

RESOLUTION NO. 2026-06

A RESOLUTION OF THE VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY, AMENDING THE UNFORESEEABLE EMERGENCY VACATION CASH OUT POLICY AND CORRESPONDING REQUEST FORM TO INCLUDE COMPENSATORY TIME UNDER RULE 7.9 OF VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY'S PERSONNEL RULES AND REGULATIONS AND ADOPTING THE RESULTING UNFORESEEABLE EMERGENCY VACATION AND COMPENSATORY TIME CASH OUT POLICY

WHEREAS, the Victor Valley Wastewater Reclamation Authority ("VWVRA") is a Joint Powers Authority and Public Agency in the State of California, responsible for the regional collection, treatment, and disposal of wastewater in Victor Valley;

WHEREAS, on July 19, 2012 VWVRA adopted the VWVRA Personnel Rules and Regulations ("VWVRA Rules") that include Section 7.9 (Compensatory Time) for applicable employees of VWVRA. A true and accurate copy of the relevant portions of Section 7.9 are attached hereto as Exhibit "A";

WHEREAS, on March 21, 2024 VWVRA adopted the VWVRA Unforeseeable Emergency Vacation Cash Out Policy, a true and accurate copy is attached hereto as Exhibit "B";

WHEREAS, under the United States Department of the Treasury, Treas. Reg. 1.451-2(a), where VWVRA employees earn or are credited with a specified amount of paid leave per pay period, VWVRA employees generally are not taxed on the amounts until they actually are paid, but gross income issues can arise when amounts are constructively received even though the employee doesn't actually receive a payment;

WHEREAS, under Treas. Reg. 1.451-2(a) an amount is considered to be constructively received if it is credited to an individual account, "set apart for him, or otherwise made available so that he may draw upon it at any time, or so that he could have drawn upon it during the taxable year if notice of intention to withdraw had been given."

WHEREAS, no constructive receipt is deemed to occur if an individual's right to receive the amount is subject to substantial limitations or restrictions;

WHEREAS, VWVRA Staff wants to provide its employees with the ability to cash out compensatory time provided for in Section 7.9 of the VWVRA Personnel Rules and Regulations for unforeseeable emergencies that cannot be funded in other ways;

WHEREAS, VWVRA Staff recommends that Unforeseeable Vacation Cash Out Policy be amended to include cashing out compensatory time provided for in Section 7.9 of the VWVRA Personnel Rules and Regulations and thereby a new Unforeseeable Emergency Vacation and Compensatory Time Cash Out Policy and corresponding request form be approved as attached hereto as Exhibit "C";

WHEREAS, after discussion at its regularly scheduled meeting of March 19, 2026 the

Board of Commissioners of the VVWRA voted to approve the new Unforeseeable Emergency Vacation and Compensatory Time Cash Out Policy and corresponding VVWRA Unforeseeable Emergency Vacation Cash Out Policy Request Form attached hereto as Exhibit “C”;

NOW THEREFORE, THE VVWRA BOARD OF COMMISSIONERS DOES HEREBY FIND, DETERMINE AND RESOLVE AS FOLLOWS:

SECTION 1. Recitals. The VVWRA Board of Commissioners hereby finds that the foregoing recitals are true and correct and are incorporated herein as substantive findings of this Resolution.

SECTION 2. Adoption of the new Unforeseeable Emergency Vacation and Compensatory Time Cash Out Policy and corresponding request form; as the decision-making body for VVWRA, VVWRA Board of Commissioners has reviewed and considered the information provided by Staff and legal counsel and has decided that the Unforeseeable Emergency Vacation and Compensatory Time Cash Out Policy and corresponding request form be adopted as attached hereto as Exhibit “C”.

SECTION 3. Execution of Resolution. The Chair of the VVWRA Board of Commissioners shall sign this Resolution and the Secretary to the Board shall attest and certify to the passage and adoption thereof.

SECTION 4. Effective Date of Resolution. The foregoing resolution is effective on this day, March 19, 2026

Cameron Gregg, Chair
VVWRA Board of Commissioners

ATTEST:
AS TO FORM:

APPROVED

Scott Nassif, Secretary
VVWRA Board of Commissioners

Piero C. Dallarda of
Best, Best & Krieger LLP, VVWRA

CERTIFICATION:

I do hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the Board of Commissioners held on March 19, 2026.

Kristi Casteel – Clerk of the Board

EXHIBIT A

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Employees shall be allowed to cash out twenty (20) or more hours of vacation during any pay period in the fiscal year through the last full pay period during the fiscal year, as long as the employee has forty (40) hours of vacation remaining on the books.

Accrued, unused vacation shall be paid upon termination of employment.

Section 7.7 Shift Differentials

Regular and Probationary employees who are regularly scheduled to work during the swing or graveyard shifts will receive shift differentials as designated in the VVWRA compensation schedule.

Section 7.8 Overtime

All employees categorized as Non-Exempt will be eligible for overtime pay. VVWRA may periodically require employees to work overtime, which is defined as the number of hours worked in excess of forty (40) during a workweek.

Overtime will be paid at a rate of one and one-half times an employee's regular rate of pay. While overtime may be required, very effort will be made to first fill overtime requirements with qualified employees who volunteer. In addition, VVWRA may attempt to equitably distribute volunteer overtime hours among all members of the department.

Paid Vacation leave, compensatory time, holiday hours and sick leave used will not count as time worked in the overtime calculation. Employees may elect to be paid for their overtime hours or receive compensatory time off. Whether an employee chooses overtime payment or compensatory time off, he or she must indicate this on the time sheet for that pay period. Once an employee chooses on method of compensation for overtime hours worked, he or she cannot change this choice at a later date. For hours worked on a holiday that is pre-scheduled as a normal work day during the scheduled workweek, the employee will be credited with a deferred holiday and will be compensated for the hours worked at the overtime rate. Supervisors should make arrangements to distribute the holidays to be worked as evenly as practical among the employees within their respective departments.

Section 7.9 Compensatory Time

Upon request of an employee, the General Manager may authorize compensatory time in lieu of overtime pay when he/she deems that it is in the best interest of the organization to do so. When the General Manager elects to authorize compensatory time in lieu of overtime pay, the following rules shall apply:

Compensatory time will be given at a rate of one-and-one-half times the number of overtime hours worked. An employee may accrue a maximum of twenty-four (24) hours of compensatory

time off at any one time. Any overtime hours in excess of this will automatically be paid. The General Manager may require suspension of the twenty-four (24) hour limit.

Compensatory time will be taken so as to interfere as little as possible with the operations of the VVWRA.

The General Manager may authorize equivalent pay in lieu of compensatory time off when:

- 1) The employee cannot be given compensatory time without interfering with the operations of the VVWRA; or
- 2) The working conditions are sufficiently difficult to merit special treatment and the employee requests such consideration.

Employees shall be encouraged to make use of their compensatory time as rapidly as possible considering the work load of the department. Unused compensatory time off shall be paid off upon termination.

Compensatory Time - Exempt Personnel: The General Manager and other unclassified personnel may be granted reasonable compensatory time off for extraordinary hours worked. The amount of compensatory time granted shall be at the sole discretion of the General Manager or the VVWRA Board of Commissioners.

Section 7.10 Standby and Call-out Pay

For the purpose of this policy, an employee serving in a stand by status shall be defined as an employee who has been directed by an immediate supervisor or by the appropriate department head to remain readily available for possible assignment during hours in which the employee's department is not normally staffed.

In order to respond with qualified personnel to unusual occurrences at the plant during non-working hours, classified employees with the necessary experience and ability will be required to serve stand-by duty. While on stand-by duty, employees must remain within forty five (45) minutes of the plant and may not engage in activities which could impair their ability to operate or maintain the plant, including, but not limited to, consumption of alcohol or drugs. Otherwise, the employee may engage in personal business and activities while on stand-by duty. VVWRA will provide employees on stand-by duty a company vehicle and a cellular telephone in order to facilitate the quickest possible response to problems.

Stand-by duty will be assigned on a weekly basis and will be rotated between those eligible for this duty. Classified employees who serve stand-by duty will be compensated at a rate set annually in the VVWRA Compensation Schedule. This compensation will be in addition to any call-out pay the employee receives while serving stand-by duty.

Due to unforeseen circumstances, employees may be required to report for work at times other than their normally scheduled shift. Employees who are called to work while off-duty away from the work site, will receive a minimum of two hours work credit. If such credit results in the employee working more than the standard work week, the employee will receive time and a half

EXHIBIT B

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VVWRA UNFORESEEABLE EMERGENCY VACATION CASH OUT POLICY

INTRODUCTION

Victor Valley Wastewater Reclamation Authority (“VVWRA”) recognizes that upon occasion employees encounter unforeseeable emergencies that result in financial hardship. In an effort to ease the financial hardship caused by such unforeseeable emergencies, VVWRA has adopted the VVWRA Unforeseeable Emergency Vacation Cash Out Policy (“Policy”). This Policy is separate from VVWRA’s other policies and programs.

DEFINITIONS

The following words and phrases shall have the following meanings, unless a different meaning is clearly required by the context:

1. Code. “Code” means the Internal Revenue Code of 1986, as amended, and Regulations issued thereunder.
2. Employee. “Employee” means any individual employed by VVWRA who earns and accrues vacation time.
3. Dependent. “Dependent” means an Employee’s dependent as defined by Code Section 152, without regard to Code Section 152(b)(1), (b)(2), or (d)(1)(B).
4. Spouse. “Spouse” means the person to whom the Employee is legally married. The term “Spouse” does not include an individual legally separated from an employee under a decree of legal separation.
5. Unforeseeable Emergency. “Unforeseeable Emergency” shall mean a financial emergency caused by an extraordinary and unforeseeable event beyond the Employee’s control that will result in a severe financial hardship if a cash payment is not made, as determined in accordance with Code Section 409A(a)(2)(B)(ii) and the underlying Treasury Regulations. The following are examples of situations that *may* constitute an Unforeseeable Emergency:
 - (a) An Employee’s, Spouse’s, or Dependent’s medical expenses resulting from an illness or accident.
 - (b) An Employee’s, Spouse’s, or Dependent’s funeral expenses.
 - (c) The need to rebuild an Employee’s home following damage not otherwise covered by insurance.
 - (d) Imminent foreclosure or eviction from the Employee’s primary residence.

CASH OUT OF VACATION TIME IN THE EVENT OF AN UNFORESEEABLE EMERGENCY

1. Submission of Request. If an Employee experiences an event which he or she believes is an Unforeseeable Emergency, he or she may request a cash out of his or her vacation time which has been accrued as of the date the request is submitted. All requests must be submitted to the Human Resources Department on the VVWRA Emergency Vacation Cash Out Policy Request Form ("Form"). Copies of the Form are available, upon request, from the Human Resources Department. Any supporting documentation (e.g., bills, receipts, financial documents, etc.) that the Employee would like VVWRA to consider must also be submitted with the Form.

2. Approval of Request. The General Manager (or his or her designee) shall review each Form and supporting documentation. Based on all of the facts and circumstances, the General Manager (or his or her designee) shall determine whether or not an Unforeseeable Emergency exists within ten (10) business days from the date each Form is submitted. The General Manager's (or his or her designee's) decision shall be final.

3. Limitation. The amount of vacation time that can be cashed-out is limited to the amount the General Manager's (or his or her designee's) determines, in his or her sole discretion, is necessary to resolve the Unforeseeable Emergency.

EXHIBIT C

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**VVWRA
UNFORESEEABLE EMERGENCY VACATION AND COMPENSATORY TIME CASH
OUT POLICY
REQUEST FORM**

DATE OF REQUEST:	PAY PERIOD ENDING DATE:
NAME:	EMPLOYEE NUMBER:
DEPARTMENT:	DEPARTMENT NUMBER:
BARGAINING UNIT/EMPLOYEE GROUP:	

***ELIGIBILITY CRITERIA:**

Total number of accrued vacation and/or compensatory time hours requested: _____

How many accrued vacation and/or compensatory hours do you have at the date of this request?

Emergency vacation and/or compensatory time cash out is available only if the following criteria are satisfied:

- a. A financial emergency exists that was unforeseeable; and
- b. The unforeseen emergency would result in serious financial hardship; and
- c. The amount requested is necessary to pay expenses associated with the emergency:

Examples of qualified reasons include, but are not limited to, the following: illness or accidental injury of the employee, his or her spouse, child or other qualified dependent ; medical expenses not covered by insurance of the employee, spouse, child or dependent , funeral expense of a spouse, child, or dependent ; loss of the employee's property due to casualty; the need to repair the principal residence because of significant water damage which is substantially similar to the need to pay for damage to a home as a result of a natural disaster; imminent foreclosure or eviction from primary residence; loss of regular income as a result of an event that is the subject of a federal or state emergency declaration; or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond your control.

I hereby certify that I have incurred an unforeseeable emergency as defined by the VVWRA Unforeseeable Emergency Vacation and Compensatory Time Cash Out Policy as follows:

- ☐ Sudden unexpected illness or accident of the employee.
- ☐ Sudden unexpected illness or accident of a spouse or dependent.
- ☐ Loss of the employee's property due to casualty.
- ☐ Other extraordinary unforeseen circumstances. Please describe below:

Describe: _____

Requested Amount of Leave Hours: _____ (*Please note that each hour of vacation time will be cashed out at your hourly rate at the time of the payment and each hour of compensatory time will be cashed out at your regular rate at the time of the payment*).

IMPORTANT: Evidence of the expenses indicated above must be attached to this Form. Evidence includes bills, receipts, and/or estimates directly related to the expense or letters and/or official notices of eviction or foreclosure.

I certify that the requested cash out amount specified on this Form is necessary to meet my financial need created by the unforeseeable emergency to the extent that no other funds are reasonably available. I have determined that the amount of my emergency cannot be satisfied by other resources available to me, including assets of my spouse or minor children. I have also determined that I have no other distributions and nontaxable loans currently available to me under any other benefit policies maintained by VVWRA.

I agree to indemnify and hold VVWRA harmless from any losses or financial obligation, which may arise by reason of VVWRA's approval of this unforeseeable emergency vacation cash out request.

Note: If requested, the amount of your vacation and/or compensatory time cash out payment may be "grossed up" to include amounts necessary to pay any Federal, State, or local income taxes anticipated to result from the unforeseeable emergency cash out of vacation hours. **If you are requesting a "gross-up" of your vacation and/or compensatory cash out payment, please check and initial the following box.** This election will result in a net payment in the amount of the requested amount and will result in more vacation hours and/or compensatory time being cashed out than requested.

- ☐ I elect to have my annual vacation and/or compensatory time cash out payment grossed up.
_____ (Initial Here)

Date: _____

EMPLOYEE SIGNATURE

This form must be turned in to the Human Resources Division.

CONFIRMATION OF ANNUAL LEAVE HOURS	
HR DIVISION SIGNATURE	DATE

APPROVAL	
GENERAL MANAGER SIGNATURE	DATE

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* If the applicable criteria, as set forth in VVWRA Unforeseeable Emergency Vacation and Compensatory Time Cash Out Policy are not met, you will not be authorized for unforeseeable emergency cash out.