in Article IV. However, based on a change in insurance carrier and related benefit plans being implemented by ACWA/JPIA, the parties agree to a reopener once the benefit plan rates have been published to discuss the District's contributions for health insurance for retirees.

Any current, or, future retiree, who elects post-retirement health coverage and becomes eligible for Medicare benefits shall designate Medicare as his/her primary insurance coverage (District's coverage will be secondary/supplemental) provided, however, retiree and survivor medical coverage in sections 12.2.1 and 12.2.2 of the Personnel Manual for employees hired on or after July 1, 2009, will terminate upon eligibility for Medicare.

ARTICLE VI 457(B) DEFERRED COMPENSATION EMPLOYER MATCH

Effective July 1, 2026, the District will match each employee's voluntary contribution to the OCWD 457(b) Deferred Compensation Plan, up to a maximum of \$150 per pay period (\$3900/year).

ARTICLE VII CONFINED SPACE RESCUE TEAM

The District will pay a stipend up to an annual amount of \$2,000 (to be paid out over 26 pay periods) for those employees who volunteer to participate on the Confined Space Rescue Team (CSRT). The maximum number of employee volunteers will be 20 at any given time.

ARTICLE VIII HOLIDAYS

The Martin Luther King, Jr. holiday, observed every third Monday of January, shall be added to the District's list of designated paid holidays as an additional paid holiday.

ARTICLE IX MERIT INCREASES

Effective July 1, 2026, the District's merit increase schedule will be adjusted as follows:

Overall Performance Rating	Merit Increase Percentage
1	0%
2	0%
3-	1.5%
3	2.0%
3+	2.5%
4-	3.5%
4	4.0%
4+	4.5%
5-	5.0%
5	5.5%
5+	6.0%

Employees whose salary falls at the top of their salary range and are no longer eligible for a base building merit increase, shall be paid a lump sum, non-base building merit payment as indicated in the table below:

1	0%
2	0%
3-	0%
3	0%
3+	0%
4-	1.5%
4	2.0%
4+	2.5%
5-	3.0%
5	3.5%
5+	4.0%

Employees who qualify for a base building merit increase as outlined in Section 5.1.1.3 but are not eligible for the full merit increase percentage due to reaching the top of their salary range, are eligible to receive a lump sum, non-base building merit payment of a percentage of annual base salary, which equals the difference between the merit increase percentage that they were able to receive and the amount that they are eligible to receive as a top of range lump sum payment.

ARTICLE X EMERGENCY STANDBY PAYMENT

To provide for availability of qualified personnel in the event of emergency, certain employees may, from time to time, be designated by the Department Manager to be on call for emergency during normal off-duty hours. Such designated employees shall receive additional compensation in the amount of:

- Two hours at the employees' full hourly rate for weekday standby.
- Three hours at the employees' full hourly rate for weekend standby.
- Four hours at the employees' full hourly rate for designated paid holiday standby.

Such employees shall be able to report to work within 45 minutes, if called.

ARTICLE XI
ADVANCED WATER TREATMENT OPERATOR CERTIFICATION

The District will pay a \$50 per pay period stipend to any employee in the Plant Operator job series who obtains either an Advanced Water Treatment Operator (AWTO) level 3, 4, or 5 certification.

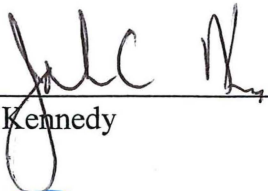
ARTICLE XII
PERSONNEL MANUAL

OCWD and OCWDEA shall establish a joint working group during the course of this Agreement for the purpose of reviewing and updating the District's Personnel Manual, and for the purpose of incorporating all applicable provisions of the Personnel Manual into this Agreement. Any such incorporation shall be non-substantive in nature and shall not alter the rights, obligations, or terms agreed upon herein.

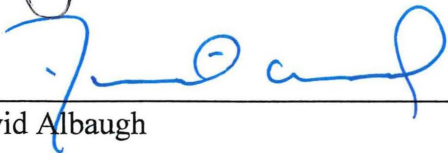
Dated: June 17, 2026.

[SIGNATURES TO FOLLOW]

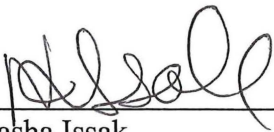
**ORANGE COUNTY WATER DISTRICT
("OCWD")**



John Kennedy



David Albaugh

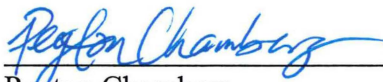


Natasha Issak

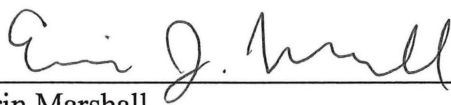
**ORANGE COUNTY WATER DISTRICT
EMPLOYEES ASSOCIATION
("OCWDEA")**



Alisha Green



Peyton Chambers



Erin Marshall



Tuan Nguyen



Michelle Boyd