



**EMPLOYEE PERSONNEL POLICIES
AND PROCEDURES MANUAL - 2012**

Cape Fear Public Utility Authority
Human Resources Department
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WELCOME TO ALL EMPLOYEES

The Cape Fear Public Utility Authority is making this Employee Personnel Policies and Procedures Manual available to provide important information about your employment with the Authority. As a new employee, we believe you will find the information contained in this Manual useful in understanding your responsibilities as an Authority employee and helpful guide to explaining the benefits available to you.

This Employee Personnel Policies and Procedures Manual provides Authority Employees with a framework to promote consistent human resource management practices and procedures throughout all Authority departments. We believe these policies and procedures promote a work environment that helps employees perform their duties to the best of their abilities. In this way, the Employee Personnel Policies and Procedures Manual positively contributes to the Authority's efforts to provide the most efficient and responsible service to the Authority's customers.

Employees are responsible for becoming familiar and complying with the content of these policies. If you have questions about any of the policies and how they apply to you, you are encouraged to contact your supervisor or Human Resources for more information.

The Employee Personnel Policies and Procedures Manual does not constitute a guarantee or contract of employment and the Authority reserves the right to change, revoke, interpret, or add to any of these policies at any time at its sole discretion without prior notice. The Authority is an "at-will" which means the employee or the employer has the right to terminate the employment relationship at any time and for any reason, not otherwise prohibited by law.

The policies and procedures in the Employee Personnel Policies and Procedures Manual cannot cover every possible situation that may arise. There may be amendments to this Manual over time. As policies are amended, employees will be supplied with a copy of the new or updated policy. The Employee Personnel Policies and Procedures Manual can also be found on the Authority's website at www.cfpua.org.

- **History of the Cape Fear Public Utility Authority** – On September 19, 2005, and September 20, 2005, the New Hanover County Board of Commissioners and the Wilmington City Council, respectively, adopted a concurrent resolution setting forth their intent to form an "Authority" to consolidate their water and sewer utilities. The governing bodies directed City and County staff to research and develop a proposed implementation plan to include legal, financial, engineering, and administrative issues related to the consolidation of the water and sewer utilities and to present a final plan to them and conduct public hearings.

The City and County engaged a consultant, Municipal and Financial Services Group (MFSG), as the project manager to plan for the consolidation and formed the joint Water and Sewer Advisory Committee to guide the consolidation and to make recommendations to the City and County governing bodies regarding creation of a consolidated water and sewer authority.

MFSG developed a consolidation plan and implementation schedule that identified responsibilities, organization structure, timelines, and preliminary utility rates and fees.

The Water and Sewer Advisory Committee recommended to the City Council and Board of Commissioners creation of the Authority in accordance with NCGS Chapter 162A (the Act).

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In accordance with the requirements of the Act, public hearings were conducted by the New Hanover Board of Commissioners and the Wilmington City Council on June 18, 2007, and June 19, 2007, respectively, and both entities adopted concurrent resolutions creating the Cape Fear Public Utility Authority, including approval of the By-Laws and Articles of Incorporation.

The Articles of Incorporation for the Cape Fear Public Utility Authority was filed with the North Carolina Secretary of State on July 2, 2007. The Cape Fear Public Utility Authority began at that time as a political subdivision (public entity) of the State of North Carolina. The Authority is governed by an eleven member board composed of two elected officials from the City of Wilmington and New Hanover County each, and seven at-large members appointed by the City of Wilmington and New Hanover County (three members appointed by each entity and one member by joint appointment). The organization is directed by the Executive Director, who is appointed and works under the general guidance and direction of the Authority Board.

The initial operational date and transfer of assets and employees to the Authority was set for January 1, 2008. However, due to unexpected delays, this process took place on July 1, 2008.

Currently, the Authority serves approximately 67,000 municipal, commercial, industrial, and residential customers. The organization has approximately 285 employees who work within six divisions: Environmental & Safety, Engineering, Human Resources, Operations, Customer Service and Finance-Administrative Services, with the majority of the employees under the operation department. The Authority's infrastructure consists of 2 water treatment plants, 925 miles of waterlines, 11 elevated water storage tanks, 3 wastewater treatment plants, 950 miles of sewer lines, and 140 wastewater pump stations.

➤ **Mission Statement, Strategic Vision and Guiding Principles:**

- Mission Statement – The Cape Fear Public Utility Authority's mission is to provide high quality water and sewer service in an environmentally responsible manner while maintaining the lowest practicable cost.
- Strategic Vision – Cape Fear Public Utility Authority is committed to excellence. The Authority effectively and efficiently manages operations, infrastructure, and investments to protect, restore, and enhance the natural environment; responsibly uses water and other natural resources; promotes economic vitality; supports public safety and health; and engenders overall community improvement and involvement on significant issues. The Authority continuously improves and not only meets but also strives to exceed all regulatory requirements.
- Guiding Principles – The Authority is committed to the principles of *Stewardship*, *Sustainability* and *Service*. These principles serve as a guide for ethical decisions, provide a gauge for measuring success, and define our responsibility to the community. They guide our organization in the following way:
 - *Stewardship*
 - Of the region's natural resources
 - Of the financial resources and assets our customers entrust to us
 - *Sustainability*
 - Of the region through dependable water and wastewater utilities that support public health and economic prosperity
 - Of the Authority's ability to meet the community's current and future water and wastewater needs and expectations

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- *Service*
 - To our customers by providing reliable, cost-effective water and wastewater utilities
 - To our community as a thoughtful and participatory corporate citizen

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**CAPE FEAR PUBLIC UTILITY AUTHORITY EMPLOYEE PERSONNEL POLICIES AND PROCEDURES
MANUAL ACKNOWLEDGMENT**

By signing below, I acknowledge that I have received, and will read the Cape Fear Public Utility Authority's Employee Personnel Policies and Procedures Manual - 2012. I understand that the Employee Personnel Policies and Procedures Manual is provided to me for general guidance and are not an exhaustive statement of Authority policies.

In addition, I understand that the Employee Personnel Policies and Procedures Manual does not constitute a contract of employment and that the Authority may change, revoke, interpret, or add to any of the policies contained therein at any time at its sole discretion without prior notice. The Authority is an "at-will" employer, which means the employee or the employer has the right to terminate the employment relationship at any time and for any reason, not otherwise prohibited by law.

Finally, I understand that any amendment of the Employee Personnel Policies and Procedures Manual will always govern and supersede any prior version. I also understand that if I have questions or concerns regarding my terms of employment or working conditions with the Authority, I should contact my supervisor or Human Resources.

Employee Name: _____

Employee Signature: _____

Date: _____

This page is reproduced at the end of the Employee Personnel Policies and Procedures Manual. Employees are to sign and date both pages. This page will remain attached to the Employee Personnel Policies and Procedures Manual; the reproduced page at the end of the Employee Personnel Policies and Procedures Manual (page 77) will be detached and becomes part of the employee's personnel file.

ARTICLE I - GENERAL PURPOSE AND SCOPE

Section 1. Purpose

The policies contained in this Employee Personnel Policies and Procedures Manual have been adopted by the Cape Fear Public Utility Authority to establish a human resources system that provides for the recruitment, selection, and continuous development of an effective workforce, responsive to the needs of the Authority's customer. The policies are adopted pursuant to the State of North Carolina General Statutes 162A .

With the adoption of this Employee Personnel Policies and Procedures Manual, the Cape Fear Public Utility Authority is making a good faith effort to comply with all applicable state and federal laws and regulations. While adoption of these policies culminates in the initial development of personnel policies, the Cape Fear Public Utility Authority recognizes that these policies are not a complete and exhaustive set of policies or procedures that govern employment within the Authority. The Authority also recognizes that periodic updates and revisions of these personnel policies will be necessary. Changes in personnel policies adopted by the Authority will be communicated promptly to all employees.

Section 2. Coverage

All employees within the Authority are subject to these policies except as specified below:

- A. Authority Members;
- B. Authority Attorney (if contractual);
- C. Elected Officials;
- D. Members of advisory boards and commissions and special boards, task forces, and committees;

Section 3. Employee Classifications

- A. Full-time Employee: An employee, either regular or temporary, who is regularly scheduled to work forty (40) hours per week as defined under the Fair Labor Standards Act.
- B. Part-time Employee: An employee, either regular or temporary, who is regularly scheduled less than forty (40) hours per week as defined under the Fair Labor Standards Act.
- C. Probationary Employee: A person appointed to a budgeted position who has not yet completed the probationary period.
- D. Regular Employee: An employee who has successfully completed the prescribed probationary period. All Authority positions are subject to budget review and approval each year by the Authority, and all employees' work and conduct must meet standards of performance and behavior. Therefore, reference to "regular" employees is not to be construed as a contract or right to perpetual funding or employment, and does not affect the "at-will" status of the employment relationship.
- E. Temporary Employee: A person appointed to serve in a position for a definite period not to exceed 364 calendar days from the employee's hire date.
- F. Seasonal Employee: A temporary employee who works at one or more Authority-owned facility that are operated for not more than seven months in any calendar year.

Section 4. Definitions

- A. **Benefit Earning Status:** Regular employees who are regularly scheduled to work a minimum of forty (40) hours per week (thirty (30) hours for health care benefits only) are eligible for at least a pro-rated portion of employer provided benefits. Regular part-time employees who are regularly scheduled to work less than forty (40) hours per week may be eligible for a pro-rated portion of certain employer provided benefits depending on their standard hour's classification. Details of the pro-rated employer provided benefits will be explained to the employee at the time of hire or transfer. Temporary and seasonal employees are not eligible to receive any Authority benefits.
- B. **Demotion:** Movement of an employee from one job class to another within the Authority, where the pay grade for the new position is lower than that of the former position. Generally, a demotion is a result of disciplinary action due to unacceptable personal conduct, unacceptable job performance, or grossly inefficient job performance.
- C. **Exempt Employee:** An employee specifically exempt from the overtime compensation provisions of applicable Fair Labor Standards Act (FLSA) as defined and limited by administrative rules and regulations; these employees generally have as their primary duty management, administration, or work of a professional nature.
- D. **FLSA:** Fair Labor Standards Act is a federal statute defining minimum wage and overtime compensation, and classifying positions as exempt or non-exempt.
- E. **Immediate family:** Unless otherwise specified, immediate family means spouse, mother, father, guardian, children, sister, brother, grandparents, grandchildren, plus the various combinations of half, step, in-law and adopted relationships that can be derived from these named.
- F. **Authority Members:** The 11 appointed members of the Cape Fear Public Utility Authority.
- G. **Non-Exempt Employee:** An employee who is entitled to minimum wage and overtime compensation pursuant to the Fair Labor Standards Act.
- H. **Overtime:** Work performed at the express authorization of the Authority in excess of forty (40) hours per week as defined by the Fair Labor Standards Act.
- I. **Pay grade:** A level within a salary schedule into which job classes with similar job evaluation factors are placed for compensation purposes. Pay grades have a minimum (market) rate, 1st quartile, midpoint rate, 3rd quartile and a maximum rate and define what the Authority is willing to pay for a particular job.
- J. **Promotion:** Movement of an employee from one job class to another within the Authority, where the pay grade for the new position is higher than that of the former position.
- K. **Reclassification:** A change in an employee's classification due to a change in pay grade or change/modification of the employee's position classification or job classification.
- L. **Time Limited Appointment:** A temporary or part-time appointment which is approved for a specific period of time not to exceed 1 year. Time-limited appointments are made, but are not limited to, filling vacancies due to an incumbent's leave of absence, in response to unusual workload demands, vacancies in the workforce, or specific to position funding such as grants which expire after a specified time.
- M. **Transfer:** Movement of an employee from a new job class to another within the Authority where the pay grade remains the same as the former position.
- N. **Voluntary Reassignment:** A voluntary reassignment is a change in employment to a position in a lower or in the same pay grade that is mutually agreed to by the employee and the employer.
- O. **Trainee:** An employee designated as such, appointed to a position in any class for which the Department Head, Director of Human Resources has authorized "trainee" appointments. An individual may not be

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appointed as a trainee if he/she possesses the acceptable training and experience for the regular class, and must be appointed to the regular class when he/she gains the acceptable training and experience.

Section 5. Responsibilities of the Cape Fear Public Utility Authority

North Carolina General Statutes 162A-6 ("Article") authorizes and empowers the Cape Fear Public Utility Authority to engage in all actions enumerated in the Article and to do all acts and things necessary or convenient to carry out the powers granted by the Article.

Section 6. Responsibilities of the Executive Director

North Carolina General Statutes 162A-6 authorizes the Cape Fear Public Utility Authority, among other things, to employ such employees and agents as, in the judgment of the Authority, may be deemed necessary. Article VI of the Cape Fear Public Utility Authority Bylaws directs the Authority to employ and appoint a Executive Director who shall not be a member of the Authority Board and who shall serve at the pleasure of the Authority Board. In accordance with these provisions of the Statutes and the Bylaws, the Executive Director, or his designee, shall perform the duties necessary to provide for the administration and maintenance of a fair and equitable human resources system.

Section 7. Responsibilities of the Human Resources Director

In accordance with the provisions of North Carolina General Statutes 162A-6 and Article VI of the Cape Fear Public Utility Authority Bylaws, the Human Resources Director, as employed and directed by the Executive Director, is authorized to undertake all actions necessary to establish, implement, maintain, and, when necessary, revise all elements of a fair and equitable human resources system.

ARTICLE II - EMPLOYMENT

Section 1. Statement of Equal Employment Opportunity

It is the policy of the Authority to provide equal employment opportunity for all employees and applicants seeking Authority employment. All employment policies and practices will be nondiscriminatory in compliance with federal laws, state statutes, and local ordinances.

The Cape Fear Public Utility Authority ensures that all employment practices are administered without regard to race, religion, color, creed, national origin, sex, age, political affiliation, handicapping condition or any other protected category under local, state, or federal law. These employment practices include but are not limited to recruitment, hiring, compensation, transfer, promotion, demotion, layoff, recall, benefits, training, and termination. The Authority's policy is to ensure that all employment decisions, including promotions, are based solely on individual qualifications and suitability for the job.

The Human Resources Director serves as the Equal Opportunity Officer and is responsible for carrying out the Equal Employment Opportunity policy. Employees can bring complaints, ask questions, and raise concerns under this policy without fear of reprisal. Charges or complaints of discrimination should be referred to the Human Resources Director. The Authority will not tolerate retaliation, harassment, intimidation, threats, coercion or discrimination against anyone who files a complaint, exercises a right, opposes improper conduct or assists in an investigation.

Section 2. Reasonable Accommodations under the Americans with Disabilities Act (ADA)

The Authority will not discriminate against a qualified individual because of disability with regard to job application procedures, hiring, promotion, compensation, job training, employee benefits, discharge of employees, and other terms or conditions of employment. Disability means having a physical or mental impairment that substantially limits one or more of the major life activities of such individuals, having a record of such impairment or being regarded as having such impairment.

Reasonable accommodations, which do not present an undue hardship to the Authority, will be provided for testing and job placement upon request from an applicant. The Authority will provide reasonable accommodations, which do not present an undue hardship to the Authority, for the continued employment of individuals who become disabled while employed by the Authority, provided that employees notify the Human Resources Director in writing of their need for an accommodation as soon as possible, but not more than 180 days after the employee knew or should have known the accommodation was needed. Examples of reasonable accommodations to be considered by the Authority include reassigning non-essential duties, modifying work schedules, acquisition or modification of assistive equipment or devices; and/or other similar actions, unless it can be demonstrated that a particular adjustment or alteration would impose an undue hardship on the Authority. The Human Resources Director serves as the Authority's ADA Coordinator.

Section 3. "At-Will" Employment

Employment with the Cape Fear Public Utility Authority is "at-will", which means that continued employment and the conditions of employment are solely at the Authority's discretion, consistent with the terms of any applicable employment agreement.

Employment is "at-will" and either the employee or the Authority may choose to terminate the employment relationship at any time and for any reason not prohibited by law.

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Section 4. Recruitment

Recruitment practices are conducted solely on the basis of ability, merit, qualifications and competence without regard to race, religion, color, creed, national origin, sex, age, political affiliation, disability or any other protected category under local, state, or federal law. All advertisements for employment must include an assurance that the Authority is an equal opportunity employer and will comply with federal and state statutes regarding discrimination in employment matters.

When a position becomes vacant, and prior to the posting or advertisement of any position, the department head must prepare and submit a request to fill the position to the Human Resources Director. The request to advertise the position must explain the continuing need for this position and suggest any revisions to the position that should be made prior to posting or advertisement of the position. A position will not be posted or advertised if it has not been previously budgeted and authorized by the Authority.

Section 5. Job Advertisements

Employment opportunities with the Authority will be advertised publicly. Job postings will be posted on the Authority's employee bulletin boards and website from the date that the position is advertised until the established closing date for accepting applications. Job postings may be advertised with the Division of Employment Security, with other local, state or national organizations, and in newspapers and professional publications and on websites as deemed appropriate by the Human Resources Director. In general, it is the Authority's practice to post vacant positions for at least seven (7) business days.

Section 6. Application for Employment

All qualified persons expressing interest in an Authority position, including current employees, will be given the opportunity to file an application/resume for employment when the Authority is advertising to fill such positions. Applicants for a position must complete and sign the official application form for each position for which they are applying. Applicants may be required to submit certificates from educational and training institutions, proof of licensure, and other documentation requested by the Authority which provides reasonable proof of any statement made on the application/resume. Any false statements within the application may be cause for rejection of the application/resume or disciplinary action up to and including dismissal.

Section 7. Minimum Qualification Standards

The minimum qualification standards for applicants seeking Authority employment and for current Authority employees seeking a promotion or transfer must be consistent with the established job class requirements and with any specialized requirements for specific positions. Minimum qualification standards include the specified education, experience, physical capabilities, and other knowledge, skills, and abilities defined for the job class as established by the department head in consultation with the Human Resources Director.

Section 8. Selection

The Authority will select the best qualified person for each available position from among the applicants who meet the minimum qualifications established for the position. Evaluation of qualifications is based upon job-related criteria and without regard to race, religion, color, creed, national origin, sex, age, political affiliation, disability or any other protected category under local, state, or federal law.

It is the responsibility of the Human Resources Director to manage the selection process to ensure compliance with state and federal laws and consistency with the Authority's employment practices.

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Selection procedures used to determine the qualifications of applicants for any position may include but are not limited to an evaluation of the employment application and other submitted materials; structured interviews; reference checks; driver's license checks; academic verifications; criminal background and credit checks; and controlled substance testing. The Authority reserves the right to condition an offer of employment on the results of a medical examination or screening. The purpose of a medical examination and/or screening is to determine if a candidate is physically able to perform the essential functions of the position and to ensure that an individual's physical condition will not endanger the health, safety, or well-being of other employees or the public.

The Human Resource Director and the Executive Director, or his/her designee, will approve all written offers of employment prior to the making of the offer.

Section 9. Probationary Period of Employment

The Authority requires all new employees to serve a probationary period. When a new employee is hired to fill a position, or when existing employees are promoted, transferred, or demoted, the probationary period is regarded as an integral part of the selection process. It affords the employee an opportunity to become acquainted with the new position and provides the Authority with a period of time during which the employee's work will be closely evaluated. The Authority may transfer, demote or dismiss any employee with or without cause at any time during the probationary period. Employees transferred, demoted or dismissed during their probationary period are not subject to the procedural requirements of Article VII-Disciplinary Action, and have no appeals rights.

The probationary period encompasses the first six (6) months following the employee's date of hire, or date of promotion, transfer or demotion. Employees' probationary periods may be extended up to an additional three (3) months if additional time is needed to evaluate performance. The Executive Director reserves the right to waive or shorten the probationary period at his/her discretion.

Prior to the completion of the probationary period, the employee's supervisor and the Department Head must review the performance of the probationary employee and make a decision to retain, extend the probationary period, or dismiss the employee. A formal evaluation form will be utilized for this review.

Upon the successful completion of a probationary period, the employee's classification will be changed to regular employee.

Section 10. Promotions and Transfers

Employees are encouraged to apply for vacant Authority positions for which they are qualified

The Authority has the right to make the final hiring decision based on qualifications, abilities, and experience. The Executive Director reserves the right to effect promotions or transfers without regard to the recruitment and job advertisement process, if it is determined by the Executive Director to be in the best interest of the Authority.

This policy does not limit the Authority's right to transfer employees to another position within the same job class taking into account the needs of the Authority and the employee.

Section 11. Demotion

A demotion is an adverse personnel action resulting in a change in employment to a lower grade and/or pay rate. Generally, a demotion is a result of disciplinary action due to unacceptable personal conduct, unacceptable job performance, or grossly inefficient job performance.

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Section 12. Interim Appointment

The Executive Director may designate an Authority employee to serve in an acting capacity when a department head or supervisory position is vacant due to a resignation or due to an approved leave of absence of more than four weeks, or as deemed appropriate. Employees serving in an acting capacity may, depending upon the interim position's pay grade, be compensated to reflect the increased duties they have assumed until an appointment to the position has been made, a leave of absence has been completed, duties are reassigned, or another personnel action is taken which no longer requires an employee to serve in an acting capacity.

Section 13. Voluntary Reassignment

A reassignment is a change in employment resulting from assignment to a position in a lower or like pay grade. This change is the result of a mutual agreement between the employee and the employer, or it may be the result of an employee applying for and being selected for a position at the same or a lower grade. If the reassignment is to a lower grade, a Request for Voluntary Reassignment must be completed by the employee and forwarded to Human Resources.

Section 14. Re-employment

The Authority does not have a no-rehire policy. Former employees that left in good-standing may apply and be considered for any Authority positions for which they are qualified. Rehired former employees will be credited with their previous accrued sick leave balance, experience time balance and hire date, provided they are rehired within one year of their most recent separation date from the Authority and have not applied for or withdrawn retirement funds from the State of North Carolina retirement system. Rehired former employees will be subject to probationary employee status as detailed in Article II, Section 9 above, unless waived by the Executive Director.

ARTICLE III - EMPLOYEE RESPONSIBILITIES

Section 1. Work Schedules

The Executive Director is authorized to establish standard hours of operation for Authority departments. The Executive Director or his/her designee is also authorized to make adjustments to standard hours of operation and department work schedules as needed to meet services and operational needs.

Section 2. Modified Work Schedules

Authorization of temporary modified work schedules for individual employees is at the discretion of the Department Head as long as there is no interruption of departmental functions and efficient service is provided to the customers of the Authority. Once the modification is approved, it is the department head's responsibility to inform the Finance Department in writing of such changes.

Section 3. Breaks

The Authority recognizes that certain breaks in the daily schedule promote employee health and productivity. Employees may take one fifteen (15) minute break for every four (4) hours worked. All breaks must be arranged so that they do not interfere with Authority business or continuous service to the public. Employees may also take a unpaid meal-break. Meal-breaks must be scheduled with the approval of the employee's Department Head and/or supervisor. The scheduling of meal-breaks may vary depending on department workload.

Section 4. Gifts and Favors

Authority employees are to serve all persons fairly and equitably without regard to personal or financial benefit. Therefore, all Authority employees are prohibited from accepting a non-monetary gift that exceeds a nominal value (\$25). Non-monetary gifts may include: advertising items or souvenirs, honoraria for participating in meetings, and meals at banquets. Non-monetary free meals not provided at banquets are prohibited from being accepted by Authority employees. Any non-monetary gift received by an Authority employee must be reported to their respective Department Head. All Authority employees are strictly prohibited from accepting any type of direct or implied cash or monetary payment, gift or reward. All Authority employees are strictly prohibited from soliciting or receiving any gift, reward, promise of reward, or anything of value, directly or indirectly, in exchange of, or consideration for, some action to be taken or not taken in the performance of the employee's duties. All Authority employees are strictly prohibited from disclosing confidential information concerning the property, government, or affairs of the Authority or using such information to advance the financial or other private interest of themselves or others.

Nominal gifts that are provided to a department or group of Authority employees, such as fruit baskets, cookie tins, candy assortments, etc., may be accepted provided they are approved by the department head and made available to all the employees in the department or group.

Monetary or in-kind gifts to the Authority or an Authority Department not in excess of \$100 may be accepted by the Executive Director on behalf of the Authority. Monetary or in-kind gifts to the Authority or an Authority Department in excess of \$100 must be approved by the full Authority. All such monetary gifts must be forwarded to the Authority's Chief Financial Officer for deposit. If the monetary gift was made to a specific Authority department, the Department Head may apply to the Executive Director for disbursement of the funds so deposited for appropriate welfare or morale activities benefiting the department as a whole.

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No Authority employee who is involved in making or administering a contract on behalf of the Authority may receive any gift, reward, or promise of reward in exchange for recommending, influencing, or attempting to influence the award.

Any Authority employee who violates this policy is subject to disciplinary action up to and including dismissal.

Section 5. Political Activity Restricted

Each Authority employee has a civic responsibility to support good government by every available means and in every appropriate manner. The public has the right to expect excellent service from all Authority employees on an equal basis without regard to political affiliation. Further, the public should be free from the appearance that support, or non-support, of a person's candidacy for political office may have an effect on the excellent services provided by Authority employees. Therefore, Authority employees may only seek political office as authorized in this Section. Authority employees are not restricted from affiliating with organizations of political or partisan nature. While off-duty, Authority employees may attend political meetings, support and advocate political policies and positions, make financial contributions to a political organization and support candidates of their choice in accordance with the U.S. Constitution and the laws of the State of North Carolina.

However, all Authority employees are prohibited from:

- A. Engaging in any political or partisan activity while on duty, or while wearing an Authority provided uniform;
- B. Using official authority or influence for the purpose of interfering with or affecting the result of an election or nomination for office;
- C. Coercing, soliciting or compelling contributions for political or partisan purposes by another employee of the Authority;
- D. Using any supplies or equipment of the Authority for political or partisan purposes;

No employee can be required to contribute funds for political or partisan purposes as a duty or condition of employment, promotion, or tenure of office.

Under Federal law, the Hatch Act, all employees involved in programs that are financed in whole or in part by loans or grants made by the United States Government or a federal agency are prohibited from being a candidate for public office in a partisan election. Any Authority employee that is considering running for office in a partisan election should notify the Human Resources Director. The employee will be provided with the proper procedure to follow to determine if their candidacy might be in violation of the Hatch Act.

Any employee who violates this Section is subject to disciplinary action up to and including an unpaid suspension or immediate dismissal.

Section 6. Outside or Secondary Employment

The work of the Authority will take precedence over other occupational interests of employees. All outside or secondary employment for salaries, wages, or other compensation and all self-employment must be reported in writing to and approved by the employee's Department Head, the Human Resources Director, and Executive Director. Outside or secondary employment that conflicts with the employee's availability or ability to perform their job for the Authority; or, creates, or is perceived to create, a conflict of interest is prohibited. A conflict of interest exists when an employee engages in any employment or business, whether direct or indirect, that is incompatible with the proper discharge of his or her job functions with the Authority. A conflict of interest exists when an

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employee: a) has a financial interest as owner, member, partner, officer, employer, stockholder or other participant in a private business or professional enterprise that will be affected by the outcome of any matter under consideration before him or her in his or her capacity as an Authority employee; b) has such interest in any matter which may be adverse to the public interest and the proper performance of his or her functions as an Authority employee; c) has an interest in speculative or investment activities that will benefit from the use of confidential information obtained as an Authority employee; or, d) utilizes property, either real or personal, owned by the Authority in any business venture or enterprise that results in private gain, monetary or otherwise to the Authority employee. The Executive Director shall be responsible for final interpretation of conflicts of interest matters, and approval of requests for outside or secondary employment. Unreported or unauthorized incidents of conflicting outside or secondary employment will be grounds for disciplinary action up to and including dismissal.

Section 7. Employment of Relatives

For purposes of this policy, immediate family is defined as spouse, mother, father, guardian, children, sister, uncle, aunt, brother, grandparents, grandchildren plus the various combinations of half, step, in-law and adopted relationships that can be derived from those named.

The following provisions are applicable to all employees:

- A. Members of an immediate family may be employed in the same department, provided that an immediate family member of that immediate family does not directly supervise another member of the immediate family.
- B. Members of an immediate family may not fall under any aspect of a supervisor's scope of responsibility. This restriction includes involvement of family members in writing or reviewing employee performance evaluations.
- C. Department directors may not hire members of their immediate family to work in departments under their scope of responsibility.

Section 8. Unlawful Workplace Harassment

The purpose of this policy is to establish that the Authority prohibits in any form unlawful workplace harassment of employees, and to ensure that work sites are free of unlawful workplace harassment. This policy also prohibits retaliation against employees who file complaints, witnesses to unlawful workplace harassment, and persons providing evidence in relation to harassment complaints.

The policy of the Cape Fear Public Utility Authority is that no employee may engage in conduct that falls under the definition of unlawful workplace harassment indicated below. All employees are guaranteed the right to work in an environment free from unlawful workplace harassment and retaliation. The desired standard of employee behavior is one of cooperation and respect for each other despite any differences.

All employees, including appointed and elected full-time and part-time employees and temporary and seasonal employees are responsible for conducting themselves in a manner consistent with the spirit and intent of this policy. Conduct prohibited by these policies is unacceptable in the workplace and in any work-related settings outside the workplace, such as during business trips, business meetings and business-related social events.

- 1.) Unlawful Workplace Harassment defined:

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For the purposes of this policy, "unlawful workplace harassment" is defined as unsolicited and unwelcome speech or conduct based upon race, sex, creed, religion, national origin, age, color, or disability that creates a hostile work environment or circumstances involving sexual harassment.

Conduct that may rise to the level of creating a hostile work environment includes verbal, nonverbal, or physical behavior that both a reasonable person would find hostile or abusive and one that the particular person, who is the object of the harassment, perceives to be hostile or abusive. Hostile work environment is determined by looking at all circumstances or incidents, including frequency of alleged harassing behavior, severity, and whether it unreasonably interferes with an employee's performance or adversely affects the employee's employment opportunities.

Retaliation is adverse treatment which occurs because of opposition to unlawful workplace harassment.

Sexual harassment consists of unwelcome sexual advances, requests for sexual favors, and other verbal, visual, written or physical conduct of a sexual nature when:

- A. The employee is told or threatened, expressed or implied, that submission to the conduct will influence any personnel decision (employment, wages, advancement, assigned duties, shifts, or any other condition of employment or career development);
- B. Submission to or rejection of such conduct by an individual is used as the basis for employment decisions affecting such individual; or
- C. Such conduct has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating, hostile or offensive working environment.

Some types of prohibited sexual advancement include, but are not limited to:

- D. Verbal Propositions or innuendo; lewd or sexually offensive comments; humor, jokes or teasing about sex or gender – specific traits; rumors about other employees, verbal abuse, and insults;
- E. Nonverbal – Sexually oriented gestures, signs, cartoons, pictures, cards, books, magazines, graffiti, or paraphernalia; whistling; email, internet, or other computer transmissions;
- F. Physical – Any unwelcome touching which includes rubbing, patting, pinching, or brushing the body.

2.) Role of Department Heads and Supervisors:

Department Heads and supervisors are responsible for conducting themselves in a manner consistent with the spirit and intent of this policy. They shall establish and maintain a climate in the work unit which encourages employees to communicate questions or concerns regarding this policy; recognize incidents of unlawful workplace harassment; take immediate corrective action to stop such behavior; and notify the Human Resources Director so that consistent investigatory procedures may be implemented. Any Department Head or supervisor who observes, is confronted with, or becomes aware of any situation involving unlawful workplace harassment must advise the offending individual(s) to stop the harassing behavior and report the situation immediately to the department head and the Director of Human Resources. Disciplinary action, up to and including termination, may result against supervisors and managers who fail to respond immediately and appropriately to perceived unlawful workplace harassment.

3.) Complaints Procedure for Unlawful Workplace Harassment:

Any employee who feels he/she is being subjected to unlawful workplace harassment should immediately contact: his/her immediate supervisor, department head, the Human Resources Director, or the Executive Director or his/her designee. This procedure does not require reports to be made to the immediate supervisor or to anyone the

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employee believes to be participating in the unlawful workplace harassment. Employees are encouraged to speak with whomever they feel the most comfortable from those listed above. If the employee wishes to speak only with a person of the same gender this will be accommodated. A supervisor, department head, the Human Resources Director, Executive Director or his/her designee will prepare a written statement documenting the complaint. Complaints of unlawful workplace harassment will be kept as confidential as possible while the matter is thoroughly investigated and promptly dealt with as appropriate. Under no condition will the investigation be conducted by or under the direction of the person(s) reported to have engaged in the unlawful workplace harassment.

The employee who is accused of unlawful workplace harassment may be placed on investigation leave while fact-finding is conducted. A finding of facts regarding the complaint will be completed as confidentially as possible, and a written report shall be completed by the designee. Within a reasonable period of time, the Executive Director will determine whether the conduct of the person against whom a complaint has been made constitutes unlawful workplace harassment. In making that determination, the report as a whole and the totality of circumstances, including the nature of the conduct in question, the context in which the conduct, if any, occurred, and the conduct of the person accused of unlawful workplace harassment shall be reviewed.

If it is determined that the complaint of unlawful workplace harassment is founded, immediate and appropriate disciplinary action shall be taken consistent with applicable laws and policies. The disciplinary action shall be consistent with the nature and severity of the offense, the rank of the employee and any other factors deemed appropriate.

Retaliation against employees or job applicants who report, or file complaints or charges due to perceived unlawful workplace harassment, or who participate in investigations or proceedings as witnesses, or in other capacities is prohibited and will not be tolerated and should be reported immediately according to the reporting procedure outlined in this policy.

4.) Unlawful Workplace Harassment by Non-Employees:

When reports of unlawful workplace harassment against an employee in the workplace involve a non-employee, the Authority will support appropriate steps to address the unlawful workplace harassment.

5.) Employee Responsibilities:

Employees are obligated to cooperate in every fact-finding of unlawful workplace harassment. Employees are also obligated to refrain from filing fraudulent or "bad faith" complaints of unlawful workplace harassment.

Disciplinary action up to and including dismissal may also be taken against any employee who fails to report instances of unlawful workplace harassment or who fails or refuses to cooperate in the fact finding of a complaint of unlawful workplace harassment or who files a complaint of unlawful workplace harassment in bad faith.

Section 9. Safety and Health

The Cape Fear Public Utility Authority is committed to providing a safe and healthy working environment for all employees. It is our policy to ensure that every reasonable precaution is taken to prevent the incidence of accidents, injuries, and illnesses for all employees. We feel there is no job or task that cannot be performed safely and we expect each employee to follow safe working procedures and use good common safety sense when at work. The Cape Fear Public Utility Safety Policies Handbook has been prepared and adopted as the Authority's safety guidelines and all employees are expected to comply with this policy and its procedures. Employees can access the Authority's Safety Policies handbook at the Authority's Intranet website at www.cfpua.org, or by requesting it from their supervisor.

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Employees must report unsafe conditions or practices to their supervisor immediately. If a work-related accident, injury, or illness occurs, employees must report it to their supervisor immediately. If the employee requires medical attention as a result of a work-related accident, injury, or illness, they are required to follow the procedures set forth in the Cape Fear Public Utility Safety Policies Handbook. The Authority has adopted a proactive work-related accident, injury, or illness return to work policy that requires all employees in a modified or restricted duty status to return to work and perform their duties consistent with their physical restriction set by their treating physician. If an employee has any questions regarding the Authority's Safety Policies Handbook, they are encouraged to contact their supervisor or the Authority's Safety Officer.

Section 10. Workplace Violence

It is the Authority's intent to provide a safe workplace that is free from violence for all employees. Violent acts against employees, whether committed while on-duty or off-duty, have the potential to impact an employee's ability to perform assigned duties.

1.) Prohibited Conduct:

The Cape Fear Public Utility Authority will not tolerate any type of workplace violence committed by or against employees. Employees are prohibited from making threats or engaging in violent activities.

This list of behaviors, while not inclusive, provides examples of conduct that is prohibited:

- A. Causing physical injury to another person;
- B. Making threatening remarks;
- C. Aggressive or hostile behavior that creates a reasonable fear of injury to another person or subjects another individual to emotional distress;
- D. Intentionally damaging Authority property or property of another employee;
- E. Possession of a weapon while on Authority property or while on Authority business, unless permitted and authorized to do so in the performance of assigned duties and responsibilities;
- F. Committing acts motivated by, or related to, sexual harassment or domestic violence.

2.) Reporting Procedures:

All workplace violence events or potentially dangerous situations must be reported immediately to a supervisor or the Department Head. If the employee does not feel comfortable making a report to their supervisor or Department Head, the report can be made directly to the Human Resources Director or Executive Director. All reported incidents will be investigated. Reports or incidents warranting confidentiality will be handled appropriately and information will be disclosed to others only on a need-to-know basis. Retaliation against any employee who, if in good faith, reports a violation of this policy is prohibited. Every effort will be made to protect the safety and confidentiality of anyone who comes forward with concerns about a threat or act of violence. All parties involved in a situation will be counseled and the results of investigations will be discussed with them to the fullest extent allowed without breaching any confidentiality restrictions. The Authority will actively intervene at any indication of a possibly hostile or violent situation.

3.) Risk Reduction Measures:

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Hiring: The Cape Fear Public Utility Authority takes reasonable measures to conduct background investigations to review candidates' backgrounds and reduce the risk of hiring individuals with a history of violent behavior. Safety: The Authority conducts inspections of the premises to evaluate and determine any vulnerability to workplace violence or hazards. Any necessary corrective action will be taken to reduce all risks. Individual Situations: While there is no expectation that employees be skilled at identifying potentially dangerous persons, employees are expected to exercise good judgment and to inform their supervisor if any employee exhibits behavior which could be a sign of a potentially dangerous situation. Such behavior includes:

- A. Bringing (unless permitted and authorized to do so in the performance of assigned duties and responsibilities) or threatening to bring weapons to the workplace;
- B. Displaying overt signs of extreme stress, resentment, hostility, or anger;
- C. Making threatening remarks;
- D. Sudden or significant deterioration of performance;
- E. Displaying irrational or inappropriate behavior.

4.) Dangerous/Emergency Situations:

Employees who confront or encounter an armed or dangerous person should not attempt to challenge or disarm the individual. Employees should remain calm, make constant eye contact and talk to the individual. If a supervisor can be safely notified of the need for assistance without endangering the safety of the employee or others, such notice should be given. Otherwise, cooperate and follow the instructions given.

5.) Enforcement:

Threats, threatening conduct, or any other acts of aggression or violence in the workplace will not be tolerated. Employees are prohibited from possessing firearms or weapons on Authority property or in Authority vehicles, unless specific permission is granted for such possession by the Executive Director. Any employee determined to have committed such acts, while functioning in the course and scope of employment as well as when off-duty violent conduct has a potential adverse impact on the employee's ability or the ability of another employee to perform assigned duties and responsibilities, will be subject to disciplinary action, up to and including dismissal. Non-employees engaged in violent acts on or off Authority property will be reported to the proper authorities and fully prosecuted.

Section 11. Drug-Free Workplace and Drug and Alcohol Testing

It is the policy of the Cape Fear Public Utility Authority to provide a working environment that is free of substance abuse and drugs. Consistent with this goal, the Authority will:

Assure that employees are not impaired in their ability to perform assigned duties in a safe, productive, and healthy manner;

Create a workplace environment free from the adverse effects of drug abuse;

Prohibit the unlawful manufacture, distribution, dispensing, possession or use of controlled substances in the workplace; and

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Prohibit the use of alcohol in the workplace.

All Authority work-sites will be maintained as a drug-free workplace. As a condition of employment, each employee must abide by the terms of this policy and the regulations making the Authority a drug-free workplace. This policy covers employees while they are at off-site locations for the purpose of taking a lunch break or other authorized break before their scheduled return to work. Visitors, vendors, and contractor employees are governed by this policy while on Authority premises and will not be permitted to conduct business if found to be in violation of this policy.

All employees are prohibited from unlawfully manufacturing, distributing, dispensing, possessing of an illegal drug, including but not limited to, any narcotic drug, hallucinogenic drug, amphetamine, barbiturate, marijuana, or any other prescription drugs or controlled substance as defined by federal and state law. The possession and/or consumption of illegal drugs, controlled substances, or alcoholic beverages in the workplace are prohibited at all times.

The Authority reserves the right to conduct drug or alcohol testing:

- A. Of all applicants for employment, including applicants for part-time and seasonal positions and applicants who are former employees after the Authority makes a conditional offer of appointment;
- B. Of any employee who manifests "reasonable belief" behavior based on objective facts sufficient to lead a prudent person to conclude that a particular employee is unable to satisfactorily perform his or her job duties due to drug or alcohol impairment;
- C. Of any employee who is involved in a vehicular or equipment accident or injured in a work-related accident to which the employee is casually connected;
- D. On a random basis for employees that occupy a "safety sensitive" position;
- E. On a return to duty/follow-up basis; and,
- F. Of any employee who is subject to drug or alcohol testing pursuant to federal or state rules, regulations or laws.

Any employee who is convicted of a criminal drug violation must notify the Human Resources Director within five (5) calendar days of such conviction. In the event that an employee convicted of a criminal drug violation is employed on a Federal contract or grant, the Human Resources Director will notify the Federal contracting agency within ten (10) days of receiving such notice.

Any employee who is convicted of a drug violation will be subject to disciplinary action, up to and including termination of employment. In the alternate, and solely at the discretion of the Authority, an employee involved in the use of drugs, may be offered the opportunity to participate in a drug-abuse assistance or rehabilitation program, provided the employee does not pose a safety hazard or danger to the Authority. If the employee's participation in such program fails to meet the conditions set forth for his or her satisfactory participation in a drug-abuse assistance or rehabilitation program, the employee will be subject to appropriate disciplinary action up to and including termination.

The Human Resources Director or designee is responsible for publication and dissemination of this policy to each employee. In addition, the Human Resources Director or designee is responsible for overseeing the establishment of a drug-free awareness program to educate employees about the dangers of drug abuse and make them aware of available drug counseling programs. This program will be used to inform employees of the drug-free policy and the penalties which may be imposed for violations of the policy.

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The Authority has established a drug and alcohol testing policy and program to help prevent accidents and injuries resulting from the misuse of alcohol or use of controlled substances by drivers of commercial motor vehicles and to implement the requirements of the Federal Omnibus Transportation Testing Act. The Authority will comply with all applicable regulations as detailed in Parts 40 and 382 of the Federal Motor Carrier Safety Regulations issued by the U.S. Department of Transportation.

This policy is applicable to every employee who must have an appropriate Commercial Drivers' License (CDL) to perform, in conjunction with their employment with the Authority, certain safety-sensitive functions including but not limited to, the operation of, or the readiness and availability to operate, a commercial motor vehicle used in intra- or interstate commerce to transport passengers or property, and meets any one of the following criteria:

- A. Is a combination of vehicles with a gross vehicle weight rating of 26,001 or more pounds provided the gross vehicle weight rating of the vehicle(s) being towed is in excess of 10,000 pounds, or
- B. Is a single vehicle with a gross vehicle weight rating of 26,001 or more pounds, or any such vehicle towing a vehicle not in excess of 10,000 pounds gross vehicle weight rating; or
- C. Is designed or used to transport 16 or more passengers (including driver); or
- D. The vehicle carries hazardous material requiring placarding.

Employees covered under the Federal Motor Carrier Safety Regulations are subject to drug and/or alcohol testing under the following conditions:

- A. Pre-employment;
- B. Reasonable suspicion;
- C. Post-accident;
- D. Random;
- E. Return to duty/follow-up.

Any person found to be in violation of the Drug-Free Workplace policy is subject to disciplinary action under the Authority's personnel policies. Disciplinary action, up to and including dismissal, may be imposed for any of the following reasons:

- A. Violation of any provision of this policy;
- B. A failure or refusal to submit to testing;
- C. A failure or refusal to submit to an evaluation conducted by an appropriate substance abuse professional;
- D. A failure or refusal to undergo treatment recommended as a result of an evaluation by an appropriate substance abuse professional;
- E. Withdrawal from or a failure to satisfactorily complete the treatment program recommended by an appropriate substance abuse professional as a result of an evaluation;

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- F. Withdrawal from or a failure to satisfactorily participate in an after-care program, if after-care is prescribed as part of the treatment recommended by an appropriate substance abuse professional.

The Authority's responsibility for the cost of any evaluation, treatment, or counseling will be limited to the employer-paid benefits it makes available as part of the Authority's benefit plans.

The Human Resources Director has been designated by the Executive Director with responsibility to coordinate the implementation, direction, and administration of the Authority's drug-free workplace and drug and alcohol testing policy.

Section 12. Maintaining Authority Security

Keys and employee identification badges are issued to Cape Fear Public Utility Authority employees to promote the security of Authority buildings, offices, equipment and supplies, and records and to protect the Authority from theft or damage to these assets. These items are the property of the Authority and must be returned when the employee no longer has a need to have the items, or is no longer employed by the Authority.

1.) Keys:

Authority employees will be given only those keys necessary for work-related purposes. Approval of the issuance of keys must be given by the appropriate department head. Keys to Authority buildings and other Authority facilities and equipment are the property of the Cape Fear Public Utility Authority and must be returned immediately upon request by the Authority or separation from Authority employment. An employee who loses or misplaces an Authority-provided key must report this situation immediately to his or her supervisor.

Employees will be responsible for maintaining their Authority-provided keys in a safe manner. Unauthorized copying of keys is prohibited. If additional keys are needed, a request must be made through the employee's department head. Keys shall not be issued to persons who are not Authority employees, unless approved by the Authority's designated risk manager.

2.) Employee identification badges:

Employee identification badges are issued to all employees, volunteers, and interns. All employees are required to wear an employee identification badge at all times when conducting Authority business at Authority facilities or in the field. The only exception to the requirement to wear Authority identification badges is when the wearing of the badge constitutes a potential safety hazard or seriously impedes upon the satisfactory performance of duties or when a potential breach of confidentiality of a customer, or client exists in the performance of official duties by an employee. Anyone who loses or misplaces his or her Authority-issued employee identification badge must report this situation immediately to his or her supervisor and arrange for reissue.

Section 13. Use of Authority Vehicles or Motorized Equipment

Employees authorized to operate Authority vehicles or motorized equipment must use these strictly for Authority business. Authority vehicles or motorized equipment must be kept on the Authority's grounds or in its facilities when not in use. The Authority may require certain employees to commute to and from work in Authority vehicles that are covered by certain IRS regulations. In accordance with federal and state law, an employee may not use an Authority-owned vehicle for personal use other than commuting. Under these conditions the Authority will account for commuting use as required in IRS regulations.

Any employee operating or riding in an Authority vehicle or other motorized equipment must:

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Operate the vehicle or equipment in accordance with the Authority's safety policy;

Wear seat belts;

When driving, refrain from using a cell phone at all times, or comply with the Authority's cell phone policy as published in the Authority's Safety Procedures, and;

No smoking at all times.

Failure to operate Authority vehicles or motorized equipment as prescribed by policies, procedures, work rules, or federal and state law, may result in disciplinary action up to and including dismissal.

Section 14. Driver's License Requirements and Driving Record

Employees who operate Authority vehicles as part of the essential duties of their position are required to meet the minimum standards set by the Authority and have possession of an appropriate driver's license valid in the State of North Carolina, except where preempted by military involvement, and proof of coverage as an insured driver. Any employee whose license is revoked, suspended, or lost, or whose insurance coverage is terminated, must notify his/her department head immediately. The employee will be unable to resume operating an Authority vehicle until providing proof of a valid driver's license and insurance coverage to the department head. Employees who are not able to perform essential job duties due to the suspension or revocation of their driver's license may be reassigned to a non-driving position or dismissed.

Section 15. Failure to Obtain or Maintain Required Licenses, Registrations, or Certifications

Employees who fail to obtain or maintain any license, registration, or certification required by relevant law, rule, or provision when the duties of the position require that license, registration, or certification may result in dismissal. Employees are required to obtain or maintain current, valid credentials as required by law, rule, regulation, and occupational boards.

Section 16. Smoking and Tobacco Use

Employees are permitted to smoke or use tobacco in designated smoking areas only. Employees are prohibited from smoking or using tobacco in non-smoking areas; or in Authority vehicles.

Section 17. Information Technology Use

This policy covers the use of all technology resources belonging to the Cape Fear Public Utility Authority, whether individually controlled or shared, stand-alone or networked. It includes, but is not limited to pagers, radios, all computer systems of any size and function and their attached peripherals, telephones, cellular phones, copiers, scanners, fax machines, voice mail systems, e-mail systems, network resources and Internet resources. All technology resources owned by the Cape Fear Public Utility Authority are in place to enable the Authority to provide its services in a timely and efficient manner. This is the primary function of these resources and any activity or action that interferes with this purpose is prohibited. Ethical and legal standards that apply to information technology resources derive directly from standards of common sense and common courtesy that apply to the use of any shared resource. Because technology systems are constantly evolving, the Authority requires its employees to use a common sense approach to the rules set forth below, complying not only with the letter, but also the spirit, of this policy.

1.) Information Access and Ownership:

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All technology resources and all information transmitted by, received from, or stored on the Authority's systems is the property of the Authority and are subject to inspection by Authority officials. Employees do not have an expectation or right to privacy with respect to any electronic correspondence, files, documents, images, created, stored, displayed, received or sent on the Authority's technology systems. The Authority reserves the right to review, monitor, and inspect use of its technology resources without advance notice. If the Authority determines that an employee has used technology resources in a manner that violates this policy or other Authority policies, the Authority will take appropriate disciplinary action up to and including dismissal.

2.) Personal Use:

Personal use of an Authority-owned technology resource by Authority employees is allowed with the following restrictions:

- Employees should be aware that personal use of an Authority-owned technology resource is subject to all of the rules in this policy including inspection and monitoring;
- There must be no cost to the Authority;
- Use must be conducted on an employee's own time and at the discretion of the employee's supervisor. However, personal telephone calls on non-cellular phones or personal use of e-mail on an occasional basis may be permitted providing that they do not interfere with an Authority's employee's obligation to carry out Authority duties in a timely and effective manner;
- Use must not interfere with other employees performing their jobs or undermine the use of Authority resources for official purposes;
- Use of the Authority's technology resources for operating a personal business of any kind is prohibited;
- Authority provided cell phones are for business or emergency (e.g., 911 or *HP) use only. However, a cell phone owned by the Authority may be used for personal calls related to emergency family situations, or other unusual circumstances. It will be the responsibility of the department managers to periodically review the department's cellular telephone bills to ensure compliance with this policy;
- Personal telephone calls or personal use of e-mail may be permitted on an occasional basis providing that it does not interfere with the Authority's employee's obligation to carry out Authority duties in a timely and effective manner;
- Individuals who are not employees of the Authority (including an employee's family or friends) are not allowed to use the Authority's technology resources other than public access stations.

Personal use of Authority resources by an employee neither expresses nor implies sponsorship or endorsement by the Authority.

3.) Security:

Each employee is responsible for all actions taken while using his/her user profile, password, or access code. Therefore, these should be kept confidential and only shared when authorized by supervisory personnel to meet the needs of a department. This should be the exception and not the rule.

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Examples: A computer shared by more than one employee or the IT Department that needs to share administrative passwords to perform their job.

Any file, program, or document received on media (diskettes, CD-ROM, Tapes, or portable memory storage devices); through the Internet (including e-mail) or through file transfer must be virus-checked immediately. You should be cautious when you receive an e-mail message you were not expecting containing an attachment. Employees can assist the Authority in preventing viruses from infecting the Authority's network by not opening any questionable communication from an unknown sender or any attachment with a questionable title or extension. Each individual employee is responsible for the prevention of the spread of viruses.

Employees are not authorized to install or download any software without the express approval of the Cape Fear Public Utility Authority's Information Technology Department. This policy includes but is not limited to shareware, freeware, personal software or Internet distributed programs. Applicable software copyright laws must be followed.

4.) Appropriate Use:

When employees use the Authority's technology resources, they are representing the Authority and are obligated to use good judgment in how they conduct and express themselves. Employees are expected to use the Authority's technology resources in a responsible and professional manner. They must not use these resources in an illegal, malicious, inappropriate or obscene manner. Each workstation with Internet access will be configured to allow the screening and review of sites visited on the Internet.

5.) E-mail:

E-mail and calendar functions are provided to expedite and improve communications among network users. All employees must clearly and accurately identify themselves when sending or forwarding e-mail, either internally or externally. Anonymous or pseudonymous posting is expressly forbidden. Sending unsolicited junk e-mail or chain letters ("spam") to any user is prohibited. Sending any material that contains viruses, Trojan horses, worms or any other harmful program is prohibited. Electronic mail is a public record when sent or received in normal business process according to North Carolina General Statutes.

6.) Internet Access:

Internet access is provided to network users to assist them in performing the duties and responsibilities associated with their positions. Using the Internet to access non-Authority provided web e-mail services is prohibited. Using Instant Messaging or Internet Relay Chat is prohibited. Using the Internet to receive broadcast of non-business audio or video is prohibited.

7.) Web pages:

It is the desire of the Authority to maintain a consistent and quality presence on the Internet. Information published on the Internet should be written in a clear and concise manner and presented in a graphically appealing format. Once information is published, it is the ongoing responsibility of the corresponding department to ensure the timeliness and accuracy of the content of its Web pages. Links to other websites will be at the discretion of the Cape Fear Public Utility Authority.

8.) Social Networks/Media:

The Authority recognizes that many employees have personal blogs, participate in other on-line conversations, and social media site (such as, Facebook®, MySpace®, Google+®, LinkedIn®, or YouTube®, etc.), and may

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periodically comment on Authority-sponsored sites. This policy is intended to provide guidance on appropriate conduct when engaging in social media activity that identifies the employee's affiliation with the Authority (other than as an incidental mention of place of employment in personal social media activity unrelated to the Authority), or relates in any way to the Authority's business, operations, employees, or customers. "Social media activity" for the purpose of this policy, includes all types of postings on the Internet, including but not limited to, postings on social networking sites, (such as Facebook, MySpace, or LinkedIn, etc.); blogs and other on-line journals and diaries; bulletin boards and chatrooms; microblogging, such as Twitter®; and posting of videos or audio on media-sharing sites, such as YouTube. "Social media activity" also includes permitting, or failing to remove, postings by others where the employee can control the content of the posting, such as a personal page or blog.

This policy applies to all Authority employees, and includes social media activity when on or off duty, while using the Authority's or personal electronic resources, and whether or not the employee post anonymously or using a pseudonym. In the event a specific area is not covered by this policy, the employee should consult with their supervisor, or the human resources department for guidance.

Employees who engage in social media activity should be aware that their postings could have an adverse effect on the Authority. To reduce that risk, employees must comply with the following guidelines whenever social media activity relates in any way to the Authority's business, operations, employees, customers, suppliers or vendors:

- Do not post or display comments about coworkers or supervisors or the Authority that are vulgar, obscene, threatening, intimidating, harassing, or a violation of the Authority's workplace policies. Do not post or display any comments or material related to customers, suppliers or vendors that is a direct result of your relationship with such as an employee of the Authority.
- Do not use the Authority's logo, trademark or proprietary graphics, or images or video of the Authority's premises, processes, or operations without prior written permission from the Chief Communications Officer.
- Do not disclose personal or contact information, or post images or video, of the Authority's employees that was obtained or taken of the employee while they were functioning in an Authority capacity without their prior permission, and the prior written permission from the Chief Communications Officer.
- If someone from the media or press contacts you about your social networking activities that relate to the Authority's operations, policies or procedures, you should consult with the Chief Communications Officer prior to responding.
- All requests for references or recommendations of any subject related to the Authority received through social media activity should be forwarded to the Chief Communications Officer for proper handling.
- Managers and supervisors should not request or otherwise gain access to the restricted social media page of a subordinate employee.
- The Authority has the right to request, in its sole and absolute discretion, that any Authority employee temporarily suspend any social media activity related to the Authority if it is determined this is necessary to comply with this policy, other regulations, or laws.

The Chief Communications Officer, or their designee, is responsible for the content and control of all Authority-sponsored social media websites and activity. All questions related to the Authority-sponsored social media websites and activity should be directed to the Chief Communications Officer, or their designee.

Section 18. Cape Fear Public Utility Authority Property

Employees may be issued or have access to Authority property (this also includes any equipment or property the Authority is responsible for) in the course and scope of employment. Employees are expected to maintain Authority property in proper and safe working condition and report any loss or damage to their supervisor immediately. Employees may be held responsible for loss of or damage to any assigned Authority property that is lost or damaged

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due to negligence, misuse or abuse. Employees are expected to return any Authority property that is assigned or otherwise in their possession upon termination of their employment. The employee's supervisor or the Department Head will decide if the employee is responsible for replacement or repair cost, and this cost may be deducted from the employee's pay.

Section 19. Solicitation and Distribution (Effective: 11/12/2008)

In the interest of maintaining a proper business environment and preventing interference with work and inconvenience to others, employees may not distribute literature or printed materials of any kind, sell merchandise, solicit financial contributions, or solicit for any cause during working time. Working time is the time an employee is expected to be performing his or her job duties and does not include break periods, meal times or other periods when the employees are not properly engaged in performing work. Employees who are not on working time should not solicit employees who are on working time for any cause or distribute literature of any kind to them. Furthermore, employees may not distribute literature or printed material of any kind in working areas at any time.

Non-employees are prohibited from distributing material or soliciting employees on Authority property at any time, except as allowed for Authority-sponsored events.

Solicitation for Authority-sponsored events will be the only solicitations approved for Authority employees. Activities related to such solicitation may be performed on Authority time. Types of Authority-sponsored events are the collection of money for approved employee funds, departmental funds and/or programs to include flower and gift funds, coffee funds, similar funds collected among co-workers for the welfare and benefit of all employees in the unit, section, division or department, or for recognized charitable organizations such as United Way. The Executive Director must approve all requests for solicitation of Authority-sponsored events.

ARTICLE IV – CLASSIFICATION PLAN

Section 1. Adoption

The Cape Fear Public Utility Authority is responsible for adopting a classification plan that assigns all Authority positions to a series of job classes based on the results of a job evaluation system.

Section 2. Maintenance of the Classification Plan

The Human Resources Director, as directed by the Executive Director, is responsible for maintaining the classification plan to ensure that it accurately reflects the duties performed by employees in the job classes to which their positions are assigned. Department directors are responsible for providing the Director of Human Resources with documentation of substantive changes in the nature of duties, responsibilities, working conditions or other factors that could affect the classification of any existing position under their supervision.

When the Human Resources Director determines through job audit and/or job evaluation that substantive change has occurred in the nature or level of duties and responsibilities of an existing position, a recommendation is prepared for the Executive Director to revise or reassign the existing position to the appropriate job class within the existing classification plan, to amend the classification plan by establishing a new job class to which the position may be assigned, or to take other action as needed.

Human Resources will maintain official job classifications for all Authority positions. Human Resources maintain a record of all budgeted and authorized positions.

Section 3. Classification of New Positions

The Director of Human Resources, as directed by the Executive Director, is responsible for reviewing and making recommendations to assign a new position to an existing job class or to a newly created job class. The recommendation must consider documentation furnished by the department head outlining the duties, responsibilities, typical tasks, and qualifications proposed for the position and the results of a job audit and job evaluation to be conducted by the Director of Human Resources or a designee. The creation of a new position that exceeds the number of budgeted and approved positions must be approved by the Authority Board Members.

Section 4. Amendment of the Position Classification Plan

The Executive Director may recommend amendments to the classification plan to the Authority as needed.

ARTICLE V - THE PAY PLAN

Section 1. Adoption

The pay plan refers to the schedule of pay ranges established for all job classes within the Authority's classification plan. Each pay range consists of a minimum, 1st quartile, midpoint, 3rd quartile and maximum rate of pay. The pay range defines the lower and upper limits that the Authority is willing to pay for positions assigned to the pay range. Each pay range is assigned a pay grade number that is unique to the Authority's pay plan. The pay plan is designed to promote employee progression through the pay range, so long as the employee's performance is consistently satisfactory or better. The Authority Board Members are responsible for adopting the pay plan.

Section 2. Maintenance of the Pay Plan

The Human Resources Director, as directed by the Executive Director, is responsible for the administration and maintenance of the pay plan. The pay plan is intended to provide equitable compensation for all positions, reflecting differences in duties and responsibilities, the rates of pay for comparable positions in private and public employment in the area, changes in the cost of living, the financial conditions of the Authority, and other factors. The Executive Director is authorized to make comparative studies of all factors affecting the pay plan and to recommend annual pay plan adjustments to the Authority Board Members.

When the Human Resources Director determines through periodic market analysis and/or salary surveys that a reasonable change has occurred in the pay level of an existing position, a recommendation may be prepared for the Executive Director to revise or reassign the respective position to the appropriate pay range within the existing pay range table, or to take other action as needed. The Executive Director is authorized to approve pay grade changes to maintain the pay plan.

Section 3. Starting Salaries

The normal hiring or promotion range for all Authority positions will be from the minimum to the midpoint of the assigned pay grade. Prior to making an offer of employment or promotion, the Human Resources Director, in consultation with the hiring department head, will submit a recommended starting salary to the Executive Director for approval. The starting salary recommendation must consider such factors including but not limited to employee's education and special certifications, relevant experience, and the salaries and relative experience of current staff in comparable positions. The Executive Director must approve the hiring or promotion of an employee at a salary rate above the midpoint rate established for the job class. The Executive Director is authorized to approve the hiring or promotion of an employee at any rate between the minimum and maximum of the assigned pay grade.

Section 4. Salary of Trainee

An applicant hired or an employee promoted to a position in a higher class, who does not meet all the established requirements of the position, may be appointed at a rate in the pay plan below the minimum pay grade established for the position. In such cases, a plan for training, including a time schedule, will be prepared, and submitted to Human Resources Office for retention in the employee's official personnel file.

Trainee salaries may be five (5) percent below the minimum salary established for the position for which the person is being trained. The training salary will remain in effect until the department head determines that the trainee is qualified to assume the full responsibilities of the position. The department head will develop a training plan for each trainee and will review the trainee's progress monthly, or more frequently as necessary, to determine when the trainee is qualified to assume the full responsibilities of the position. In no event will an employee remain in a trainee

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status for longer than one (1) year, unless preempted by the specific approved job specification. All reviews will be forwarded to the Human Resources Office for retention in the employee's official personnel file.

Section 5. Apprenticeship Programs

An applicant hired or employee placed into a position that is under an established apprenticeship program as recognized by the N.C. Department of Labor may be appointed at a rate in the pay plan below the minimum pay grade established for the position. The employee will be subject to the pay plan established for the respective apprenticeship program.

Section 6. Annual Pay Rate Adjustments

The Authority Board Members will review the pay plan annually and consider recommendations from the Executive Director to adjust the pay plan or pay ranges within the pay plan as needed to reflect changes in the cost of living, to maintain pay rates for Authority positions at a level comparable with rates paid by other public and private employers, and to take into account the financial conditions of the Authority. The Authority will use the index data published by the U.S. Department of Labor, Bureau of Labor Statistics for guidance on the percentage of change for the previous calendar year.

Employees that receive an overall marginal or unacceptable performance appraisal will not receive any annual pay rate adjustment for that review period, unless they successfully complete a Performance Improvement Plan and receive a satisfactory or better performance rating within the timeframe designated under the Performance Improvement Plan. An employee who successfully completes a Performance Improvement Plan will not receive any retroactive pay for performance adjustment for the time under the Performance Improvement Plan. Employees cannot receive any annual pay rate adjustment that will place them above the maximum rate for their respective pay grade. Employees that are at or above the maximum for their respective pay grade will not receive any annual pay rate adjustment.

Section 7. Pay for Performance

The Authority Board Members will review the pay for performance adjustment amount annually and consider recommendations from the Executive Director to adjust the pay for performance plan as needed to reward Authority employees who are performing at levels that qualify for a pay for performance increase. This review will take into consideration the financial conditions of the Authority.

The Human Resources Director, as directed by the Executive Director, is responsible for the administration and maintenance of the pay for performance plan. A standardized performance appraisal system will be used and the employee will receive an evaluation at least annually. All employees, except seasonal and temporary employees, will be eligible for pay for performance appraisals.

Employees that receive an overall marginal or unacceptable performance appraisal will not receive any pay for performance increase for that review period, unless they successfully complete a Performance Improvement Plan and receive a satisfactory or better performance rating within the timeframe designated under the Performance Improvement Plan. An employee who successfully completes a Performance Improvement Plan will not receive any retroactive pay for performance adjustment for the time under the Performance Improvement Plan. Employees cannot receive any pay for performance adjustment that will place them above the maximum rate for their respective pay grade. Employees that are at or above the maximum for their respective pay grade will receive a lump-sum payment for any pay for performance adjustment.

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Section 8. Pay Rates for Promotions, Demotions, Voluntary Reassignments, Reclassifications, Interim Appointments, and Salary Modifications

The pay rate of an employee may be adjusted when the employee is promoted, demoted, reassigned, or reclassified as set forth below.

- A. Promotion: An employee who is promoted may receive up to a ten (10) percent pay increase in base pay or an increase to the minimum rate of the new pay range, whichever is higher, as long as the increase is consistent with the pay plan, and the new pay rate does not exceed the maximum pay rate established for the pay range. Pay increases that exceed the minimum of the new pay range, or ten (10) percent, whichever is higher, but do not exceed the maximum pay rate established for the new pay range, can be approved by the Executive Director if written documentation is provided to justify the increase by the Department Head.
- B. Demotion: The pay of an employee who is demoted will be set at any amount in the new pay range that does not fall below the minimum of the new pay range or exceed the rate at which the employee was paid in the position from which the employee was demoted.
- C. Voluntary Reassignment: An employee voluntarily transferring from a position in one class to a position in another class assigned to the same pay range will continue to receive the same salary. When an employee is temporarily transferred from a position in one class to a position assigned to a higher class, the employee may be paid at a higher rate as long as the temporary transfer is in effect. The rate of pay for an employee who requests a voluntarily demotion to a job class assigned to a lower pay range will be set at the equivalent rate in the new pay range provided that does not exceed the rate at which the employee was paid in the position from which the employee was voluntarily reassigned. For example, if the employee was paid at 110% of the minimum of the previous pay range, the new pay rate will be 110% of the minimum of the new pay range.
- D. Reclassification: An employee whose position is reclassified to a class having a higher pay range may receive a five (5) percent pay increase in base pay or an increase to the minimum rate of the new pay range, whichever is higher, as long as the increase is consistent with the pay plan and the new pay rate does not exceed the third quartile established for the pay range. If the position is reclassified to a lower pay range and the employee is receiving a salary above the maximum rate established for the new class, the employee's pay will be reduced to the maximum rate established for the new class and maintained at that level until such time as the pay range to which the employee's job class is assigned increases.
- E. Interim Appointments: Employees serving in an interim or acting capacity may receive up to a ten (10) percent pay increase in base pay or an increase to the minimum rate of the new pay range, whichever is higher, as long as the increase is consistent with the pay plan, and the new pay rate does not exceed the maximum pay rate established for the pay range. Any increase received by an employee for functioning in an interim or acting capacity will cease when the employee no longer functions in that capacity.
- F. Salary Modification: The Executive Director may grant a salary modification to an employee's salary, not inconsistent with this Article, when it is determined to be in the best interest of the Authority. A salary modification may be up to a ten (10) percent pay increase in base pay, and the employee may only receive such modification once per fiscal year. Salary modifications under this provision will be evaluated on a case-by-case basis and will be subject to the availability of funds and the financial condition of the Authority.

Any deviation from the pay practices detailed in this section must be requested in writing by the respective Department Head and approved by the Human Resources Director and Executive Director.

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Section 9. Pay for Part-Time Work

The pay plan established by this policy is for full-time service. An employee appointed for less than full-time service will be paid using the same pay plan; however, it will be converted to an hourly rate of pay.

Section 10. Overtime Pay and Compensatory Time

1.) Overtime Pay:

It is the Cape Fear Public Utility Authority's policy to comply with the provisions of the Fair Labor Standards Act (FLSA) and to prohibit improper deductions from pay, whether for lack of work or for any other reason.

The Director of Human Resources is assigned responsibility to designate each Authority job class as exempt or non-exempt in accordance with the provisions of the Fair Labor Standards Act (FLSA).

Employees in an exempt job class will not be paid for hours worked over 40 hours in a work week.

Employees in a nonexempt job class who work more than 40 hours in a work week will be compensated at an overtime rate of one and one-half hours for every hour worked **in excess of 40 hours**.

All overtime must be authorized in advance by the employee's department head or a supervisor who has been designated by the department head to make such decisions.

Paid holidays or hours for which an employee does not physically work including paid vacation and sick leave, will not be counted as hours worked in computing overtime. Time actually worked on an Authority designated holiday will be considered time worked in regard to computing overtime compensation. Non-exempt employees who work overtime will be paid for all overtime incurred during the pay period in which the overtime was worked, unless permission to convert to compensatory time is requested and granted.

The Authority has the right to adjust work schedules to stay within the budget constraints.

2.) Compensatory Time:

The Executive Director may grant the use of compensatory time for non-exempt employees in lieu of overtime pay if requested by the Department Head in advance, due to extenuating circumstances. Non-exempt employees will be credited at the rate of 1 1/2 times the "amount of hours worked" over their respective overtime thresholds in their respective pay cycle. Sick leave, annual vacation, holidays, or any other time off in a work period will not count toward computing compensatory time. Maximum accumulation of compensatory time shall be 120 hours total (80 actual hours worked).

Non-exempt employee's accumulated compensatory time for each calendar year will be paid in full, reducing the balance to "zero." This payment will be made no later than the second payroll of the new calendar year. Upon separation from Authority service, a non-exempt employee who has accumulated compensatory time shall be paid not less than the average regular rate received by the employee during the last 3 years of employment, or the final regular rate received by the employee at the time of employment separation, whichever is greater. Accumulated compensatory time shall not be converted to any other form of paid leave, or donated as shared leave.

Non-exempt employees may request and use compensatory leave time off in the same manner as other leave requests. However, compensatory time must be exhausted before any other type of paid leave can be used. Non-exempt employees shall be permitted to use such time off within a "reasonable period" if use of the compensatory time off does not "unduly disrupt" the operations of the department. Department heads will be responsible for

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administering the compensatory policy by allowing employees to take accrued compensatory time in a timely manner so that compensatory time will not accrue to excessive levels. All compensatory time shall be marked as such on official timesheets, both when it is earned and when it is taken. The employee will be responsible for providing an accurate accounting of compensatory time earned and taken, and the Department Head, or their designee, will sign off on all timesheets with compensatory time entries. The Finance Office maintains compensatory time records.

Non-exempt employee's accumulated compensatory time will be paid in full, reducing the balance to "zero", at the employee's current rate of pay at the end of each calendar year. Exempt employee's accumulated compensatory time balances will be reduced to "zero" at the end of each calendar year without payment. Upon separation from Authority service, a non-exempt employee who has accumulated compensatory time shall be paid not less than the average regular rate received by the employee during the last 3 years of employment, or the final regular rate received by the employee at the time of employment separation, whichever is greater. Accumulated compensatory time will not be converted to any other form of paid leave, or donated as shared leave.

Employees may request and use compensatory leave time off in the same manner as other leave requests. However, compensatory time must be exhausted before any other type of paid leave can be used. Non-exempt employees shall be permitted to use such time off within a "reasonable period" if use of the compensatory time off does not "unduly disrupt" the operations of the department. Department heads will be responsible for administering the compensatory policy by allowing employees to take accrued compensatory time in a timely manner so that compensatory time will not accrue to excessive levels. All compensatory time shall be marked as such on official timesheets, both when it is earned and when it is taken. The employee will be responsible for providing an accurate accounting of compensatory time earned and taken, and the department head, or their designee, will sign off on all timesheets with compensatory time entries. The Finance Office maintains compensatory time records.

Section 11. Stand-By and Call-Back Time and Pay

The Authority's Stand-by and Call-back Policy provides for compensation for non-exempt (hourly) employees subject to be called into service when needed. Emergencies and other conditions of a short duration, which require corrective action at the earliest time, may necessitate having personnel available for service outside regular working hours on a continuing, but limited basis. Stand-by duty must be specifically designated as such and must be approved by the Department Head in accordance with established budgetary and fiscal control.

1.) Stand-by Time and Pay:

Stand-by time is defined as time an employee is required to be available to be called into work, if the situation requires. Stand-by time is not considered as hours worked under the Fair Labor Standards Act, provided the employee is not required to remain on or so close to the employer's premises, or otherwise so restricted that they cannot use the time effectively for their own purposes. An example of stand-by time that is not considered hours worked is a plant mechanic that is on stand-by 24-hours a day, seven days a week, and is required to wear a beeper or cell phone and respond to all calls, but is free to go about their normal activities such as working in the their yard, going shopping, out to dinner and travel within a 30 mile radius.

The Authority will compensate employees for stand-by time at the rate of one (1) hour of regular pay for each day they are scheduled to work and scheduled to be on stand-by. Employees will receive two (2) hours regular pay for days they are not scheduled to work but are on call, such as Saturday, Sunday and holidays observed by the Authority. Stand-by time will not be considered as hours worked in regard to computing overtime compensation.

If an employee is on stand-by and is instructed to report to work, the employee will receive a minimum of two (2) hours regular pay, or the pay for actual time worked, whichever is greater. Actual time worked will be considered as hours worked in regard to computing overtime compensation.

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2.) Call-back Time and Pay:

Call-back time is defined as all time spent responding to a call-back to work, including time spent on the telephone for a significant event only. The designation of a significant event will be determined by the Superintendent of Utilities Services, or his/her designee. All call-back time is considered hours worked in regard to computing overtime compensation.

Employees that are provided with an Authority communication device (pager, cell phone, radio) are required to acknowledge receipt of the call-back in no more than 10 minutes of the notification. The employee is expected to be at the work site within 30 minutes of the call-back acknowledgement, and be prepared to work.

Employees on stand-by or are called back to work, who fail to respond in any way, or who is "unable" to respond to a work location will forfeit all stand-by pay for that day and may be subject to disciplinary action.

Section 12. Payroll Deductions

Only payroll deductions specifically mandated or authorized by applicable federal and state laws and regulations or approved by the Cape Fear Public Utility Authority may be deducted from employee pay each pay period. All voluntary deductions must be authorized by the employee.

In the event that the Authority becomes aware of a deduction which may have been made improperly, the Authority will fully investigate the situation and reimburse any employees who have had improper deductions from their pay and take actions to prevent continued improper deductions of this kind.

Section 13. Time Records

Time records must be submitted on a timely basis for each respective pay period. It is the employee's responsibility to provide a true and accurate time record for each pay period. It is the responsibility of the employee's supervisor to verify and approve time records for each pay period. Falsification or misrepresentation of time records may result in disciplinary action, up to and including termination of employment.

Section 14. Pay Periods

Employees are paid on a two week pay period. Each employee will receive pay notification at their designated report station or work area every other Thursday. All employees are paid for the previous pay period. Employees that are absent on payday will receive their pay notification upon return to work. Employees may designate someone to receive their pay notification by providing a signed, written permission. Employees that have discrepancies in their pay are to report the discrepancy to their supervisor immediately. The Authority requires all employees to receive payment in electronic format or direct deposit.

Section 15. Premium Pay (Effective: 11/12/2008)

The Cape Fear Public Utility Authority provides every employee with a base compensation. However, there may be circumstances when additional compensation is appropriate to provide a reward for exceptional performance; or as compensation for successful participation in a special program, event; or for an exempt employee's time worked due to inclement weather/disaster preparation or recovery. Premium pay is contingent upon performance, results achieved, or event; and subject to the availability of funds.

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Premium pay is compensation in addition to an employee's base pay. Premium pay will be paid in accordance with the provisions of the Fair Labor Standards Act (FLSA), and subject to all applicable withholding taxes.

The Department Head may recommend premium pay for an amount of up to \$500 to a fulltime employee that meets the eligible criteria; and has not received any formal disciplinary action with the Authority in the previous twelve (12) months. Written justification is required for each premium pay request. The Human Resources Director and the Executive Director must approve all premium pay requests and payments.

ARTICLE VI – LEAVE OF ABSENCE

Section 1. Holidays

The Authority will follow the same holiday schedule observed by the State of North Carolina. Typically those holidays are as follows:

New Year's Day	January 1
Martin Luther King Day	3 rd Monday in January
Good Friday	Friday before Easter
Memorial Day	Last Monday in May
Independence Day	July 4
Labor Day	First Monday in September
Veterans' Day	November 11
Thanksgiving Day	4 th Thursday in November
Day after Thanksgiving	Day after Thanksgiving
Christmas Day	December 25 (plus one to two additional work days)

The Cape Fear Public Utility Authority reserves the right to adjust the holiday schedule as deemed necessary. It is the Authority's intent to ensure that regular full-time employees receive eleven (11-12) paid holidays, equivalent to eighty-eight (88-96) hours annually. Any holiday falling on Saturday or Sunday will be observed as determined by the State of North Carolina schedule. If employees are assigned to a work schedule other than Monday to Friday, the holiday will be observed the day on which it actually occurs. Employees, who are required to work on a scheduled holiday, or whose normal work schedule does not require them to work on a scheduled holiday, will, at the discretion of the Department Head, receive payment for the holiday, or receive an equivalent day off to be taken **no later than 60 days** from the date of the holiday. Under no circumstances will an employee receive payment for a holiday and an equivalent day off. Regular part-time employees will receive paid holidays on a pro-rata basis. Temporary employees are not eligible for paid holidays.

Regular full-time employees will receive eight (8) hours of holiday pay plus hour-for-hour compensation for all hours worked on the holiday, subject to prior authorization of their supervisor. Regular part-time employees will receive pro-rata holiday pay based on their regular work schedule. In cases where the holiday extends a full-time nonexempt employee beyond the normal forty (40) hour work week, pay will be calculated on the number of hours actually worked, and overtime will be paid if the employee actually works over forty (40) hours in a work week. A nonexempt employee who works forty (40) hours in a work-week will be paid forty (40) hours at the regular rate of pay and will receive eight (8) hours of holiday pay at the regular hourly rate. A fulltime nonexempt employee that normally works a regularly scheduled alternative shift, which is defined as a regularly scheduled shift that is fixed and exceeds eight (8) hours, will receive holiday pay at the number of hours of the regularly scheduled alternative shift.

Authority departments whose functions require extended hours of operation (i.e., evening and weekend hours) and who find it necessary to reduce hours of operation beyond those paid days designated by the Cape Fear Public Utility Authority must ensure that no employee gains additional benefit from the extended closings. If a Department Head (after obtaining approval from the Executive Director) extends a holiday closing to a weekend or evening shift impacted by the corresponding holiday, only those individuals whose shifts are affected by the additional days or hours closed are eligible for rescheduling of work. No other employees within the department may alter their work weeks to gain an advantage not available to other Authority employees. Those employees whose shifts are affected by the additional closings must reschedule the non-holiday work hours within the same work week affected by the extended closings or must use approved vacation leave to complete their work weeks. If rescheduled, the

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rescheduled employees must perform meaningful and productive work for the agency during the rescheduled hours. In no case should employees or their supervisors create “make work” or artificial assignments in an attempt to fill the rescheduled hours.

Regular holidays that occur during a vacation, sick or other paid leave period will not be charged as vacation, sick, or other paid leave.

In order to receive holiday pay, an employee must work on the last scheduled work day before and the first scheduled work day after the holiday, unless the employee is on paid vacation leave, paid sick leave, or other paid leave status.

Section 2. Vacation Leave

Vacation leave is a benefit granted by the Cape Fear Public Utility Authority to eligible employees. Vacation leave is earned by regular full-time and part-time employees working each pay period (limited to 26 pay periods per calendar year) and based on years of service to the Authority (includes previous creditable service with COW/NHC). Eligible employees begin accruing vacation leave on the employee’s hire date; however, the employee must be employed six (6) months before the employee is eligible to take paid vacation leave, unless authorized and approved by the Executive Director. Any employee that separates from the Authority prior to completing six (6) months of employment will forfeit any unpaid accrued vacation leave. Upon request of the employee, and appropriate documentation provided, the Executive Director may award employees with previous experience in fulltime positions with other state and local governments with up to twenty years of experience as the basis for earning vacation leave. The following chart provides the rate at which regular full-time employees earn vacation leave each pay period (limited to 26 pay periods per calendar year) and annually. *(Revision – 8/13/2014)*

Years of Continuous Service	Hours Earned Each Pay Period (limited to 26 pay periods per calendar year) <i>(Revision-8/13/14)</i>	Hours of Full-time Annual Vacation Earned
Less than 2 years	3.076	80
2 but less than 5 years	3.692	96
5 years, but less than 10 years	4.615	120
10 years, but less than 15 years	5.538	144
15 years through 20 years	6.462	168
20 years and over	7.384	192

Part-time employees accrue vacation on a pro-rata basis based upon their hours of work schedule. Vacation leave will begin accruing at the appropriate pro-rated amount on the employee’s hire date; however, the employee must be employed six (6) months before the employee is eligible to take paid vacation leave. Any part-time employee that separates from the Authority prior to completing six (6) months of employment will forfeit any unpaid accrued vacation leave. Temporary and seasonal employees are not eligible for vacation benefits.

- A. Taking Vacation Leave: Vacation leave may be taken as earned by regular employees subject to eligibility and the approval of the supervisor. Each department is responsible for scheduling employee vacation leave without undue disruption of department operations. Leave requests shall be submitted as early as possible,

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or at the direction of the Department Head. The Department Head may require an employee to take vacation leave during leave of absence periods.

- B. **Maximum Accumulation:** The maximum accumulation of accrued vacation leave for regular fulltime employees is 320 hours in any Authority fiscal year. The maximum accumulation for regular part-time employees is pro-rated based on the employee's regular work week. If an employee has accrued vacation leave in excess of the allowed maximum accumulation amount as of the last pay period, of the Authority's fiscal year, the employee's excess vacation leave will be converted to sick leave on an hour for hour basis. The converted sick leave must be used in the same manner as accrued sick leave. (See Article VI, Section 3. Sick Leave.)
- C. **Pay out of Accumulated Vacation Leave:** An eligible employee who is separated for reasons other than failure in performance of duties or personal conduct shall be paid for vacation leave accrued to the date of separation not to exceed a maximum of 320 hours, provided the employee has been employed with the Authority for six (6) months. Employees that separate as a result of failure in performance of duties or personal conduct forfeit all unpaid accrued vacation leave.

The estate of an eligible employee who deceases while employed by the Authority shall be entitled to payment for all the unpaid accrued vacation leave, not to exceed a maximum of 320 hours, at the time of death, provided the deceased employee had been employed with the Authority for six (6) months.

Under this subsection, all accrued vacation leave in excess of 320 hours is forfeited resulting in a zero balance for any employee or deceased employee, with exception to any employee that is retiring under one of the provisions allowed under the North Carolina Local Government Employees Retirement System. Under this exception, any accrued vacation leave in excess of 320 hours will be converted to sick leave on an hour for hour basis at the time of retirement, and administered in accordance with Section 3, subsection 2 of this Article.

Section 3. Sick Leave

Sick leave is a benefit granted by the Cape Fear Public Utility Authority to eligible employees. Regular full-time employees accumulate sick leave at a rate of 3.692 hours for each pay period (limited to 26 pay periods per calendar year) worked up to a maximum of ninety-six (96) hours per year. Part-time employees earn sick leave on a pro-rata basis. Full-time and part-time employees begin accruing sick leave on the employee's hire date. Temporary and seasonal employees do not earn sick leave benefits. *(Revision – 8/13/14)*

Sick leave will be granted to an employee absent from work for any of the following reasons: sickness, bodily injury, required physical or dental examination or treatment, or exposure to a contagious disease, when continuing work might jeopardize the health of others. Sick leave may be used when an employee must care for a member of the immediate family, but may not exceed three (3) days for any one occurrence, except in the case of the employee's spouse, children, mother or father. See definition of immediate family under Article I, Section 4.

Employees are asked to submit requests for sick leave to their supervisor prior to the leave, when possible, or not later than one-half (½) hour before the beginning of a scheduled work day, or work shift. Employees must have unpaid accrued sick leave to be eligible to be paid sick leave.

Payment for all unpaid accrued sick leave is forfeited upon separation of employment with the Authority.

1.) Sick Leave - Physician's Certificate:

The employee's supervisor or department head may require a physician's certificate concerning the nature of the illness and the employee's physical capacity to resume duties for each occasion on which an employee uses sick

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leave in excess of three (3) days. Any restrictions of duty must be prescribed (in detail) by the employee's physician and submitted on the treating physician's letterhead. The supervisor or department head may also require a physician's certificate for less than three (3) days if they suspect abuse of sick leave privileges. Supervisors and department heads will submit all physician certificates and other medical data pertaining to an employee to Human Resources for filing.

2.) Sick Leave - Retirement Credit for Accumulated Sick Leave:

One (1) month of retirement credit is allowed for each twenty (20) days accrued in an employee's sick leave account at time of retirement to employees who are members of the North Carolina Local Governmental Employees Retirement System. Sick leave shall accumulate with no maximum accumulation, and may be used as credit for service under the North Carolina Local Governmental Employees Retirement System, in accordance with all rules and regulations.

3.) Sick Leave – Transfer:

Employees hired by the Authority, whose immediate past employer within the last 90 days was the State of North Carolina, any of its political subdivisions, any local government entity or authority, or municipality in North Carolina, may transfer to the Authority any unused sick leave, provided the employee has not requested, or is receiving, retirement benefits from the North Carolina Retirement System. The employee must request this transfer within 90 days of the beginning of employment with the Cape Fear Public Utility Authority, and it is the responsibility of the employee to provide bona-fide documentation of the amount of unused sick leave from the immediate past employer. Upon verification of the unused sick leave by Human Resources, the employee will be credited with the transferred sick leave.

Section 4. Bereavement Leave

Fulltime employees who have a death in their immediate family may take up to three (3) days of bereavement leave for any one occurrence. Part-time employees are eligible for bereavement leave on a pro-rata basis. See definition of immediate family under Article 1, Section 4. If an employee needs additional time off due to a death in the immediate family, upon approval by their supervisor, the employee may use vacation time, or unpaid time off.

Section 5. Family and Medical Leave Act

The Authority does recognize and comply with the Family and Medical Leave Act of 1993. The FMLA Act provides an employee up to 12 weeks of unpaid leave within any 12 month period for the birth or adoption of a child, to provide physical or psychological care for a child, spouse (husband or wife), or parent with a serious health condition, or to care for the employee's own serious health condition. To be eligible for FMLA, an employee must have worked for the Authority a minimum of one (1) year and have worked 1250 hours or more during the 12 months prior to requesting leave. The Authority designates the "rolling" 12-month period measured backward from each date an employee uses FMLA leave to calculate the 12 months.

An employee must conclude leave for the birth or placement of a child or adoption or foster care within 12 months after the event. FMLA leave may begin prior to birth or placement, as circumstances dictate.

To qualify for medical leave, the health condition or treatment(s) must be such that it requires the employee to be absent from work on a recurring basis for more than three (3) days for treatment or recovery.

1.) Intermittent or Reduced Leave:

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In case of the employee's own serious health condition or that of a family member, the employee may take leave intermittently or on a reduced work schedule, if medically necessary. When the leave is for adoption or the birth of a child, the employee may take leave intermittently or a reduced work schedule only with the joint approval of the employee and the Department Head, subject to approval by the Human Resources Director and Executive Director.

If the employee requests intermittent or reduced leave status, the Authority may temporarily transfer the employee to another position of equivalent pay and benefits in order to better accommodate the leave.

2.) Use of Paid Time-Off Benefits:

The employee may elect to substitute paid benefits, such as vacation or sick leave, for the unpaid time off in accordance with the Authority's policy regarding the use of such benefits. Use of paid time-off benefits will run concurrent with FMLA leave and will not add to or increase the total length of the FMLA leave time. The use of paid compensatory time will not be counted toward FMLA leave.

Unless the employee substitutes paid time-off benefits, the employee's pay will be reduced for all full days of unpaid leave taken, or for all hours of leave taken within a single day. If the employee is an exempt employee, the reduction in pay for partial days will not impact the exempt status under the Fair Labor Standards Act.

3.) Leave Provisions for Spouses Both Working for the Authority:

If leave is taken for the adoption or birth of a healthy child, or care of a sick parent, the maximum combined leave for both spouses is 12 weeks. If leave is taken to care for an ill child or spouse, each spouse is entitled to 12 total weeks of leave.

4.) Military Family Medical Leave:

- A. **New Qualifying Reasons for Leave:** Eligible employees are entitled to up to 12 weeks of leave because of "any qualifying exigency" arising out of the fact that the spouse, son, daughter, or parent of the employee is on active duty, or has been notified of an impending call to active duty status, in support of a contingency operation.
- B. **New Leave Entitlement:** An eligible employee who is the spouse, son, daughter, parent, or next of kin of a covered service member who is recovering from a serious illness or injury sustained in the line of duty on active duty is entitled to up to 26 weeks of leave in a single 12 month period to care for the service member. This military caregiver leave is available during a "single 12-month period" during which an eligible employee is entitled to a combined total of 26 weeks of all types of FMLA leave.

5.) Job Restoration:

Most employees granted leave will be returned to the same position held prior to the FMLA leave, or one that is equivalent in pay, benefits, and other terms and conditions of employment. Certain highly compensated salaried employees (key employees) are eligible for leave, but are not guaranteed restoration to their position if they choose to take leave.

6.) Employee Benefits:

Employee benefits will continue during FMLA leave. Both the Authority and the employee will continue to pay the customary portions of the monthly premiums. The Human Resources department will advise the employee of their respective premium amount and due date. Failure of the employee to pay their share of the premium will result in the suspension of coverage for health care benefits and the termination of coverage for any non-health care benefits for

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the period of non-payment. If the employee chooses not to return from leave, under certain circumstances, the employee may be required to repay the Authority's portion of the premium payment.

7.) Notification:

The employee must provide the Authority 30 day's written notice of need for FMLA leave, or if emergency conditions prevent such notice, the employee must notify the Authority as soon as is practicable.

8.) Certification:

Certification of the need for leave to care for the employee's illness or injury or that of a family member is required. The employee must complete a leave of absence form and obtain the following information from a responsible health care provider and make it available to the Authority:

- A. The date the serious health condition began;
- B. The duration of the condition;
- C. A statement that the employee is needed to care for the ill person and the estimated length of the leave, or a statement that the employee cannot perform the functions of his/her job;
- D. If applicable, the medical reasons verifying the need for intermittent leave or a reduced work schedule, such as scheduled dates for treatment(s).

If no certification is provided, based on the information at hand, the Authority may or may not designate leave as qualifying as FMLA leave. Under the circumstances, if the Authority designates leave as qualifying as FMLA leave, the employee will be provided with a written notification of such designation.

9.) Medical Dispute Resolution:

If there is a dispute about the medical opinion provided by the employee's physician, the Authority may require a second opinion by a physician of the Authority's choice, at the Authority's expense. If a third opinion is necessary, a third physician may be selected, also at the Authority's expense. The third physician must be agreed upon by both the employee and the Authority's, and the physician may not be employed on a regular basis by the Authority.

10.) Release to Return to Work:

A physician's release may be required for the employee to return from leave.

11.) Problem Resolution:

It is the policy of the Cape Fear Public Utility Authority not to discharge or discriminate against any employee exercising his/her rights under the Family and Medical Leave Act. Any employee that feels he/she has been treated unfairly should follow the Grievance Procedure detailed under Article IX of this policy manual.

12.) For More Information:

For more information about the Family and Medical Leave Act, the employee may contact the Human Resources Director.

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Section 6. Leave Without Pay

Regular full-time and part-time employees, working at least 1,040 hours annually, may request a leave of absence without pay for absence from work not covered by any other type of eligible paid leave or if other paid leave balances are exhausted.

Requests for leave without pay must be submitted in writing to the employee's supervisor or Department Head. If the leave is approved by the Department Head, then the request will be forwarded to the Human Resources Director and the Executive Director for approval. The following requirements apply:

- A. Leave may be granted to an employee for a period of up to three (3) months upon the approval of the Executive Director;
- B. Accrued vacation leave must be exhausted prior to taking any leave without pay, unless authorized by the Department Head otherwise;
- C. An employee's vacation and sick leave accrual are suspended during the period of unpaid leave until the employee returns to work;
- D. Leave without pay will run concurrent with any eligible Family and Medical Leave;
- E. An employee that fails to report promptly at the end of the unpaid leave, unless otherwise prohibited by law or regulation, is presumed to have resigned.

Employees granted leave without pay are responsible for paying all employee paid benefit plan premiums, and if the employee has exhausted FMLA, the employee is responsible for paying all benefit plan premiums during the period of leave without pay. Failure of the employee to pay any required benefit plan premium timely will result in termination of the benefit due to non-payment of premium.

Section 7. Maximum Leave of Absence

Generally, an employee's leave of absence (paid or unpaid) may not exceed twelve (12) consecutive months, unless an assessment of the employee's status and the requirements and needs of the Authority determine otherwise. The employee's leave status will be reviewed periodically, in conjunction with the requirements and needs of the Authority, to determine if the employee is to be separated from employment with the Authority.

Section 8. Military Leave

Employees who are members of the National Guard or Armed Forces Reserve will be allowed two (2) calendar weeks for a total of fourteen (14) days of military training leave annually. If the employee's military pay is less than the employee's regular pay the Authority will pay the difference, provided the employee provides proof of compensation from the respective military branch. Otherwise this leave is without pay. Employees may elect to use annual leave to cover part or all of the military leave.

Employees who are required to attend inactive duty training (weekend duty) may be granted accrued vacation leave or unpaid leave for assignments requiring their absence from their Authority position on Friday afternoon.

If such military duty is required beyond the two (2) calendars week annual training period, the regular employee will be eligible to take accumulated vacation leave or be placed in a leave without pay status. While taking military leave with partial pay or without pay, the employee's leave credits and other benefits shall continue to accrue as if the employee physically remained with the Authority during this period.

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Employees who are Guardspersons and Reservists have all job rights specified in the Veterans Readjustment Assistance Act and The Uniformed Services Employment and Reemployment Act (USERRA).

Employees are required to provide copies of official orders for all periods of active duty training. The employee will provide a memorandum from the unit commander for periods of inactive duty training (weekend duty) and proof of compensation if the duty requires the employee to be absent from work.

Section 9. Civil Leave

Civil leave will be granted to regular employees who are summoned to attend court as a juror or witness, except when involved in personal litigation. An Authority employee called for jury duty or as a court witness for the federal or state governments or a subdivision thereof shall receive leave with pay for such duty during the required absence without charge to accumulated vacation or sick leave provided that the employee returns to work immediately upon release from court. Any court fees paid to the employee for jury duty must be remitted to the Authority. An employee required to serve as a witness as a result of his or her official duties must remit to the Authority any witness fees paid by the court.

While on civil leave, benefits and leave shall accrue as though on regular duty.

Employees who are on Jury Duty and are scheduled for work on night shifts the same workday, or any other type of alternate work schedule, shall be protected from loss of pay for the entire twenty-four (24) hour period for each day served.

Employees that are subpoenaed for court appearance as witnesses shall not suffer loss of pay for performing any such duty. The employee must notify the supervisor of the date and time of the appearance, provide a copy of the respective subpoena, and return to work immediately after release from court and submit proof of appearance to the supervisor upon completion of such service.

Section 10. Parent Involvement in Schools

Authority employees who are parents, guardians, or persons "standing in loco parentis" of a school-aged child will be granted eight (8) hours per year of unpaid leave to attend or otherwise be involved at their child's school. Leave for Parent Involvement in Schools is subject to the following conditions:

- A. The leave shall be at a mutually agreed upon time between the supervisor and the employee;
- B. A written request must be submitted to the supervisor for the leave at least forty-eight (48) hours before the time desired for the leave;

For the purposes of this section, "school" means any public school, private church school, church of religious charter, non-public school, preschool and child daycare facilities.

Section 11. Inclement Weather or Area Emergencies

It is the Cape Fear Public Utility Authority's policy to remain open for business during regularly scheduled hours of operation, regardless of weather conditions or area emergencies.

Employees are encouraged to use their discretion in determining their safety needs during severe weather or area emergencies and to act accordingly. Employees who are not able to report due to weather conditions or area emergencies are required to notify their supervisor and to report to work when safety permits. Employees must also notify their supervisors prior to leaving work during severe weather or an area emergency.

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Employees who miss time due to inclement weather or area emergencies may elect to use any of the following:

- A. Accrued vacation leave;
- B. Working additional time within the same work week for non-exempt employees (exempt employees will be up to 30 days) to make up for lost time, provided work is available, subject to prior approval of the supervisor.
- C. Take the time as leave without pay and not receive compensation for time not worked.

However, if it is the decision of the Executive Director to close offices and suspend all non-essential work operations, non-exempt status employees may elect to be compensated under options A or B listed above, or if they elect to use option C, they will not be compensated for the time not worked. Exempt status employees are restricted to options A or B listed above; however, if neither option is available, exempt status employees will be compensated in accordance with FLSA requirements to maintain the position's exempt status. Regardless of status, under this type of closure, probationary employees will be allowed to use ineligible accrued vacation time to be paid. Part-time employees are subject to this policy only for the work time that cuts-across their normal work schedule. (*Section Revision: 8/13/2014.*)

ARTICLE VII - DISCIPLINARY ACTIONS

Department Heads and supervisors are responsible for maintaining the proper conduct and discipline of employees under their supervision. When an employee's performance or conduct is determined by a supervisor or Department Head to be unacceptable, disciplinary action may be taken. Disciplinary action is not to be considered as limiting or restrictive in nature, and application may vary based upon the circumstances.

Section 1. Cause for Disciplinary Action

- 1.) Any employee, regardless of occupation, position, or profession may be warned, demoted, suspended or dismissed by the Executive Director or his/her designee. Such actions may be taken against all employees. The degree and type of action taken shall be based upon the sound and considered judgment of the Executive Director or his/her designee. When cause exists, the only disciplinary actions provided for under this Article are:
 - A. Verbal/Oral warning;
 - B. Written warning;
 - C. Disciplinary suspension without pay;
 - D. Demotion; and
 - E. Dismissal.
- 2.) There are two bases for the discipline or dismissal of employees. These two bases are:
 - A. Discipline or dismissal imposed on the basis of unsatisfactory job performance, including grossly inefficient job performance;
 - B. Discipline or dismissal imposed on the basis of unacceptable personal conduct.
- 3.) Either unsatisfactory or grossly inefficient job performance or unacceptable personal conduct constitutes just cause for discipline or dismissal. The categories are not mutually exclusive, as certain actions by employees may fall into both categories, depending upon the facts of each case. No disciplinary action shall be invalid solely because the disciplinary action is labeled incorrectly.
- 4.) The imposition of any disciplinary action shall comply with the procedural requirements of this Section for equity and consistency during the disciplinary process with all employees.

Section 2. Dismissal for Unsatisfactory Performance of Duties

- 1.) Unsatisfactory job performance is work-related performance that fails to satisfactorily meet job requirements as specified in the relevant class description or position description, work plan or as directed by the management of the work unit or agency.
- 2.) Unsatisfactory performance of duties, depending upon the circumstances, includes, but is not limited to:
 - A. Quality of work;

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- B. Quantity of work;
 - C. Work habits;
 - D. Promptness;
 - E. Timely performance of work related analysis, decisions, or judgment;
 - F. Accuracy of work;
 - G. Ability to follow instructions, directions, or procedures;
 - H. Appropriateness of work performed.
 - I. Failure to meet goals and objectives set forth in the employee's performance evaluation.
- 3.) It is the Authority's intent to assist and promote improved employee performance, rather than to punish. This policy covers all types of performance related deficiencies and does not require that successive disciplinary actions all concern the same type of unsatisfactory performance. Disciplinary actions related to personal conduct may be included in the successive system for performance-related dismissal provided that the employee received at least the number of disciplinary actions, regardless of the basis of the disciplinary actions, required for dismissal on the basis of inadequate performance. Disciplinary actions administered under this Section are intended to bring about a permanent improvement in job performance. Should the required improvement later deteriorate, or other inadequacies occur, the supervisor may deal with this new unsatisfactory performance with further disciplinary action.
- 4.) In order to be dismissed for a current incident of unsatisfactory job performance, an employee must first receive at least one (1) prior disciplinary action. The prior disciplinary action must notify the employee in writing that failure to make the required performance improvements may result in dismissal. Written warnings must contain performance improvement plans that are at least 60 days in duration designed to assist the employee in attaining acceptable job performance.
- 5.) Prior to recommending the dismissal of an employee, the Department Head or his/her designee, must conduct a pre-disciplinary conference with the employee in accordance with the procedural requirements of this Section.
- 6.) An employee who is dismissed must receive written notice of the specific reasons for the dismissal as well as notice of any applicable appeal rights.
- 7.) Time limits for filing a grievance do not start until the employee receives written notice of any applicable appeal rights.

Section 3. Dismissal for Grossly Inefficient Job Performance

- 1.) Gross inefficiency (Gross Inefficient Job Performance) occurs in instances in which the employee fails to perform job requirements satisfactorily as specified in the job description, work plans, or as directed by the management of the work unit or the Authority and that failure results in:
- A. The creation of the potential for death or serious harm to a client(s), an employee(s), members of the public or to a person(s) over whom the employee has responsibility; or
 - B. The loss of or damage to any Authority property or funds that result in a serious impact on the Authority and/or work unit.

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- 2.) Actions that could rise to the level of gross inefficient job performance, depending upon the circumstances, include, but are not limited to:
 - A. Careless, negligent, or improper use of Authority vehicles and equipment;
 - B. Negligence in the performance of duties;
 - C. Negligence in the performance of duties outside the scope of employment.
- 3.) Dismissal on the basis of grossly inefficient job performance is administered in the same manner as for unacceptable personal conduct. Employees may be dismissed on the basis of a current incident of grossly inefficient job performance without any prior disciplinary action.
- 4.) Prior to recommending the dismissal of a non-probationary employee on the basis of grossly inefficient job performance, there shall be a pre-disciplinary conference between the employee and the Department Head or his/her designee.
- 5.) Dismissals for grossly inefficient job performance require written notification to the employee. Such notification must include specific reasons for the dismissal and notice of the employee's right of appeal.
 - A. Time limits for filing a grievance do not start until the employee receives written notice of any applicable appeal rights.

Section 4. Dismissal for Personal Conduct

- 1.) Employees may be dismissed for a current incident of unacceptable personal conduct.
- 2.) Unacceptable Personal Conduct includes, but is not limited to:
 - A. Conduct for which no reasonable person should expect to receive prior warning;
 - B. Job related conduct which constitutes a violation of state or federal law;
 - C. Conviction of a felony or an offense involving moral turpitude that is detrimental to or impacts the employee's service to the Authority;
 - D. The willful violation of known or written work rules or policies;
 - E. Conduct unbecoming an employee that is detrimental to the Authority's service;
 - F. The abuse of client(s), patient(s), student(s) or a person(s) over whom the employee has charge or to whom the employee has a responsibility, or of an animal owned or in the custody of the Authority;
 - G. Falsification of an employment application or other Authority paperwork or documentation;
 - H. Insubordination which is the willful failure or refusal to carry out a reasonable order from an authorized supervisor. Insubordination is considered unacceptable personal conduct for which any level of discipline,

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including dismissal, may be imposed without prior warning;

- I. Absence from work after all authorized leave credits and benefits have been exhausted.
 - J. Abuse of sick leave.
- 3.) Prior to recommending the dismissal of a non-probationary Authority employee on the basis of unacceptable personal conduct, there shall be a pre-disciplinary conference between the employee and the Department Head or his/her designee.
- 4.) Dismissals for unacceptable personal conduct require written notification to the employee. Such notification must include specific reasons for the dismissal and notice of the employee's right of appeal.
- 5.) Time limits for filing a grievance do not start until the employee receives written notice of any applicable appeal rights.

Section 5. Written Warning

- 1.) The supervisor shall monitor and promote the satisfactory performance of work assignments and acceptable standards of personal conduct. All types of performance related job inadequacies could constitute unsatisfactory job performance under this policy. Unacceptable personal conduct can be work related or non-work related conduct and may be intentional or unintentional. When the supervisor determines that disciplinary action is appropriate for unsatisfactory job performance, a written warning is a disciplinary action that an employee may receive. The supervisor may elect to issue a written warning for grossly inefficient job performance or unacceptable personal conduct.

The written warning must:

- A. Inform the employee that this is a written warning and not some other non-disciplinary process such as counseling;
 - B. Inform the employee of the specific issues that are the basis for the warning;
 - C. Inform the employee of what specific improvements, if applicable, must be made to address these specific issues;
 - D. Inform the employee of the time frame allowed for making the required improvements/corrections. Absent a specified time frame, 60 days is the time frame allowed for correcting unsatisfactory job performance. Immediate correction is required for grossly inefficient job performance or unacceptable personal conduct.
 - E. Inform the employee of the consequences of failing to make the required improvements/corrections.
- 2.) Written warnings may be issued to correct behavior for minor infractions or repeated violations of policy, procedure, or work rules, including conduct, depending on the severity of the incident.
- 3.) A written warning must be issued in accordance with the procedural requirements of this Section.

Section 6. Disciplinary Suspension without Pay

An employee may be suspended without pay for disciplinary purposes for unsatisfactory job performance after the receipt of at least one prior disciplinary action or for causes relating to any form of unacceptable personal conduct or grossly inefficient job performance. A disciplinary suspension without pay for an employee who is subject to the overtime compensation provisions of the Fair Labor Standards Act (FLSA) must be for at least one full work day, but not more than two workweeks. The length of a disciplinary suspension without pay for an employee who is exempt from the overtime compensation provisions of the FLSA must be for at least one full workday for infractions of workplace conduct rules, but not more than two full workweeks. Prior to placing any employee on disciplinary suspension without pay, the Department Head or his/her designee shall conduct a pre-disciplinary conference with the employee in accordance with the procedural requirement of this Section. An employee who has been suspended without pay must be furnished a statement in writing setting forth the specific acts or omissions that are the reasons for the suspension and the employee's appeal rights.

An employee that is suspended without pay for disciplinary purposes may be placed on disciplinary probation for a period not to exceed six (6) months. Under disciplinary probation, the employee may be dismissed for any form of unacceptable job performance, grossly inefficient job performance or unacceptable personal conduct. Employees working under disciplinary probation are subject to the procedural requirements of Article VII-Disciplinary Actions and maintain appeals rights.

Section 7. Demotion

- 1.) Any employee may be demoted as a disciplinary measure. Demotion may be made on the basis of either unsatisfactory or grossly inefficient job performance or unacceptable personal conduct.
- 2.) Unsatisfactory Job Performance. An employee may be demoted for unsatisfactory job performance after the employee has received at least one prior disciplinary action.
- 3.) Grossly Inefficient Job Performance. An employee may be demoted for grossly inefficient job performance without any prior disciplinary action.
- 4.) Personal Conduct. An employee may be demoted for unacceptable personal conduct without any prior disciplinary action.
- 5.) An employee who is demoted must receive written notice of the specific reasons for the demotion, as well as notice of any applicable appeal rights.
- 6.) Disciplinary demotions may be accomplished in three ways:
 - A. The employee may be demoted to a lower pay grade with a reduction in salary rate as long as the new salary rate does not exceed the maximum of the salary range for the new lower pay grade;
 - B. The employee may be demoted to a lower pay grade without a reduction in salary rate as long as the salary rate does not exceed the maximum of the salary range for the new lower pay grade; or
 - C. The employee may be demoted while retaining the same pay grade with a reduction in salary rate. In no event shall an employee's salary rate be reduced to less than the minimum salary rate for the applicable pay grade or the special entry rate, if in effect.

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- 7.). Prior to the decision to demote an employee for disciplinary reasons, the Department Head or his/her designee, must conduct a pre-disciplinary conference with the employee in accordance with the procedural requirements of this Section.

An employee that is demoted for disciplinary purposes may be placed on disciplinary probation for a period not to exceed six (6) months. Under disciplinary probation, the employee may be dismissed for any form of unacceptable job performance, grossly inefficient job performance or unacceptable personal conduct. Employees working under disciplinary probation are subject to the procedural requirements of Article VII-Disciplinary Actions and maintain appeals rights.

Section 8. Procedural Requirements

The following procedural requirements must be followed to issue disciplinary action under this Section:

1.) Fact Finding:

Prior to taking any formal disciplinary action, the supervisor shall conduct a fact-finding inquiry to gather any and all pertinent details regarding the situation. The supervisor will then discuss the facts of the case with the Department Head. The Department Head shall then discuss the facts of the case with the Human Resources to determine what, if any, disciplinary actions are deemed appropriate based on the information gathered during the fact-finding inquiry.

2.) Written Warning:

To issue a written warning to an employee, the Department Head or his/her designee must issue the employee a written warning detailing the matters referenced in the Written Warning section above, including any applicable appeal rights.

3.) Disciplinary Suspension without Pay:

Prior to placing an employee on disciplinary suspension without pay, the Department Head or his/her designee must comply with the following procedural requirements:

- A. In matters of unsatisfactory job performance, ensure that the employee has received at least one prior disciplinary action(s). In matters of grossly inefficient job performance or unacceptable personal conduct no prior disciplinary actions are required, so an employee may be suspended without pay for a current incident of grossly inefficient job performance or unacceptable personal conduct;
- B. Schedule and conduct a pre-disciplinary conference. Advance oral or written notice of the conference must be given to the employee of the time, location, and the issue for which discipline has been recommended. The amount of advance notice should be as much as is practical under the circumstances;
- C. Furnish the employee a statement in writing setting forth the specific acts or omissions that are the reasons for the suspension;
- D. Advise the employee of any applicable appeal rights in the document affecting the suspension.

4.) Demotion:

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Prior to demoting an employee the Department Head or his/her designee, must comply with the following procedural requirements:

- A. In matters of unsatisfactory job performance, ensure that the employee has received at least one prior disciplinary action;
- B. In matters of grossly inefficient job performance or unacceptable personal conduct, there is no requirement for previous disciplinary action, so an employee may be demoted for a current incident of grossly inefficient job performance or unacceptable personal conduct without any prior disciplinary action;
- C. Give advance oral or written notice of the pre-disciplinary conference to the employee of the time, location, and the issue for which discipline has been recommended. The amount of advance notice should be as much as is practical under the circumstances.
- D. Give an employee who is demoted written notice of the specific acts or omissions that are the reasons for the demotion;
- E. Advise the employee of how and to what extent the demotion will affect the employee's salary rate or pay grade; and
- F. Advise the employee of any applicable appeal rights in the document affecting the demotion.

5.) Dismissal:

Prior to an employee being dismissed, the Department Head or his/her designee must comply with the following procedural requirements:

- A. The supervisor recommending dismissal shall discuss the recommendation with the Department Head or his/her designee, who shall conduct a pre-disciplinary conference with the employee. The person conducting the pre-disciplinary conference must have the authority to decide what, if any, disciplinary action should be imposed on the employee.
- B. The supervisor or designated management representative shall schedule a pre-disciplinary conference with the employee.
- C. Advance oral or written notice of the pre-disciplinary conference must be given to the employee of the time, location, and the issue for which dismissal has been recommended. The amount of advance notice should be as much as is practical under the circumstances.
- D. The Department Head or his/her designee shall conduct a pre-disciplinary conference with the employee, limiting attendance to the employee, the employee's supervisor, and the Human Resources Director. The purpose of the pre-disciplinary conference is to review the recommendation for dismissal with the affected employee and to listen to and to consider any information put forth by the employee in order to insure that a dismissal decision is sound and not based on misinformation or mistake. Security personnel may be present when, in the discretion of the person conducting the conference, a need for security exists. No

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attorneys representing either side may attend the conference.

- E. In the conference, the Department Head or his/her designee shall give the employee oral or written notice of the recommendation for dismissal, including specific reasons for the proposed dismissal and a summary of the information supporting that recommendation. The employee shall have an opportunity to respond to the proposed dismissal action and to offer information or arguments in support of the employee's position. Every effort shall be made to ensure that the employee has a full opportunity during the conference to set forth any available information in opposition to the recommendation to dismiss. Employees will be allowed to present witnesses that can offer relevant information.
- F. Following the conference, the Department Head or his/her designee, shall review and consider the response of the employee and reach a decision on the proposed recommendation. If the recommendation is to dismiss the employee, the Department Head or his/her designee shall notify the Human Resources Director, who in turn will consult with legal counsel if necessary. If the Human Resources Director concurs with the recommendation, the Department Head or his/her designee will be authorized to issue a written letter of dismissal containing the specific reasons for dismissal, the effective date of the dismissal and the employee's appeal rights shall be issued to the employee in person or by certified mail, return receipt requested, to the last known address of the employee. To minimize the risk of dismissal upon erroneous information, and to allow time following the conference for management to review all necessary information, the decision to dismiss should not be made in accordance with this subparagraph prior to the beginning of the next business day following the conclusion of the pre-disciplinary conference or after the end of the second business day following the completion of the pre-disciplinary conference.
- G. The effective date of a dismissal for unsatisfactory job performance shall be determined by the Department Head or his/her designee. The effective date of the dismissal shall not be earlier than the letter of dismissal.

Section 9. Special Provisions

1.) Placement on Investigation:

Investigation status is used to remove an employee temporarily from work status. Placement on investigation with pay does not constitute a disciplinary action. The Executive Director or his/her designee must notify an employee in writing of the reasons for investigatory placement no later than the second scheduled workday after the beginning of the placement. An investigatory placement with pay may last no longer than 30 calendar days without written notice of extension. When an extension beyond the 30-day period is required, the Executive Director or his/her designee must advise the employee in writing of the extension, the length of the extension, and the specific reasons for the extension. If no action has been taken by the Authority by the end of the 30-day period and no further extension has been imposed, the Authority must either take appropriate disciplinary action on the basis of the findings upon investigation or return the employee to active work status. Under no circumstances is it permissible to use placement on investigation status for the purpose of delaying an administrative decision on an employee's work status pending the resolution of a civil or criminal court matter involving the employee. It is permissible to place an employee in investigation status with pay only under the following circumstances:

- A. To investigate allegations of performance or conduct deficiencies that would constitute just cause for disciplinary action;
- B. To provide time within which to schedule and conduct a pre-disciplinary conference; or

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- C. To avoid disruption of the workplace and/or to protect the safety of persons or property.

2.) Credentials:

By statute, and rule, some duties assigned to positions may be performed only by persons who are duly licensed, registered, or certified as required by the relevant provision. All such requirements and restrictions are specified in the statement of essential qualifications or recruitment standards for job classifications established by the Authority.

- A. Employees in such classifications are responsible for obtaining and maintaining current, valid credentials as required by law. Failure to obtain or maintain the legally required credentials constitutes a basis for immediate dismissal without prior warning, consistent with dismissal for unacceptable personal conduct or grossly inefficient job performance. An employee who is dismissed for failure to obtain or maintain credentials shall be dismissed under the procedural requirements applicable to dismissals for unacceptable personal conduct or grossly inefficient job performance.
- B. Falsification of employment credentials or other documentation in connection with securing employment constitutes just cause for disciplinary action. When credential or work history falsification is discovered after employment with the Authority, disciplinary action shall be administered as follows:
 - a. If an employee was determined to be qualified and was selected for a position based upon falsified work experience, education, registration, licensure, or certification information that was a requirement for the position, the employee must be dismissed in accordance with procedures outlined in this policy.
 - b. In all other cases of post-hiring discovery of false or misleading information, disciplinary action will be taken, but the severity of the disciplinary action shall be at the discretion of the Executive Director.
 - c. When credential or work history falsification is discovered before employment with the Authority, the applicant shall be disqualified from consideration for the position in question.

Section 10. Delegation of Authority

Immediate supervisors are responsible for initial documentation. The Executive Director may delegate authority to Department Heads, for the execution of disciplinary actions, up to and including dismissal. The affected employee has the option to appeal any disciplinary action to the Executive Director for the purpose of affirming, modifying, or reversing the disciplinary action as appropriate, based upon the facts and evidence in each case. The Executive Director retains final authority for appeals decisions and will consider any facts presented by the employee and the supervisor or Department Head during the appeals process.

Section 11. Employee Responsibilities

All employees are responsible for conduct and performance of their job duties and assignments in a manner that is consistent with, but not limited to, job expectations, class descriptions, personnel policies, and work rules. Additionally, off-duty conduct by employees that does not comply with the Authority's personnel policies, work rules, or is conduct unbecoming an employee that is detrimental to the Authority's service is prohibited. Employees are responsible for knowing, understanding, and abiding by the Authority's existing employment policies and subsequent policies and amendments that are adopted by the members of the Authority.

Section 12. Supervisor Responsibilities

It is the responsibility of all supervisors to address immediately and resolve as quickly as possible, situations in which employees perform or behave in a manner inconsistent with, but not limited to, the Authority's work philosophies, job expectations, known work rules, and employment policies. Supervisors are responsible for documenting incidents where employee behavior, conduct and performance are not consistent with the Authority's work philosophies, job expectations, and employment policies as well as the efforts made to take corrective action.

Section 13. Department Head/Supervisor Responsibilities

Department Heads/Supervisors are responsible for ensuring timely and thorough documentation of all disciplinary actions. Documentation should contain:

- A. A clear description of the behavior that prompted the discipline;
- B. The action taken by the supervisor;
- C. How the employee's behavior must change;
- D. The time frame during which the employee must demonstrate a change in behavior;
- E. The expectation that the new behavior must be sustained.

Department heads, in conjunction with the Human Resources Director, are also responsible for ensuring that the Authority applies discipline on a consistent basis in accordance with Authority policy.

Section 14. Corrective Action

When the supervisor first observes or learns of unsatisfactory conduct and/or job performance deficiencies, or if an employee is rated overall marginal or unsatisfactory on their annual performance appraisal, the supervisor will meet with the employee to discuss the situation and Authority expectations. The focus of this initial meeting is to make the employee aware of the problem and of the Authority's expectations and to identify what corrective action the employee must take. The supervisor documents this meeting.

If problems of unsatisfactory conduct and/or job performance continue, the supervisor develops a Performance Improvement Plan, which outlines a method to help improve conduct or performance that is less than acceptable and provides special direction intended to help an employee achieve and sustain satisfactory conduct and/or performance.

A Performance Improvement Plan, which normally covers a sixty (60) day period, must state the process and timetable that will be used to determine if less than satisfactory conduct and/or performance have improved. Performance Improvement Plans must be signed by the employee, supervisor and/or department head, dated and filed with the Department of Human Resources. A copy of the Performance Improvement Plan must be given to the employee.

If the employee successfully fulfills the conditions of the Performance Improvement Plan, the supervisor will submit written documentation to the department head and the Human Resources Director.

The supervisor will also provide written documentation to the department head and the Human Resources Director if the employee does not meet the requirements outlined in the Performance Improvement Plan in the specified time

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period or if conduct and/or performance deteriorate while the Performance Improvement Plan is in effect. When these situations occur, supervisors may proceed with disciplinary action as outlined in this Article.

Section 15. Employee Appeal

A regular employee wishing to appeal a demotion, suspension or dismissal may present the matter in accordance with the provisions of the grievance procedure set forth in Article IX (Grievances).

Section 16. Documentation of Disciplinary Action

Documentation of disciplinary action related to conduct, performance, or safety will remain active for 18 months from the date of the action, unless extended in writing or a second action occurs during the 18-month timeframe. Requests for removal of inactive disciplinary action documentation from the personnel file must be made by the employee in writing to the Human Resources Director. Removal of inactive disciplinary action documentation is at the discretion of the Human Resources Director upon consultation with the respective Department Head, however, in no event can this documentation be removed from the personnel file within 24 months after the date of the disciplinary action. Inactive disciplinary action documentation cannot be the basis for further disciplinary action.

ARTICLE VIII - SEPARATION FROM EMPLOYMENT

Section 1. Types of Separation

Separation from Authority service occurs when the employee leaves the payroll for reasons listed below.

- A. Resignation: A minimum of a two (2) week written notice is expected of all resigning employees. Such notice should be given to the employee's immediate supervisor, to be forwarded to the department head. In the case of Department Heads, the resignation should be given to the Executive Director.
- B. Voluntary Resignation without Notice: An employee who is absent from work and does not contact the employer for three (3) consecutive scheduled workdays may be separated from employment as a voluntary resignation. Termination pursuant to this policy should not occur until the employing department has undertaken reasonable efforts to establish that the employee was able to give or have someone else give notice during the period of days in question. This provision also applies when the employee is absent for at least three (3) consecutive scheduled workdays, has been instructed verbally or in writing of a specific manner of reporting by management, and does not report to the appropriate supervisory personnel on a regular basis satisfactory to the appropriate supervisory personnel.
- C. Separation Due to Unavailability: An employee may be separated on the basis of unavailability when the employee becomes or remains unavailable for work after all applicable leave credits have been exhausted and the Authority does not grant or extend a leave without pay. At least two weeks prior to separation, the Authority will notify the employee in writing of the proposed separation, the efforts taken to avoid separation, and why the efforts were unsuccessful. The employee may propose an alternative arrangement for the Authority's consideration at least one week before the separation goes into effect. The Authority may, at its sole discretion, agree to any suggested alternative arrangement or termination of the employee.
- D. Retirement: An employee may retire when he or she is eligible and applies for retirement benefits from the North Carolina Local Government Employees Retirement System.
- F. Reduction-in-Force: An employee may be reduced in force and separated from Authority service for reasons of a shortage of funds or work, elimination of a position, reorganization, or other changes in duties. Retention of employees in classes affected shall be based on systematic consideration of job performance, type of employment, and length of service. Employees who are separated from the Authority because of a reduction-in-force will be given at least two (2) weeks written notice of the anticipated separation. No regular employee will be separated while there are temporary, probationary, or trainee employees serving in the same job class in the Authority, unless the regular employee is not willing to transfer to the position held by such employees, or the regular employee does not have the knowledge, credentials or skills required to perform the work of the alternate position, or cannot obtain the knowledge, credentials or skills within a reasonable period of orientation and training.
- G. Dismissal: Dismissal is an involuntary separation for cause in accordance with Article VII (Disciplinary Actions). Employees who are involuntarily terminated will be paid through their termination date, unless they are in an unpaid suspension status.
- H. Death: Payment for unpaid salary and reimbursement for travel or other Authority expenses will be made, upon establishment of a valid claim, to the estate of the deceased employee and submitted to the administrator or executor.

Separation due to unavailability or dismissal may be grieved or appealed in accordance with the Grievance Process (See Article IX – Grievance Process).

ARTICLE IX. GRIEVANCE PROCESS

Section 1. Policy and Purpose

It is the policy of the Cape Fear Public Utility Authority to provide a process to discuss and resolve problems and differences that may arise between employees and supervisors. Every employee has the right to present grievances in accordance with this policy, free from interference, coercion, restraint, discrimination or reprisal.

All supervisors are responsible for promptly considering and taking fair and appropriate action on a grievance brought by any Authority employee. In adopting this policy, the Authority sets forth the following objectives:

- A. Provide employees with a procedure to address problems or complaints promptly, fairly and without fear of reprisal.
- B. Encourage employees to express their opinions about conditions of employment that affect them as employees.
- C. Develop a better understanding of policies, practices and procedures and promote their consistent application throughout the Authority.
- D. Give supervisors a greater sense of responsibility in their dealings with employees.

Section 2. Definition

A grievance is a written complaint or dispute concerning the interpretation or application of Authority policies, procedures, or practices affecting Authority working conditions. A grievance may involve alleged safety or health hazards; unsatisfactory physical facilities, surroundings, materials or equipment; unfair or discriminatory supervisory or disciplinary practices, misapplication of department work rules, or any other grievance relating to conditions of employment. Employees must use the Authority's standard grievance form which can be obtained from their supervisor, or found on-line at the Authority's intranet website.

Certain management decisions are not grievable. These decisions involve management discretion and are therefore not subject to the grievance process. Examples of management decisions that are not subject to this grievance process are as follows:

- A. Any condition of employment accepted at the time of employment and/or subsequent change(s) thereto.
- B. Determining the employee benefit package.
- C. Determining the proper classification and rate of pay.
- D. Determining types of training.
- E. Scheduling and distribution of personnel.
- F. Oral or written warnings.
- G. Determining methods, means, and personnel to carry out operations.
- H. Hiring, promotion, transfer, non-disciplinary demotion and assignment decisions.

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- I. Placement on investigation status (paid).
- J. Decisions that maintain the effectiveness and efficiency of Authority operations.
- K. Performance reviews.
- L. FLSA determination.
- M. At-will status.

While employees cannot bring grievances on the foregoing items, they are encouraged to express any concerns that they have concerning actions taken in these areas to their supervisor.

Section 3. Procedure

Unless specifically provided for in another part of this Employee Personnel Policies and Procedures Manual, this grievance procedure will be used for any complaints or disputes arising from these policies. When an employee has a claim or complaint concerning employment with the Authority, the successive steps described below are to be taken toward resolution of the matter.

The number of days indicated at each step of the grievance procedure should be considered as the maximum number of working days allowed for presentation of and response to the grievance at that level. However, when mutually agreed upon, time limits given below may be extended by those concerned. Failure on the part of the employee to satisfy the time limitations provided in this Article shall cause the grievance to be denied or dismissed.

Employees who use this procedure will be free from discrimination, coercion, restraint or reprisal.

Employees may file grievances or appeal decisions using the procedures listed below.

Section 4. Type of Grievance

1.) Formal Grievance

A. Demotion, Suspension, or Dismissal – Appeal to Executive Director or his/her designee:

Authority employees who are subject to demotion, suspension, or dismissed, other than for a reduction in force, shall have 3 working days from the date of receipt of written notice of such action to file an appeal with the Executive Director. The Executive Director will conduct a hearing and issue a final decision to the grievance within 10 working days of receipt of the written notice of appeal.

B. Discriminatory Actions:

- i. Initial Grievance Filed with Department Head: An employee who alleges discriminatory actions shall have 15 calendar days from the date of occurrence to file a grievance. The department head shall have 10 working days to respond to the grievance.
- ii. Final Decision by Executive Director: If the employee is not satisfied with the Department Head's final decision or is unable to obtain a final decision within a reasonable length of time, he/she may file their written grievance with the Executive Director not later than thirty (30) days after receipt of the Department Head's final decision. The Executive Director will conduct a hearing and issue a final decision to the grievance within 15 working days of receipt of the written grievance.

C. Unlawful Workplace Harassment or Sexual Harassment:

- i. Initial Grievance Filed with the Department head: An employee who alleges discriminatory actions shall follow the complaints procedure outlined in Article III (Employee Responsibilities) Section 8 – Unlawful Workplace Harassment.
- ii. Final Decision by Executive Director: If the employee is not satisfied with the Department Head's final decision or is unable to obtain a final decision within a reasonable length of time, he/she may file their written grievance with the Executive Director not later than thirty (30) days after receipt of the final decision. The Executive Director will conduct a hearing and issue a final decision to the grievance within 15 working days of receipt of the written grievance.

2.) Informal Complaint Resolution Process

- i. General Complaints, Issues and Concerns:
- ii. Immediate Supervisor: Each employee is encouraged to discuss complaints, issues or concerns with their immediate supervisor. If the matter is not resolved within five (5) working days, the employee may request a conference to discuss the complaint, issue or concern with the division manager (if no division manager level exist, proceed to step iv below.).
- iii. Division Manager: If the complaint, issue or concern is not resolved within five (5) working days after the conference, the employee may request a conference with the Department Head.
- iv. Department Head: The Department Head shall hear the complaint, issue or concern, gather necessary information, evaluate the matter and seek resolution.
- v. Executive Director: If the matter is not resolved by the Department Head, the employee may request review by the Executive Director. The Executive Director may, at his/her discretion, hear the facts pertaining to the complaint, issue or concern and issue a final decision within 15 working days from receipt of the request. If the Executive Director elects not to review the complaint, issue or concern, the decision of the Department Head is final.

ARTICLE X- EMPLOYEE BENEFITS

Section 1. Health and Dental Care Benefits

The Authority will provide individual health care and dental insurance to all regular full-time employees. Employee only coverage is paid fully or partially by the Authority, depending upon the level of coverage elected. Employees are enrolled in the programs in accordance with the provisions of the insurance contracts.

Payroll deductions are allowed, at the option of the employee, to provide health care and dental insurance for dependents in accordance with the provisions of the insurance contracts. Premiums for health care and dental insurance are paid on a percentage basis by the employee and the Authority.

Section 2. Vacation, Sick Leave and Holidays

See Article VI – Leave of Absence, Sections 1, 2 & 3 (pages 40-43).

Section 3. Unemployment Insurance

Cape Fear Public Utility Authority employees who are laid off or released from Authority service may apply for unemployment insurance benefits through the local office of the Employment Security Commission. Eligibility for unemployment insurance benefits will be determined by the Employment Security Commission. If it is determined by the Employee Security Commission that a former employee is eligible for unemployment insurance benefits, the Cape Fear Public utility Authority reimburses the Employment Security Commission for all benefits paid to the former employee.

Section 4. Retirement Benefits

Employees working a minimum of 1,000 hours per year will be enrolled in the North Carolina Local Governmental Employees' Retirement System (NCLGRS). Employees are required to contribute, through payroll deduction, six percent (6%) of their gross salary. The Authority contributes an actuarially determined percentage of the gross payroll each month to the Retirement Benefits published by the North Carolina Local Government Employees' Retirement System or on the web at www.nctreasurer.com

Section 5. Post-Retirement Health Care

Post-retirement health care is available only to Authority employees hired on or before July 1, 2008 as defined in the InterLocal Agreement.

City of Wilmington employees that became Authority employees on or before July 1, 2008 are eligible for retirement health care benefits in accordance with the following:

City employees who have completed five (5) years of continuous service with the City (or combined with the Authority), who are currently vested in the NCLGRS retirement plan and who are identified in Exhibit M of the ILA, and employed by the Authority, shall receive post-retirement health care benefits if they retire from Authority employment into the North Carolina Retirement System from a trust established to fund these benefits based on the actuarial calculation of these benefits as defined and shown in the Actuarial valuation of the City of Wilmington-Other Post-Employment Benefits Study to be completed by the closing date.

The Authority will administer this benefit in accordance with the rules and regulations governing this benefit in place by the City of Wilmington on July 1, 2008.

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New Hanover County employees that became Authority employees on or before July 1, 2008 are eligible for retirement health care benefits in accordance with the following:

County employees identified in Exhibit M of the ILA who are employed by the Authority shall receive post-retirement health care benefits if they retire from Authority employment into the North Carolina Retirement System from a trust established to fund these benefits based on a County actuarial calculation, as follows:

- A. An Employee with at least five years but less than fifteen years of service will be allowed to continue insurance coverage and the Employee shall pay 100% of the total cost for individual coverage;
- B. An Employee with at least fifteen years but less than twenty years of service will be allowed to continue insurance coverage and the Employee shall pay 75% of the total cost for individual coverage;
- C. An Employee with at least twenty years but less than twenty-five years of service will be allowed to continue insurance coverage and the Employee shall pay 50% of the total cost for individual coverage;
- D. An Employee with at least twenty-five years but less than thirty years of service will be allowed to continue insurance coverage and the Employee shall pay 25 % of the total cost for individual coverage;
- E. An Employee with at least thirty years of service will pay the prevailing payroll rate for individual coverage.

All eligible employees must have a minimum of five consecutive years of service with the County (or combined with the Authority), and years of service is defined as credible service as recognized with the North Carolina Retirement System. The Authority will administer this benefit in accordance with rules and regulations governing this benefit in place by New Hanover County on July 1, 2008.

Authority employees hired after July 1, 2008, are not eligible for any post-retirement health care benefits.

Section 6. Life and Disability Insurance Benefits

The Authority provides group term life insurance to full-time regular employees at no cost to the employee. The life insurance proceeds equal one times the employee's annual salary rounded up to the next thousand, not to exceed \$150,000. The policy provides life insurance amounts of \$5,000 for the employee's spouse and \$2,500 for the employee's dependent children. Additionally, employees can elect supplement term life insurance coverage under this policy for themselves, spouse and dependent children paid by the employee through payroll deduction. All coverage is subject to the provisions of the life insurance contract.

Authority paid Long Term Disability insurance is provided to provide income protection to employees unable to perform all of the material duties of their job on a fulltime basis due to sickness or injury. The coverage provides for lost income should employees become sick or injured requiring more than 90 days out of work due to partial or full disability. The benefit payments will continue for up to 2 years provided the employee is under partial or full disability in accordance with the policy contract. Depending on the employee's age at the onset of the disability, the benefit period may be less than 2 years.

Section 7. Workers' Compensation Insurance

The Authority provides insurance protection for on-the-job injuries and illnesses, which include:

- A. All eligible medical expenses paid;

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- B. Weekly disability income benefits if the employee is unable to return to work;
- C. Death benefits payable to the employee's survivors.

Section 8. Social Security Retirement/Disability and Medicare Account

This plan provides retirement income for the employee and spouse, disability income, death benefits for surviving spouse and dependent children, and Medicare protection at the age of 65. The Authority contributes a percentage of the employee's income into this federally operated program.

Section 9. Voluntary Shared Leave Program

1.) Purpose:

There are occurrences brought about by prolonged medical conditions that cause employees to exhaust all available leave and therefore be placed on leave-without-pay. It is recognized that such employees could be without income at the most critical point in their work life. It is also recognized that fellow employees may wish to donate some of their vacation leave voluntarily so as to provide assistance to fellow employees. This policy provides an opportunity for employees to assist another affected by a medical condition that requires absence from duty for a prolonged period of time resulting in a substantial loss of income.

2.) Policy:

In those cases of prolonged medical condition, an employee may apply for or be nominated to become a recipient of leave transferred from the vacation leave account of one or more employees. For purposes of this policy, medical condition means medical condition of an employee, an employee's spouse, or an employee's legally dependent children that is likely to require an employee's absence from duty for prolonged period, generally considered to be at least 20 consecutive workdays. The medical condition must be non-work related. The intent of this policy is to allow one or more employees to assist another employee in cases of prolonged medical conditions which have resulted in exhaustion of all earned leave.

3.) Guidelines:

The request for transfer and use of vacation leave from one individual to another shall be presented in writing to the Human Resources Director by the appropriate Department Head.

- A. To be eligible for consideration to receive donated leave, the employee:
 - a. Must have been employed at least one (1) year in a regular fulltime position with the Authority, that is eligible to earn leave benefits;
 - b. Will exhaust all sick, vacation and compensatory leave prior to returning to work;
 - c. Will use donated leave for the sickness of the employee, the employee's spouse, or the employee's legally dependent children only.
- B. Vacation leave donated by employees will be converted to sick leave.
- C. Only vacation leave may be donated, but after donation, the donating employee must still have a minimum balance of forty (40) hours of vacation leave and forty (40) hours of sick leave. Donors shall complete an

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authorization form designating the number of hours being donated and to whom it is being donated. The employee must sign the form to authorize the transfer.

- D. The employee receiving donated time will be given information on the amount of time donated, but will not receive information such as the names of donating employees. Leave time will be donated to the employee anonymously.
- E. Leave sharing shall only be considered for extreme hardship situations or catastrophic situations.
- F. An employee may not file a grievance, or an employee appeal, if their request to receive leave or donate leave is denied. The Executive Director will render a final decision based upon the merits and circumstances of each request.
- G. Leave sharing shall not be available to employees who are receiving Worker's Compensation.
- H. Any donation of leave must be done strictly on a voluntary basis. Solicitation on the part of Department Heads or supervisors is not permitted.
- I. In the event that the beneficiary should die prior to exhausting all of the donated leave, the unused balance of the leave will be forfeited.
- J. The maximum amount of shared leave an employee may receive in a 12-month period is 1,040 hours, either continuously, or if for the same condition, on a recurring basis. The Authority designates the 12-month period measured backward from each date an employee's shared leave begins (rolling 12-month period).

NOTE: Any donated leave may be taxable to the recipient. The dollar amount of any donated leave will be added to the recipient's W-2 as income and taxed appropriately.

Section 10. Benefits – Other

The Cape Fear Public Utility Authority provides the following additional benefits to employees:

- A. Deferred Compensation Plan. Provides supplemental long-term retirement income as authorized by Section 401(k) of the Internal Revenue Code (employee deferral is optional).
- B. Deferred Compensation Plan. Provides supplemental long-term retirement income as authorized by Section 457b of the Internal Revenue Code (employee deferral is optional).

The Authority will provide an automatic 2% employer contribution and up to an additional 2% match for employees who also defer at least 2% into either the 401(k) plan or the 457b plan, as selected by the employee. If the employee elects not to defer into either plan, the employer contribution will be placed into an account in the 401(k) plan on behalf of the employee.

- C. Miscellaneous voluntary supplemental insurance benefits (employee participation is optional).
- D. Credit Union (employee membership is optional).
- E. Flexible Benefit Plan, authorized by Section 125 of the Internal Revenue Code, provides employees the option of paying for qualified benefits with pre-tax wages. Also, employees are eligible to participate in a Flexible Spending Account (FSA) that allows them to set aside pre-tax wages for reimbursement of qualified medical and dependent care.

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F. Service awards.

G. Employee Recognition Programs. The Executive Director is authorized to implement programs/ and/or policies designed to enhance employee morale, retention and recruitment. These programs may be designed for individual or group recognition and may include a nominal (not to exceed \$100 per employee) cash (or other tangible item) award, subject to budget approval and the availability of funds. *(Amended April 8, 2015)*

Full details of any of these employee benefits are available from the Human Resource Department. The information provided under this Article is intended to provide a brief summary of benefits. The official plan documents and/or contracts determine eligibility and the level of benefits provided. If there is any discrepancy between this information and the plan document or contract, the plan document or contract will prevail.

ARTICLE XI - EMPLOYEE RECORDS AND REPORTS

Section 1. Employee Records Maintenance

The Authority's Human Resources Department maintains records for each employee. These records provide information needed to administer employee payroll and benefits; to comply with federal, state, and local laws and regulations; and to document employee performance. Other departments may keep some relevant personnel records.

The following information on each Authority employee is public information:

- A. Name;
- B. Age;
- C. Date of original employment or appointment to Authority service;
- D. The terms of any contract by which an employee is employed whether written or oral, past and current, to the extent that the Authority has the written contract or a record of the oral contract in its possession.
- E. Current position;
- F. Title;
- G. Current salary;
- H. Date and amount of each increase or decrease in salary with the Authority;
- I. Date and type of each promotion, demotion, transfer, suspension, separation, or other change in position classification with the Authority;
- J. Date and general description of the reasons for each promotion with the Authority;
- K. Date and type of each dismissal, suspension, or demotion for disciplinary reasons taken by the Authority. If the disciplinary action was a dismissal, a copy of the written notice of the final decision of the Authority setting forth the specific acts or omissions that are the basis of the dismissal;
- L. The office to which employee is currently assigned;

The personnel records of the employees of the Authority shall be maintained and disclosed by the Authority's Human Resource Department only as provided in Section 162A-6.1.

Employees are responsible for supplying the Cape Fear Public Utility Authority's Human Resources Department with up-to-date information including home address, telephone number, change in marital status, change in the status of dependents, change in visa or citizenship status, and change in military reserve status.

Section 2. Access to Employee Records

Access to employee records is governed by North Carolina General Statutes 162A-6.1, as amended, which allows any person to have access to the information listed in Section 1 of this Article for the purpose of inspection, examination, and copying during the Authority's regular business hours, subject only to such rules and regulations for

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the safekeeping of public records as the Members of the Authority may adopt. Access to such information shall be made by written application and is governed by the following provisions:

- A. Except for all authorized Authority officials requiring access to employment files to process personnel actions, all disclosures of records will be accounted for by keeping a written record of the following information: name of employee; information disclosed; date information was requested; name and address of the person to whom the disclosure is made; and purpose for which information is requested. This information must be retained for a period of two years.
- B. The record of disclosure will be made available upon request to the employee to whom such record pertains.
- C. Any individual examining a personnel record may obtain copies of the information identified above.

Section 3. Confidential Information

All information contained in the Authority employee's personnel file, other than the information listed in Section 1 of this Article will be maintained as confidential in accordance with the requirements of North Carolina General Statutes 162A-6.1, as amended and will be open to inspection only in the following instances:

- A. The employee or his duly authorized agent may examine all portions of his personnel file, except (1) letters of reference solicited prior to employment; and, (2) information concerning a medical disability, mental or physical, that a prudent physician would not divulge to his patient.
- B. A licensed physician designated in writing by the employee may examine the employee's medical record.
- C. An Authority employee having supervisory authority over the employee may examine all material in the employee's personnel file.
- D. By order of a court of competent jurisdiction, any person may examine such portion of the employee's personnel file as may be ordered by the court.
- E. An official of an agency of the State or Federal government, or any political subdivision of the State, may inspect any portion of a personnel file when such inspection is deemed by the official having custody of the personnel records to be necessary and essential to the pursuit of a proper function of the inspecting agency, but no information shall be divulged for the purpose of assisting in a criminal prosecution of the employee or for the purpose of assisting in an investigation of the employee's tax liability. However, such official having custody of such records may release the name, address, and telephone number from a personnel file for the purpose of assisting in a criminal investigation.
- F. An employee may sign a written release, to be placed with his personnel file, that permits the person with custody of the file to provide, either in person, by telephone, or by mail, information specified in the release to prospective employers, educational institutions, or other persons specified in the release.
- G. The Executive Director, with concurrence of the Members of the Authority, may inform any person of the employment or non-employment, promotion, reassignment, demotion, suspension, or other disciplinary reasons for that personnel action. Before releasing the information, the Executive Director will determine in writing that the release complies with applicable laws and is essential to maintaining the public trust and confidence in the administration of services or to maintain the level and quality of Authority services. This written determination shall be retained in the office of the clerk, and is a record available for public inspection and will become part of the employee's personnel file.

Effective Date: July 1, 2008

Last Revision Date: December 12, 2012

Section 4. Records of Former Employees

The provisions for access to records are applicable to both current and former employees.

Section 5. Records of Applicants

Applications and other information gathered with respect to an applicant is not public information and will be kept confidential in accordance with North Carolina Law. The Authority will not release this information without written permission from the applicant.

Section 6. Remedies of Employees Objecting to Material in File

An employee who objects to material in his or her file may place in the file a statement relating to the material considered being inaccurate or misleading. The employee may seek the removal of such material in accordance with established grievance procedures.

Section 7. References

The Authority does not give references, other than as to employment and last salary, without the express written consent of the employee, which shall release and hold harmless the Authority from all liability.

Only a Department Head, Human Resource Director, or designee will provide employment references on current or former Authority employees.

Section 8. Records of Employee Images, Videos and Recordings

The Authority reserves the right to use any image, video, or recording of any employee functioning in an Authority capacity for the purpose of promoting the Authority. By virtue of employment with the Authority, all employees grant implied consent for the use of employee images, videos, or recordings. The use of any employee image, video or recording must be approved by the Chief Communications Officer or Executive Director. If an employee has a valid objection to this policy, they may request an exemption in writing. The request should be sent to the Human Resources Director and must specify the reason the employee is requesting an exemption.

For security reasons, employees are prohibited from making or using images, videos, or recordings of Authority facilities or employees functioning in an Authority capacity without the express consent of their Department Head, the Chief Communications Officer, or the Executive Director. Violations of this policy may result in disciplinary action up to and including dismissal. This prohibition does not apply to open public meetings.

ARTICLE XII - IMPLEMENTATION OF POLICIES

Section 1. Conflicting Policies Repealed

All prior policies, ordinances, or resolutions that conflict with the provisions of this personnel policy manual are hereby repealed. Upon adoption by the Members of the Authority, this version of the Cape Fear Public Utility Authority's Personnel Policies and Procedure Manual – 2012 supersedes all previous versions.

Section 2. Severability

If any provision of these policies or any rule, regulation or order there under or the application of such provision to any person or circumstances is held invalid, the remainder of these policies and the application of such remaining provisions of these policies or such rules, regulations or orders to persons or circumstances other than those held invalid will not be affected thereby.

Section 3. Adoption by Resolution and Effective Date

These policies shall be adopted by resolution by the Members of the Authority. The effective date of these policies will be designated in the adopted resolution.

Section 4. Administrative Modifications to Comply with Federal or State Changes in Labor and Employment Laws and Regulations

The Executive Director may amend provisions of the Cape Fear Public Utility Authority's Personnel Policies and Procedures Manual – 2012 where modification is necessary to remain in compliance with federal or state laws and regulations. All other modifications shall be made by resolution of the Authority Members.

Effective Date: July 1, 2008

Last Revision Date: December 12, 2012

RESOLUTION

WHEREAS, the Authority has approved the Cape Fear Public Utility Authority Employee Personnel Policies and Procedures Manual – 2008 effective July 1, 2008; and

WHEREAS, the Authority has developed these policies to promote effective and consistent human resource management practices and procedures for the employees of the Cape Fear Public Utility Authority; and

WHEREAS, it is understood that it will be necessary to revise and update these policies from time to time; and

WHEREAS, it has been determined the policies need to be amended to reflect revisions and updates; and

WHEREAS, it is in the best interest of the Authority to adopt these amendments to the policies by resolution rather than by ordinance in order to avoid claims of detrimental reliance and preserve the Authority's ability to flexibly adjust and change the policies as may be necessary in the future.

NOW, THEREFORE BE IT RESOLVED:

1. That the Cape Fear Public Utility Authority Employee Personnel Policies and Procedures Manual – 2008 be amended to include all the revisions and updates approved by the H.R. Committee on December 4, 2012. The effective date of this Resolution is December 12, 2012.

Adopted this, the 12th day of December, 2012.



Attest:


James G. Brumit, Secretary


James L. Quinn, Chairman

Effective Date: July 1, 2008

Last Revision Date: December 12, 2012

REVISION SCHEDULE

- 1) All references to General Manager changed to Chief Executive Officer – 11/12/2008.
- 2) A Solicitation and Distribution policy was added – 11/12/2008.
- 3) A Premium Pay policy was added – 11/12/2008.
- 4) Sick leave in excess of 3 days authorized for employee's care of spouse, children, mother or father – 3/1/2009
- 5) All revisions dated December 2012 are listed in Appendix I in a separate document titled "HRDOC-6.1, Appendix I, Employee Personnel Policy and Procedures Manual-2012". This document will be located on the Shared Drive.
- 6) October 9, 2013, the Chief Executive Officer title was changed to Executive Director. Therefore any reference in this manual to Chief Executive Officer should now be considered Executive Director. 10/10/2013.
- 7) August 13, 2014, Pg. 47, Section 11. Inclement Weather, change verbiage regarding taking leave or making up hours in the event of a closure as directed by the Executive Director.
- 8) August 13, 2014 – pg 41, Section 2. Vacation Leave, added statement limiting pay periods in a calendar year to 26. Pg. 42, Section 3. Sick Leave, added statement limiting pay periods in a calendar year to 26.
- 9) April 8, 2015, Pg. 67, Article X, Section 10, Benefits-Other. Added subsection G. to include "Employee Recognition Programs."

Effective Date: July 1, 2008

Last Revision Date: December 12, 2012

**CAPE FEAR PUBLIC UTILITY AUTHORITY - EMPLOYEE PERSONNEL POLICIES AND PROCEDURES
MANUAL ACKNOWLEDGMENT**

By signing below, I acknowledge that I have received, and will read, the Cape Fear Public Utility Authority's Employee Personnel Policies and Procedures Manual - 2012. I understand that the Employee Personnel Policies and Procedures Manual is provided to me for general guidance and are not an exhaustive statement of Authority policies.

In addition, I understand that the Employee Personnel Policies and Procedures Manual does not constitute a contract of employment and that the Authority may change, revoke, interpret, or add to any of the policies contained therein at any time at its sole discretion without prior notice. The Authority is an "at-will" employer, which means the employee or the employer has the right to terminate the employment relationship at any time and for any reason, not otherwise prohibited by law.

Finally, I understand that any amendment of the Employee Personnel Policies and Procedures Manual will always govern and supersede any prior version. I also understand that if I have questions or concerns regarding my terms of employment or working conditions with the Authority, I should contact my supervisor or Human Resources.

Employee Name: _____

Employee Signature: _____

Date: _____

**NOTE: THIS PAGE, AFTER BEING PROPERLY ENDORSED, IS TO BE
DETACHED AND BECOMES A PART OF THE EMPLOYEE'S PERSONNEL FILE**