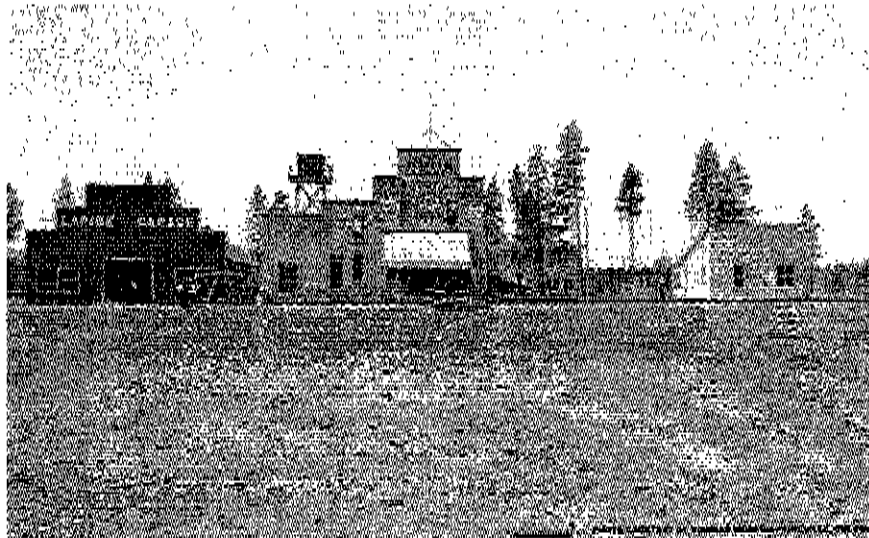


EMPLOYEE HANDBOOK OF THE CITY OF LA PINE



Effective November 1, 2010

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Employee Handbook

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EMPLOYEE HANDBOOK OF THE CITY OF LA PINE

1. INTRODUCTION

a. Welcome

We would like to take this opportunity to welcome you to the City of La Pine, an Oregon municipal corporation (the "City"). We look forward to working with you as we serve our mission, while also providing a rewarding and supportive environment to our employees. As part of our team, we encourage all employees to embrace our goal of excellence and integrity. Furthermore, we value our employees' loyalty and honesty and encourage open communication. We are confident that we will provide you with a rewarding employment environment.

b. Mission

The City's mission is to improve the City and the quality of life of the community while maintaining its friendly small town nature, through considered choices and planned growth and development.

c. Purpose of Employee Handbook

This Employee Handbook of the City of La Pine (this "Handbook") is intended to communicate the City's employment policies and procedures. It is presented as a matter of information only. This Handbook does not anticipate every situation nor answer every question about an employee's employment with the City. Because this Handbook applies to all employees, each employee is required to carefully and thoroughly review this Handbook in its entirety. After reviewing this Handbook, each employee must sign and return the Employee Handbook Receipt Acknowledgement Form (the "Acknowledgement Form") to the City Manager. The Acknowledgement Form is attached hereto as Exhibit A.

d. Reservation of Rights

Neither this Handbook nor any of its terms create or constitute a contractual relationship between the City and any employee. Except for the at-will employment policy described in Section 6, at any time, with or without prior notice, the City may modify, supplement, revise, change, delete, discontinue, and/or suspend all or any part of the procedures, practices, policies, and/or benefits provided in this Handbook as business, employment, legislation, and/or other conditions dictate. Any modification, supplementation, revision, change, deletion, discontinuance, and/or suspension of all or any part of the procedures, practices, policies, and/or benefits provided in this Handbook will apply to all existing and future employees.

e. Employee Handbook Supersedes Previous Policies

The policies set forth in this Handbook supersede all prior oral and/or written City procedures, practices, policies, rules, and commitments. Accordingly, disregard any and all previously issued handbooks and/or policies. Any representation by any person that in any respect conflicts with any matter set forth in this Handbook is invalid unless specifically acknowledged in writing by the City Manager.

2. EMPLOYMENT POLICIES

a. Employment Applications

The City relies upon the accuracy of information contained in the employment application and related documentation presented during the hiring process. Any misrepresentations, falsifications, and/or material omissions in any application or related documentation may result in the person's exclusion from further consideration for employment or, if the person has been hired, termination of employment. In processing applications, the City may obtain credit information on applicants consistent and in accordance with the Federal Credit Reporting Act (and any other applicable federal and Oregon laws and regulations). The City may check the employment references of all applicants.

b. Background Investigations

The City may conduct criminal background investigations during an applicant's pre-employment screening process or for cause to identify applicants or current employees that have specific criminal convictions that reasonably relate to the applicant's or employee's fitness to perform the particular job applied for or the employee's current position. Such behavior, when identified, will limit the City's risk in employing those individuals who may cause harm to themselves or co-workers.

c. Employment Authorization (I-9 Form)

The Immigration Reform and Control Act of 1986 requires that the City ensure that employees are authorized for employment in the United States. Therefore, only individuals lawfully authorized for employment in the United States will be employed by the City.

In connection with the Immigration Reform and Control Act of 1986, the City must collect certain information and review certain documentation concerning the employment authorization of individuals hired after November 6, 1986. This information and documentation will be used only for compliance with the Immigration Reform and Control Act of 1986 and not for any unlawful purpose. If your employment authorization changes or terminates after the commencement of your employment, please inform the City Manager immediately.

d. Income Tax Withholding (W-4 Form)

Employees are required to fill out a W-4 form at the time of hire. Employees must submit their W-4 form to the City Manager within two business days of hire. During employment, if employees have changes to make to their W-4, they may request a new form, at any time, for proper payroll deductions. All changes must be made via submission of a new W-4. Verbal changes are not sufficient. All employees are advised to consult with a tax advisor to determine the appropriate withholding allowance for them personally.

3. HARASSMENT

The City is committed to providing a work environment that is pleasant, professional, and free from harassment, intimidation, hostility, and/or other offenses which may interfere with an employee's work performance. Harassment in employment based on sex, race, national origin, religion, age, disability, and/or any other basis prohibited by law is prohibited. Examples of harassment based on

race, national origin, religion, age, or disability include, without limitation, words, signs, offensive jokes, cartoons, pictures, posters, emails, or statements that depict such protected groups or individuals in a derogatory way. The City does not tolerate harassment by anyone, including supervisors, co-workers, or non-employees. Any action or conduct contrary to this policy is prohibited, will not be tolerated, and may result in disciplinary action up to and including termination of employment.

a. Sexual Harassment

The City prohibits the sexual harassment of any individual in the workplace. Sexual harassment is generally defined to include any unwelcome sexual advances, requests for sexual favors, or other visual, verbal, or physical conduct of a sexual nature when (a) submission to such conduct is made either explicitly or implicitly a term or condition of employment, (b) submission or rejection of such conduct affects employment opportunities, and/or (c) the conduct interferes with an employee's work, or creates an intimidating, hostile, or offensive work environment. Sexual harassment also includes harassment based on another person's gender, harassment based on pregnancy, childbirth or related medical conditions, or harassment of another employee of the same gender as the harasser.

Examples of sexual harassment prohibited by law and this Handbook include, without limitation, the following: (a) threats or insinuations that another employee's refusal to submit to sexual advances will adversely affect the employee's employment, evaluation, compensation, advancement opportunities, assigned duties, or any other condition of employment or career development; (b) unwelcome sexual advances, flirtations, or propositions; (c) verbal abuse or sexually oriented jokes or comments of a sexual nature; (d) unwelcome whistling, staring, or leering at another person; (e) unwelcome sexually suggestive or flirtatious letters, notes, email, or voicemail; (f) displaying or circulating pictures, objects, or written materials that are sexually suggestive or that demean or show hostility towards a person because of the person's gender; and (g) displaying of sexually suggestive objects or pictures.

b. Complaint Procedure

An employee who reasonably believes in good faith that he or she has been subjected to harassment is encouraged (but is not required) to promptly tell the person that the conduct is unwelcome and ask the person to stop the conduct. A person who receives such a request must immediately comply with it and must not retaliate against the employee for rejecting the conduct.

If the employee is uncomfortable addressing the harasser, the employee must promptly report the offending behavior, whether the behavior is directed toward the employee personally or to another employee, to the City Manager by the completion and submission of the Employee Complaint Procedure Form attached hereto as Exhibit B (the "Complaint Form"). If the complaint concerns the City Manager, or the employee is uncomfortable reporting the complaint to the City Manager, the employee must bring the situation to the prompt attention of the Mayor by the completion and submission of the Complaint Form. After receiving notification of the employee's complaint, an investigation will be promptly initiated by the City Manager (or the Mayor, as the case may be) to gather all pertinent facts about the complaint. After the investigation has been completed, a determination will be made by the City Manager (or the Mayor, as the case may be) regarding an appropriate resolution. If warranted, disciplinary action up to and including termination of employment may be imposed. To the extent possible, all complaints of harassment will be handled confidentially.

c. Retaliation Prohibited

The City prohibits retaliation against an employee who brings a harassment complaint or assists in investigating a harassment complaint. Retaliation in violation of this policy may result in disciplinary action up to and including termination of employment. No action will be taken against an employee who in good faith complains of harassment or who assists in the investigation of a harassment complaint. An employee who believes that he or she may have been retaliated against for having reported harassment or participated in an investigation of a harassment complaint is urged to promptly notify the City Manager (or the Mayor if the employee is uncomfortable notifying the City Manager or the complaint concerns the City Manager) so that the employee's concerns may be investigated.

4. EQUAL EMPLOYMENT OPPORTUNITY

The City provides an equal employment opportunity to all persons without regard to age, color, race, religion, sex, national origin, marital status, the presence of any sensory, mental, or physical disability, veteran's status, sexual orientation, and/or any other protected classification. Employment decisions, including, without limitation, hiring, assignment, promotion, wages, transfer, training, layoff, and termination, will be based on merit and business needs and not on any protected classification or other bases prohibited by applicable federal, state, and/or local laws. Any action or conduct contrary to this policy is prohibited, will not be tolerated, and may result in disciplinary action up to and including termination of employment.

a. Complaint Procedure

An employee who reasonably believes in good faith that he or she has been subjected to, or is a witness of, unlawful discrimination must bring such incidents to the prompt attention of the City Manager by the completion and submission of the Complaint Form. If the complaint concerns the City Manager, or the employee is uncomfortable discussing the complaint with the City Manager, the employee must bring the situation to the prompt attention of the Mayor by the completion and submission of the Complaint Form. After receiving notification of the employee's complaint, an investigation will be promptly initiated by the City Manager (or the Mayor, as the case may be) to gather all pertinent facts about the complaint. After the investigation has been completed, a determination will be made by the City Manager (or the Mayor, as the case may be) regarding an appropriate resolution. If warranted, disciplinary action up to and including termination of employment may be imposed. To the extent possible, all complaints of unlawful discrimination will be handled confidentially.

b. Retaliation Prohibited

The City prohibits retaliation against an employee who brings a discrimination complaint or assists in investigating a discrimination complaint. Retaliation in violation of this policy may result in disciplinary action up to and including termination of employment. No action will be taken against an employee who in good faith complains of discrimination or who assists in the investigation of a discrimination complaint. An employee who believes that he or she may have been retaliated against for having reported discrimination or participated in an investigation of a discrimination complaint is urged to promptly notify the City Manager (or the Mayor if the employee is uncomfortable notifying the City Manager or the complaint concerns the City Manager) so that the employee's concerns may be investigated.

5. GENERAL DISPUTE RESOLUTION

a. Dispute Resolution - General

The City desires to encourage and provide a work environment that allows employees the opportunity to express concerns honestly and without fear of retaliation. The City believes that undisclosed problems will remain unresolved and will lead to impaired working relationships, dissatisfaction with working conditions, and a decline in productivity. To this end, each employee must adhere to this dispute resolution policy so that any complaint the employee may have will be resolved quickly, fairly, and thoroughly.

b. Dispute Resolution Process

City Manager

An employee must bring any complaint he or she may have to the City Manager within ten days of the event giving rise to the complaint. Complaints must be brought to the City Manager by the completion and submission of the Complaint Form. Upon the City Manager's receipt of the Complaint Form, the City Manager will promptly initiate a thorough investigation to gather all facts about the complaint that the City Manager deems necessary or appropriate. After an investigation has been completed, a determination will be made by the City Manager regarding an appropriate resolution. In all cases, the employee will be notified of the outcome of the City Manager's investigation. The employee may not necessarily be informed of any disciplinary actions. The decision of the City Manager on any given complaint will not set any precedent nor bind future decisions of the City Manager.

Appeal Process – Mayor and City Council

Honest differences of opinions occur, and some situations will need the review or decision of the Mayor (or such other City employee or Councilor designated by the City Council from time to time) or City Council. However, except as otherwise provided below, a Mayor or City Council review is intended to occur only after the employee has discussed the complaint with the City Manager and a satisfactory resolution has not been reached. For purposes of this policy, reference to "Mayor" includes any other City employee or Councilor designated by the City Council from time to time to handle complaint appeals under this policy.

If the complaint concerns the City Manager and the employee is uncomfortable addressing his or her complaint with the City Manager, or the employee is not satisfied with the City Manager's handling of the complaint, the employee must bring the complaint to the Mayor within 10 days of the event giving rise to the complaint; provided, however, if the complaint is brought to the Mayor because the employee is not satisfied with the City Manager's handling of the complaint, the employee must bring the complaint to the Mayor within 10 days of the City Manager's resolution determination. Complaints must be brought to the Mayor by the employee's completion and submission of the Complaint Form. Upon the Mayor's receipt of the Complaint Form, the Mayor will promptly initiate a thorough investigation to gather all facts about the complaint that the Mayor deems necessary or appropriate. After an investigation has been completed, a determination will be made by the Mayor regarding an appropriate resolution. In all cases, the employee will be notified of the outcome of the Mayor's investigation. The employee may not necessarily be informed of any disciplinary actions. The decision of the Mayor on any given complaint will not set any precedent nor bind future decisions of the Mayor. If the complaint concerns the Mayor and the employee is uncomfortable addressing his or her complaint with the Mayor, or the employee is not satisfied with the Mayor's handling of the complaint, the

employee must bring the complaint to the full City Council within 10 days of the event giving rise to the complaint; provided, however, if the complaint is brought to the City Council because the employee is not satisfied with the Mayor's handling of the complaint, the employee must bring the complaint to the City Council within 10 days of the Mayor's resolution determination. Complaints must be brought to the City Council by the employee's completion and submission of the Complaint Form. Upon the City Council's receipt of the Complaint Form, the City Council will promptly initiate a thorough investigation to gather all facts about the complaint that the City Council deems necessary or appropriate. After an investigation has been completed, a determination will be made by the City Council regarding an appropriate resolution. In all cases, the employee will be notified of the outcome of the City Council's investigation. The employee may not necessarily be informed of any disciplinary actions. The decision of the City Council on any given complaint will not set any precedent nor bind future decisions of the City Council.

c. **Retaliation Prohibited**

The City cannot promise that an employee's point of view will always be accepted, but the City Manager, the Mayor, and the City Council will listen and make an effort to ensure that problems are resolved quickly, fairly, and thoroughly. This dispute resolution procedure is intended to provide each employee a fair and objective review of any complaints. This dispute resolution procedure in no way limits an employee's recourse to any civil or legal process.

The City prohibits retaliation against an employee who brings a complaint or assists in investigating a complaint. Retaliation in violation of this policy may result in disciplinary action up to and including termination of employment. No action will be taken against any employee who in good faith makes a complaint or who assists in the investigation of a complaint. An employee who believes that he or she may have been retaliated against for having made a complaint or participated in an investigation of a complaint is urged to promptly notify the City Manager (or the Mayor if the employee is uncomfortable notifying the City Manager or the complaint concerns the City Manager) so that the employee's concerns may be investigated.

6. **AT-WILL EMPLOYMENT AND INTRODUCTORY PERIOD**

a. **At-Will Employment**

The City does not guarantee or promise any employee employment with the City for any specified period of time. An employee is employed on an at-will basis. Therefore, an employee may be terminated (or the employee may voluntarily resign) at any time, for any reason or no reason, with or without cause or prior notice.

The at-will employment relationship between the City and any employee may not be modified except by express provision contained in a written employment contract signed by the Mayor. Any representation by any person contrary to the employment at-will relationship, whether verbal or written, may not be relied upon by any employee.

b. **Introductory Period**

An employee's first 90 days of employment (the "Introductory Period") will be a time for establishing relationships with employees, management, and the City Council. In addition, the

Introductory Period will provide the City an opportunity to evaluate the employee's conduct, attitude, and work performance, and provide the employee an opportunity to determine if his or her job is suitable and can be performed successfully by the employee. Except as specifically provided in this Handbook, during the Introductory Period an employee will not be entitled to any of the benefits provided to employees under this Handbook.

During and after an employee's Introductory Period, the employee's employment relationship with the City will be at-will. Therefore, notwithstanding anything contained in this Handbook to the contrary, an employee's employment with the City may be terminated during or after the Introductory Period. An employee's successful completion of the Introductory Period does not guaranty continued employment with the City or otherwise modify the employee's at-will employment relationship with the City.

7. EMPLOYMENT CLASSIFICATIONS AND DESCRIPTIONS

a. Employee Categories

Upon employment, employees will be classified under one of the following classifications:

Regular Full-time Employee

A regular full-time employee is an employee who is scheduled and regularly works not less than 40 hours per week. To the extent eligible, and except as otherwise provided in this Handbook, a regular full-time employee that has completed his or her Introductory Period is eligible to receive all employee benefits provided by the City in accordance with, and subject to, applicable standards, policies, and regulations.

Regular Part-time Employee

A regular part-time employee is an employee who is scheduled and regularly works less than 40 hours per week. To the extent eligible, and except as otherwise provided in this Handbook, a regular part-time employee (a) that is scheduled and regularly works not less than 20 hours per week, and (b) has completed his or her Introductory Period is eligible to receive medical, dental, life, and disability benefits in accordance with, and subject to, applicable standards, policies, and regulations. Subject to the immediately preceding sentence, a regular part-time employee is not eligible to receive any employee benefits provided by the City under this Handbook.

Temporary Full-time Employee

A temporary full-time employee is an employee whose employment with the City is intended to be of limited duration (with no expectation of continued employment) and who is scheduled and regularly works not less than 40 hours per week. A temporary full-time employee includes a seasonal employee (e.g., summer help) who the City does not intend to retain on a year-round basis. A temporary full-time employee is not eligible to receive any employee benefits provided by the City under this Handbook.

Temporary Part-time Employee

A temporary part-time employee is an employee whose employment with the City is intended to be of limited duration (with no expectation of continued employment) and who is scheduled and regularly works less than 40 hours per week on an indefinite irregular work schedule. A temporary part-time employee is not eligible to receive any employee benefits provided by the City under this Handbook.

Temporary Agency Employee

A temporary agency employee is located and hired through a temporary employment agency. The temporary employment agency recruits, tests, and refers the employee to the City based upon the skills specified and experiences needed for the position. A temporary agency employee is not an employee of the City, is paid directly through the temporary employment agency, and is not eligible to receive any employee benefits provided under this Handbook.

b. Employee Classifications

Each employee is classified (according to federal and state wage and hour laws) as an exempt or non-exempt employee. The City Manager will make the appropriate designation regarding the status for each new position or when a position changes substantially.

Exempt Employee

An exempt employee is an employee who holds a bona fide executive, administrative, professional, or other qualified position and is paid a salary that at least equals the minimum salary requirements under applicable law. An exempt employee does not receive overtime compensation. If an employee is considered an exempt employee, he or she will be informed of this classification at the time the employee is hired, transferred, or promoted.

Non-Exempt Employee

A non-exempt employee is an employee who does not qualify as an exempt employee and will be paid overtime compensation in accordance with applicable law.

8. HOURS, PAY ADMINISTRATION, AND OVERTIME

a. Business Hours

The City's regular business hours are from 8:00 a.m. to 5:00 p.m., Monday through Friday. A regular full-time employee's normal workday is eight hours per day and his or her normal workweek is 40 hours. The City's workweek begins on Sunday at 12:00 a.m. and ends at 11:59 p.m. on Saturday.

b. Employee Work Schedules

The City Manager will establish employee work schedules. Employee work schedules may vary due to various circumstances, including, without limitation, the employee's position, employment status, and the City's business needs. To the extent possible, the City Manager will assign employees to work schedules that remain constant from week to week. However, no particular work schedule or number of work hours is guaranteed to any employee. The City Manager reserves the right to modify an employee's work schedule at any time as the City Manager deems necessary or appropriate. Changes to an employee's work schedule may be made for specific periods or, in some cases, on an ongoing and indefinite basis. The City Manager will attempt to provide the employee advance notice of any work schedule changes. Employees must be available for scheduled work hours.

c. Pay Period and Payday

The City has two pay periods; the first pay period begins on the first day of each month and ends on the 15th of each month; the second pay period begins on the 16th day of each month and ends on

the last day of each month. Paydays are the 5th and 20th day of each month. If a payday falls on a weekend or holiday, payroll checks will be issued on the day of work immediately preceding the weekend or holiday, if possible.

d. **Mandatory Deductions from Paycheck**

The City is required by law to make certain deductions from an employee's paycheck. These deductions include federal, state, and local income taxes and the employee's contribution to Social Security. Mandatory deductions will be itemized on the employee's check stub. An employee's W-2 reflects how much of the employee's earnings were deducted for these purposes. Any other mandatory deductions made from an employee's paycheck (e.g., court-ordered garnishments) will be explained whenever the City is ordered to make such deductions.

e. **Elective Paycheck Deductions**

Under certain circumstances, an employee may authorize the City to make deductions from the employee's paycheck (e.g., payroll savings plans, credit union loan payments, etc.). Employees are directed to contact the City Manager for details concerning the availability of elective deductions.

f. **Direct Payroll Deposits**

Direct payroll deposit is the automatic deposit of an employee's pay into his or her financial institution account(s). Automatic payroll deposit is available for most financial institutions. Please contact the City Manager for more information concerning direct payroll deposit.

g. **Overtime and Compensatory Time**

Each non-exempt employee will receive an overtime rate of pay equal to one and one-half (1.5) times his or her regular hourly rate of pay for time worked in excess of 40 hours in any workweek. Hours paid for holidays, PTO (as defined below), and jury service will not be considered "time worked" for purposes of computing overtime compensation. All overtime work must receive the prior approval of the City Manager. Accumulation of unapproved excess hours or overtime may result in disciplinary action up to and including termination of employment. Employees will be required to work overtime when overtime work is requested. Exempt employees are not entitled to overtime compensation.

Compensatory time, in lieu of paid overtime, will be computed at one and one-half (1.5) times the employee's overtime hours (i.e., time worked in excess of 40 hours in any workweek), with the prior agreement of the City Manager. Employees are encouraged to work with the City Manager to schedule and use compensatory time within 30 days of when it is accrued. At the discretion of the City Manager, employees who have accrued less than 20 compensatory hours may be able to choose whether to receive paid cash or the accrued compensatory time. Subject to budgetary limits, employees who have accrued more than 20 hours of compensatory time may be "cashed out" for all compensatory hours greater than 20 hours. Upon an employee's termination of employment, any accrued compensatory time is payable to the employee.

h. Recording of Time

Each non-exempt employee must accurately record (and post daily) his or her time worked on his or her attendance and timecard. The attendance and timecard must be completed by the date indicated on the payroll calendar.

An employee may not record time for another employee nor permit someone to record time for the employee. All corrections and/or additions to an employee's timecard must be made and approved by the City Manager. Falsification of timecards (or any other time keeping records) may result in disciplinary action up to and including termination of employment. All employees are required to follow federal and state wage and hour laws.

i. Absenteeism/Tardiness

Punctuality and regular attendance are essential functions of each employee's job. Employees are expected to report to work as scheduled, on time, and prepared to start work. Employees are also expected to remain at work for their entire work schedule, except for meal and rest periods or when required to leave on authorized City business.

Excessive tardiness and/or absenteeism (excused or not) may lead to disciplinary action up to and including termination of employment. Each situation of excessive tardiness or absenteeism will be evaluated on a case-by-case basis. The City may consider an employee who fails to report to work without notification to the City Manager for a period of two or more consecutive days to have voluntarily terminated his or her employment relationship.

9. GENERAL OFFICE POLICIES

a. Appearance

The City expects that all employees will dress in a manner that reflects the professionalism of the City and the individual. We expect that employees will be well groomed. Dress will be professional for all meetings with outside agencies or persons and business casual on days when no meetings or public contact is expected. The City recognizes that different applications of this policy may be necessary depending on the degree of public contact, nature of work, and safety issues. Therefore, this policy provides only general guidance. The final decision as to what constitutes appropriate professional appearance is the responsibility of the City Manager.

b. Employee Personnel Files

An employee may examine time sheets and any other records relevant to proper computation of his or her pay or benefits at any reasonable non-working time during regular business hours. An employee may examine the records contained in his or her personnel file relating to the employee's wages, hours, benefits, discipline, or other terms and conditions of employment at any reasonable non-working time during regular business hours.

Examination Procedures

For the protection of all, and to maintain employee privacy, an employee may examine his or her records only in accordance with the following safeguards: (a) records may be examined only by the

employee, the City Manager, a member of the City Council, or the City Attorney; (b) records may be examined by appointment and prior arrangement with the City Manager; and (c) records may be examined only in the presence of the City Manager.

If an employee disagrees with any information contained in his or her personnel file or records, and the City does not agree to remove or correct the item in dispute, the employee may explain his or her position by submitting a written, signed statement to the City Manager. The statement will become a permanent part of the employee's personnel file.

Furnishing Information to Third-Parties

The City assumes no obligation to furnish information about any employee to any third-party (other than to verify his or her current employment). An employee who desires that the City furnish certain information to a third-party may file a written request to that effect with the City Manager. The employee may be required to execute a release before the City will disclose certain information to third-parties.

c. Personal Conduct

While the City does not seek to interfere with the off-duty and personal conduct of its employees, certain types of off-duty conduct may interfere with the City's legitimate business interests. For this reason, employees should be aware of the following policies:

Illegal Conduct

Employees are expected to conduct their personal affairs in a manner that does not adversely affect the City's integrity, reputation, or credibility. Illegal off-duty conduct on the part of an employee that adversely affects the City's legitimate business interests or the employee's ability to perform his or her job will not be tolerated and may result in disciplinary action up to and including termination of employment.

Outside Employment

While employed by the City, employees are expected to devote their energies to their jobs with the City. The following types of outside employment are strictly prohibited, unless the employee receives prior approval of the City Manager: (a) employment that conflicts with an employee's work schedule, duties, and/or responsibilities; (b) employment that creates a conflict of interest or is incompatible with the employee's employment with the City; and/or (c) employment that requires the employee to conduct work or related activities on the City's property during working hours or using the employee's working hours or the City's facilities and/or equipment.

Employees who wish to engage in outside employment that may fall within one of the categories listed in the immediately preceding paragraph must submit a written request to the City Manager explaining the details of the outside employment. If the outside employment is authorized, the City assumes no responsibility for the outside employment. The City will not provide workers' compensation coverage or any other benefit for injuries occurring from or arising out of the outside employment. Authorization to engage in outside employment may be revoked at any time.

d. Meal and Rest Periods

The City will provide unpaid meal periods to its employees subject to and in accordance with Oregon law. To this end, each non-exempt employee working at least six hours (but not more than eight hours) in any one work period will receive an unpaid uninterrupted 30 minute meal period during which the employee will be relieved of all duties. When a non-exempt employee's work period is more than eight hours, the non-exempt employee will receive the number of meal periods required under Oregon law. Except as otherwise provided under Oregon law, meal periods will be scheduled as follows: (a) if a non-exempt employee's work period is seven hours or less, the meal period will be taken between the second and fifth hour worked; (b) if the work period is more than seven hours, the meal period will be taken between the third and sixth hour worked.

The City will provide paid rest periods to its employees subject to and in accordance with Oregon law. To this end, each non-exempt employee will receive a paid, uninterrupted 10 minute rest period (during which the employee will be relieved of all duties) for each four hour segment of work or major portion thereof in any given work period. When a non-exempt employee's work period is more than eight hours, the non-exempt employee will receive the number of rest periods required under Oregon law. As the nature of work allows, a non-exempt employee's rest period will be taken in the middle of each four hour segment of work or major portion thereof. The "major portion" of four hours means any work segment greater than two hours.

Meal and rest periods are mandatory and not optional. An employee's meal and rest period(s) may not be taken together as one break. Meal and rest periods may not be "skipped" in lieu of departing early from work. An employee who fails to adhere to the meal and rest period policies and laws may be subject to discipline up to and including termination of employment. If an employee has any questions concerning the meal and/or rest periods available to him or her, the employee must contact the City Manager.

e. Expense Reimbursement

An employee will be reimbursed for expenses incurred directly related to the employee's performance of services for the City. Prior authorization by the City Manager is required for reimbursement. All expenses are to be reported on an expense report form provided by the City and must be supported by receipts.

Mileage

Mileage will be reimbursed for meetings, educational workshops, and other required travel. Prior authorization of the City Manager is required for mileage reimbursement. Mileage reimbursement requests must be submitted within 30 days of incurred travel. Automobile mileage will be reimbursed at the prevailing IRS allowance determined each year.

Travel, Lodging, and Other Expenses

The City understands that at times an employee may incur out-of-pocket expenses related to the performance of the employee's job duties and responsibilities. However, each employee should avoid incurring out-of-pocket expenses, if possible. If the employee should incur expenses, the employee must obtain the approval of the City Manager (for any expense, regardless of the amount). Approved out-of-pocket expenses will be reimbursed by submitting a reimbursement request form with the City

Manager. The original receipts must be submitted with the request form. Requests for reimbursement must be submitted within 30 days of incurring the expense(s).

f. Smoking

Smoking and other use of tobacco products (including, without limitation, pipes, cigars, snuff, or chewing tobacco) is prohibited on or in any part of the City's buildings, within 10 feet of any entrance to any City building or air intake, or any vehicles owned, leased, or rented by the City. No additional meal or rest periods beyond those allowed under the City's meal and rest period policies will be provided for the purpose of using tobacco products. An employee that violates this nonsmoking policy may be subject to disciplinary action up to and including termination of employment.

g. General Telephone Use

The City's telephones are to be kept free for regular business. Personal telephone calls are to be made only on an employee's meal or rest period or during a break in the employee's schedule (and must be conducted at an appropriate location). Incoming personal calls should be kept to a minimum. Personal long distance calls on the City's telephones are not permitted.

h. Cell Phone Use

Cell phones are a common method of communication. The use of cell phones while at work, however, can have a disruptive effect on the smooth operation of the City. Accordingly, only minimal non-disruptive cell phone use is permitted for personal purposes during working hours. Cell phones should be placed on low volume or vibrate mode.

The use of a cell phone while driving may present a hazard to the driver, other employees, and the general public. Employees may not use hand held cell phones while driving in the pursuit of City business. Should an employee need to make a business call while driving, he or she must locate a lawfully designated area to park and make the call. Employees may use hands-free cell phones to make business calls, but only in emergency situations. Such calls should be kept short and should the circumstances warrant (e.g., heavy traffic, bad weather, etc.), the employee should locate a lawfully designated area to park to continue the call. Employees must adhere to all federal, state, or local rules and regulations regarding the use of cell phones while driving.

i. No Expectation of Privacy

The City may need to access or search material in an employee's desk, office computer, or work area. Additionally, the City may need to review data stored on the computer system or in other electronic communications systems maintained by the City (including cell phones). Working areas are not private and do not guarantee the confidentiality of materials or activities. Similarly, the City's communication systems (e.g., electronic mail and telephone system) are not secure. Employees have no expectation of privacy in any message stored, sent, or received on the City's communication systems. Employees have no expectation of privacy in the City's property which has been provided for their use or personal property which they bring to the workplace.

j. City Credit Card Use

Credit cards issued by the City are to be used for City business only. All credit cards will remain locked in a secure location when not in use and must be signed out for use by an authorized user. Any purchases made using the City's credit cards must be submitted with the original receipt attached. Any unauthorized use will result in collection of expenses incurred and may result in disciplinary action up to and including termination of employment.

k. Open-Door Policy

The City maintains an open door policy, enabling employees to discuss with the City Manager any issues they may have or suggestions regarding policies or procedures. Because the City strives to provide a friendly and cooperative work environment free from the elements that would deter employees from doing their best work, employees are encouraged to discuss work-related matters with the City Manager and to offer suggestions that will help improve the work environment, the City's procedures and/or public service.

l. Employment of Immediate Family Members

Employment of relatives under certain circumstances may produce conflicts of interest and problems concerning desperate treatment which can damage the City's integrity. In addition, conferring of benefits or privileges based on relationship rather than merit, and the appearance that benefits or privileges may have been so conferred, can harm the City's functioning. Therefore, the City has adopted a policy concerning the employment and supervision of a member of the individual's family in order to, among other things, avoid the possibility of personal bias and to strengthen the City's confidence and integrity.

An individual may not be employed by the City in a position where the individual will have supervisory, appointment, or grievance adjustment authority over a member of the individual's family or in a position of being subject to such authority which a member of the individual's family exercises. To this end, an individual may not hire or participate in the employment of a member of the individual's family, including, without limitation, participation in the application review and employment decision making process. If two existing employees work together in a supervisory relationship and, subsequently, the relationship becomes the type of familial relationship subject to this anti-nepotism policy, a review of the relationship will be made by the City Manager to determine whether one of the employees must be transferred or reassigned. Any exception to this anti-nepotism policy must be approved in writing by the City Manager.

For purposes of this anti-nepotism policy, a "member of the individual's family" means the wife, husband, son, daughter, mother, father, brother, grandmother, grandfather, brother-in-law, sister, sister-in-law, son-in-law, daughter-in-law, mother-in-law, father-in-law, aunt, uncle, niece, nephew, stepparent, stepchild, or grandchild of the subject individual.

m. Ethics

The City believes in treating people with respect and adhering to ethical and fair business practices. The City expects employees to avoid situations that might cause their personal interests to conflict with the interests of the City and/or the City's members, or situations that may compromise

their reputation or integrity. Employees who violate this ethics policy or who create an equally detrimental impact on the City may be subject to disciplinary action up to and including termination of employment.

City employees are public employees. As such, City employees are subject to the State of Oregon's ethics laws. In some cases, these laws provide additional limitations on employees, such as prohibitions on gifts or strict definitions of conflicts of interest. If an employee is coming to the City after working in the private sector, the employee may find that some activities that are common business practices in the private sector are prohibited in the public sector. Information on these laws is available at the Oregon Government Ethics Commission website, <http://www.oregon.gov/OGEC/>.

Please direct questions about whether an activity meets the City's or Oregon's ethical standards to the City Manager.

n. Prohibited Political Activity

Oregon law provides that "no public employee may solicit money, influence, or otherwise promote or oppose any political committee, or promote or oppose the nomination or election of a candidate, the gathering of signatures on an initiative, referendum or recall petition, the adoption of a measure or the recall of a public office holder while on the job during working hours." However, this prohibition does not restrict the right of a public employee to express personal political views.

o. Records Retention

Employees must follow federal and state law with regards to archiving records. If you are unclear as to what the requirements are, please refer to the State Attorney General's website: <http://www.doj.state.or.us/pros/mli.shtml>.

Employees must follow federal and state law with regards to archiving electronic communications. Generally, the employee should follow the same archiving timeframes for electronic records as applicable to paper records.

p. Standards of Professionalism

All City employees will use their best judgment in communicating with other City employees, customers, partners, and community members. The manner in which City employees conduct themselves should create a favorable and lasting impression of the City. The continued success of the City depends on the quality, integrity, expertise, and professionalism of the City's employees.

Written communications must meet the highest standards of accuracy and neatness. Individuals who telephone the City must receive prompt and courteous attention and a helpful and meaningful response. Individuals who visit the City must always be treated with deference, tact, courtesy, and respect. All employees should present themselves in a professional and efficient manner.

q. Inclement Weather/Emergency Closing

Except for regularly scheduled holidays, the City will be open for business on Monday through Friday during normal business hours. The City recognizes that due to inclement weather, national crisis,

and/or other emergencies (collectively, an "Emergency"), the City may close for all or part of a regularly scheduled workday. The City Manager (or his or her designee) will make the decision as to whether an Emergency exists and will endeavor to notify all employees of the same.

If an Emergency prevents safe travel, the City Manager (or his or her designee) will determine whether the City office should be closed or its opening delayed. If there is not any indication of office closure, employees may assume that the office is open as scheduled. The conditions between the employee's home and the office may be better or worse than the norm. If the office is closed, the employee should stay home. If the office is open on a delayed schedule or other alternative schedule, the employee should arrive when he or she can do so safely.

Employees will receive an unpaid excused absence from work for each full workday that the City is closed due to an Emergency. Subject to the approval of the City Manager, a regular full-time employee that has accrued but unused PTO may use PTO for a full workday closure due to an Emergency. Should a closing occur while an employee is already on PTO, he or she will not be entitled to additional wages and such day will be counted against the employee's PTO.

If a partial workday closure occurs, each non-exempt employee will be paid his or her normal pay for the hours the employee actually works during such partial closure day. Employees will receive an unpaid excused absence from work for the period during which the City is closed. This is true whether the closure is due to early closing or late opening. Subject to the approval of the City Manager, a regular full-time employee that has accrued but unused PTO may use PTO for the hours the employee is unable to work due to the Emergency. Except as otherwise provided under applicable law, exempt employees will be paid their normal weekly salary for any workweek in which work is performed.

Employees who are late or who choose not to report to work when the City is otherwise open will be subject to the provisions of the City's attendance/tardiness policy (e.g., the employee must provide appropriate notice of the tardiness or absence, the employee must provide an explanation for the tardiness or absence, etc.).

10. CONFIDENTIALITY, INTERNET, AND ELECTRONIC MAIL

a. Employee Confidentiality

Employees will be provided and exposed to certain Confidential Information. Because of the sensitive nature of the Confidential Information, employees must maintain (even after their termination of employment) all Confidential Information in the strictest confidence and may not directly or indirectly use, communicate, and/or disclose any Confidential Information to any person other than to the City or its respective employees who have a reasonable need for such information without the express prior written consent of the City Manager, or upon court order to do so. For purposes of this Handbook, the term "Confidential Information" means, without limitation, any and all confidential documentation and/or information (regardless of form) relating to or concerning the City's business affairs, personnel and employment matters, legal, and/or litigation matters, and certain other documentation and/or information that concern valuable, special, or unique aspects of the City and need to be protected from improper disclosure; provided, however, the term "Confidential Information" does not include documentation and/or information that is generally available to the public and/or subject to disclosure under the Oregon Public Records Law, ORS 192.410 - 192.505.

b. Removal and Reproductions of Confidential Information

Employees may not remove or make reproductions of any Confidential Information (except in the ordinary course of performing an employee's duties) without the express prior written consent of the City Manager. Each employee must promptly notify the City Manager of any unauthorized use, communication, and/or disclosure of any Confidential Information and must assist the City in every way to retrieve any Confidential Information that was used, communicated, and/or disclosed by the employee without the City Manager's specific prior written authorization, and must exert the employee's best efforts to mitigate the harm caused by the unauthorized use, communication, and/or disclosure of the Confidential Information.

c. Return of Confidential Information

Upon the earlier of the request of the City or an employee's termination of employment (for any reason whatsoever), each employee is required to immediately return to the City any and all documents, instruments, and/or materials containing any Confidential Information accessed or received by the employee, together with all copies and summaries of such Confidential Information. This policy does not operate to transfer any ownership or other rights in or to the Confidential Information to any employee or any other person. Any employee that violates this confidentiality and nondisclosure policy may be subject to disciplinary action up to and including termination of employment and legal action, if warranted.

d. Internet - General

This policy concerns employee use of any City-provided internet access resources. The City's internet access resources are, like other City resources, first and foremost made available for City-related business. Internet access resources should be used for work-related matters.

Prohibited Uses

Although the internet offers tremendous opportunity, it also offers individuals with illegal or unethical avenues for reaching others. The following represents an example of internet uses the City deems inappropriate: (a) using the internet for commercial advertising; (b) using copyrighted material in reports without permission; (c) using the internet to lobby for votes; (d) using the internet to access pornographic materials; (e) creating a computer virus; (f) using the internet to send or receive messages with someone else's name on it (except as authorized); (g) using the internet for any purpose inconsistent with any City policy; and (h) using the internet to use or copy software or other intellectual property for which an employee has not paid. An employee that violates this internet use policy may be subject to disciplinary action up to and including termination of employment.

Personal Use

Only minimal non-disruptive internet use is permitted for personal purposes during working hours. Employee internet use is a privilege (not a right) that may be revoked at any time. All employees should be aware that the inappropriate use of the internet may be a violation of local, state, and/or federal laws.

Privacy

The City may track internet usage and is aware (or may be aware) of which sites are visited by employees. Accordingly, no employee has (or should expect to have) any expectation of privacy.

Whether for the purpose of managing internet access resources and traffic flow, assuring system security, verifying and ensuring compliance with the City's policies or applicable law, or for any other reason, the City reserves the right (from time-to-time or at any time), to intercept, divert, discard, access, or review any internet communication, other electronic communications or file, or any contents of such communication, or any other information created on, transmitted over, or stored in the City's or service provider's facilities, whether incoming or outbound, and whether at the time of transit or thereafter. Further, the City reserves the right to disclose to other persons or otherwise use the contents of any internet communication or any other electronic communications or file for any of the foregoing purposes, as well as for the purposes of complying with or assisting law enforcement officials or legal authorities who may, by subpoena, search warrant, or otherwise, seek review of such communications, or for the purposes of litigation or other legal proceedings.

e. Email - General

Email is a valuable business tool. However, email misuse may have a negative impact on the City and City employees. Email messages are sometimes misdirected or forwarded and may be viewed by persons other than the intended recipient. Therefore, an employee must write email communications with no less care, judgment, and responsibility than the employee would use for letters or internal memoranda written on the City's letterhead. A violation of the City's email policy may result in disciplinary action up to and including termination of employment.

Inappropriate Uses of Electronic Mail

The following represents an example of email uses the City deems inappropriate: (a) transmission of junk mail; (b) use of email for commercial purposes; (c) transmission of email intending to harass another individual; (d) transmission of email containing any threatening, sexually suggestive, sexist, racist, ethnic, or otherwise demeaning comments to any individual; (e) transmission of email that discriminates against an employee by virtue of any protected classification (e.g., race, gender, sex, nationality, etc.); (f) transmission of email that is inconsistent with any City policy; (g) using the City's email system for the purpose of sending or receiving a large number of personal messages that impairs the employee's ability to perform his or her job duties and responsibilities; and (h) unauthorized transmission of any Confidential Information.

Privacy

The City owns any communication sent via email or that is stored on its email system. The City reserves the right to access any material in an employee's email or on the employee's computer at any time, with or without prior notice.

11. SUBSTANCE ABUSE

a. Substance Abuse Policy

The future of the City is dependent on the physical and psychological health of its employees. Drug and alcohol dependency is an illness and a major health problem. The City will utilize every reasonable means to maintain a drug-free work environment for its employees, including supervisor training, employee education, providing employees access to information concerning drug and alcohol abuse programs, and implementing substance abuse testing of employees and job applicants to detect the use of illegal substances.

b. Definitions

As used in this substance abuse policy, the following terms have the following meanings:

“Alcohol” means ethyl alcohol, hydrated oxide of ethyl, or spirits of wine, from whatever source or by whatever process produced.

“Drug” means amphetamines, methamphetamines, cannabinoids, cocaine, phencyclidine (PCP), methadone, methaqualene, opiates, barbiturates, benzodiazepines, propoxyphene, or a metabolite of any such substances.

“Employee” means any person who works for salary, wages, or other remuneration.

“Job applicant” means a person who has applied for a position with the City and has been offered employment conditioned upon successfully passing a substance abuse test (which person may have begun work pending the results of the substance abuse test).

“Nonprescription medication” means a drug or medication authorized pursuant to federal or state law for general distribution and use without a prescription in the treatment of human disease, ailments, or injuries.

“Prescription medication” means a drug or medication lawfully prescribed by a physician for an individual and taken in accordance with such prescription.

“Substance” means drugs or alcohol.

c. Prohibited Conduct

The primary goal of the City is to maintain a safe, productive, and drug-free work environment. For this reason, the City has established the following policy: (a) an employee will not use, possess, sell, trade, offer for sale, or offer to buy illegal drugs or otherwise engage in the illegal use of drugs on or off the job; (b) an employee will not report to work under the influence of illegal drugs or alcohol; and (c) an employee will not use prescription drugs illegally (provided, however, nothing in this policy precludes the appropriate use of prescription or non-prescription medications). Any violation of this policy may result in disciplinary action up to and including termination of employment.

d. Pre-Employment Drug Testing

Prior to an offer of employment being made, a job applicant will be notified that he or she will be required to submit to a drug test as a condition of employment. Once a conditional offer of employment has been made, the job applicant will be required to undergo testing for the presence of drugs as a condition of employment. The job applicant will be required to submit voluntarily to a drug test at a laboratory chosen by the City and, by signing a consent agreement, will release the City from liability connected to the pre-employment drug testing. Any job applicant with a confirmed positive test will be denied employment. Refusal to submit to a drug test will be interpreted as a voluntary withdrawal of application for employment.

If the physician, medical official, or lab personnel has reasonable suspicion to believe that the job applicant has tampered with the specimen, the applicant will not be considered for employment. The City will not discriminate against applicants for employment because of a past history of drug abuse. It is the current use of drugs that is prohibited. The job applicant with a confirmed positive test result may, at his or her option and expense, have a second confirmation test made on the same specimen. A job applicant will not be allowed to submit another specimen for testing. Applicants must present themselves drug-free as demonstrated by the drug testing selected by the City. Individuals who have failed a pre-employment drug test may initiate another inquiry with the City after a period of not less than six months.

e. General Procedures

An employee reporting to work visibly impaired will be deemed unable to properly perform required duties and will not be allowed to work. If possible, the employee's supervisor will first seek the Office Manager's opinion to confirm the employee's status. Next, the supervisor will consult privately with the employee to determine the cause of the observation, including, without limitation, whether illegal drug use has occurred. If, in the opinion of the supervisor, the employee is considered impaired, a drug test may be required. If a drug test is not immediately possible, the employee will be sent home or to a medical facility by taxi or other safe transportation alternative (depending on the determination of the observed impairment) and accompanied by the supervisor or another employee, if necessary. An impaired employee will not be allowed to drive. To ensure that the decision to test is reasonable, the supervisor will discuss with the Office Manager his or her reasons for believing that testing is warranted. If the employee is the supervisor, the Office Manager will be consulted.

f. Employee Drug Testing

It will be a condition of employment for all employees to submit to drug testing when there is reasonable suspicion to believe that an employee is using illegal drugs. Reasonable suspicion of illegal drug use may arise under the following circumstances: (a) observation of drug use or of the physical symptoms or manifestations of being impaired due to drug use; (b) abnormal conduct or erratic behavior while at work or a significant deterioration in work performance; (c) a report of drug use provided by a reliable and credible source; (d) evidence that an individual has tampered with any drug test during his or her employment; (e) evidence that an Employee has used, possessed, sold, solicited, or transferred drugs while working, on the City's premises, or while operating any Equipment (as defined below); and/or (f) when an employee has caused or contributed to an on-the-job injury, loss, and/or accident. An employee who has been asked to undergo reasonable suspicion testing may be required to transfer to another position at the City's discretion pending the results of the testing.

g. Consequences of Positive Test Result

An employee with a confirmed positive test result may, at his or her option and expense, have a second confirmation test made on the same specimen. An employee will not be allowed to submit another specimen for testing. An employee will be suspended without pay pending the results of the second confirmation test. If the physician, medical official, or lab personnel has reasonable suspicion to believe that the employee has tampered with the specimen, the employee may be subject to disciplinary action up to and including termination of employment. The City may terminate any employee with a confirmed positive test result. If a decision not to terminate is made, the employee may be suspended without pay pending a confirmed negative test result. The employee must provide a

confirmed negative test result, at the employee's own expense, within 30 days from the date of the positive test result.

h. Alcohol Abuse

An employee who is under the influence of alcohol at any time while on City business or at any time during the hours between the beginning and ending of the employee's work day, whether on duty or not and whether on City property or not, will be guilty of misconduct and may be subject to discipline up to and including termination of employment. An employee will be determined to be under the influence of alcohol if (a) the employee's normal faculties are impaired due to the consumption of alcohol, or (b) the employee has a blood alcohol level of .04 or higher. To the extent the City determines applicable, testing to determine whether an employee is under the influence of alcohol will occur in accordance with the procedures described in Sections 11e – 11h.

i. Compliance and Confidentiality

Testing of applicants and employees will be completed in a fair, consistent, and non-discriminatory manner and in accordance with all applicable federal, state, and local laws, rules, and regulations. An employee or applicant who has a disability which affects his or her ability to be tested in accordance with this substance abuse policy must notify the City Manager so that the City Manager may determine whether a reasonable accommodation to the City's testing procedures is possible.

The City will treat as confidential all information received by the City through its drug and alcohol testing program consistent with the provisions of applicable federal, state, and local laws, rules, and regulations. Except as provided therein, release of such information will be solely pursuant to a written consent form signed by the person tested.

12. COMPENSATION AND PERFORMANCE EVALUATIONS

a. Compensation

The City strives to hire and retain the highest quality employees to successfully achieve its vision and mission. The City works to maintain competitive wages within the community, commiserate with experience and education. The City will review salaries annually and, based on the budget and financial health of the City, will strive to maintain market standards. Salary adjustments may or may not be granted at the time performance evaluations or promotions are given; there are no automatic pay raises. Pay raises are made at the discretion of the City Manager.

b. Performance Evaluations

Employee performance evaluations may be completed (a) during and/or immediately after the completion of an employee's Introductory Period, (b) in the event of promotion or change in the employee's duties and responsibilities, (c) annually, and (d) any other time selected by the City Manager.

Performance evaluations are a two-way communication process designed to accomplish the following objectives: (a) maintain and improve job satisfaction by letting employees know the City is interested in their job progress and personal development; (b) serve as a systematic guide to recognize

needs for further training and progress planning; (c) ensure a factual, objective analysis of an employee's performance vs. job requirements; (d) help place employees in positions within the City that best utilize their talents and capabilities; (e) provide an opportunity to discuss job problems or other job-related interests; (f) serve as an aid in salary administration; (g) provide a basis for coordinating the goals and objectives of the employee and the City; and (h) give recognition for superior performance. Wage adjustments are not necessarily made at the time a performance evaluation is completed.

During an employee's performance evaluation, the employee is encouraged to discuss his or her interests and future goals. Performance evaluations provide the City Manager an opportunity to suggest ways for the employee to advance and make his or her job more fulfilling. If an employee has any questions or concerns regarding performance evaluations, the employee is encouraged to contact the City Manager.

13. EMPLOYEE BENEFITS

a. Employee Benefits – General

The City strives to provide the best, most equitable, and most cost-effective benefits for its employees in recognition of the influence employment benefits have on employee economic and personal welfare. Paid in various benefit forms on an employee's behalf, the total cost of providing the benefit program described in this Handbook and other documents represents a significant supplement to employee pay. The benefits described in this Handbook are provided at the City's sole discretion. This Handbook is not and should not be interpreted to be an insurance, promise, or guaranty of an obligation to provide such benefits.

Except as otherwise provided in this Handbook, benefits provided under this Handbook are provided only to regular full-time employees that (a) have completed their Introductory Period, and (b) meet the requirements imposed by applicable standards, policies, and regulations (including, without limitation, the work hour requirements and those other conditions specified in this Handbook and/or contained in the applicable benefit policy/plan booklets). The benefit policies contained herein are intended to consist of a general description of the applicable benefits. Details of each specific benefit may be outlined in the documentation for such benefit.

b. Paid Holidays

Subject to the terms and conditions contained in this Handbook, the City provides employees ten holidays each year. In particular, each employee will receive (a) seven defined holidays, and (b) three selectable holidays, which holidays are identified as follows:

Defined Holidays (Office Closed)

New Year's Day
Memorial Day
Independence Day
Labor Day
Thanksgiving
Day after Thanksgiving
Christmas Day

Selectable Holidays

Martin Luther King, Jr. Day

President's Day

Veterans' Day

Floating Winter Holiday: Choose one day from December 1st - December 31st or January 2nd

Each employee will receive a day off from work on each holiday. If the holiday falls on a Saturday, it will be observed on the Friday immediately preceding the holiday; if the holiday falls on a Sunday, the holiday will be observed on the Monday immediately following the holiday. On each holiday, each regular full-time employee that has completed his or her Introductory Period will be paid an amount equivalent to his or her regular rate of pay for eight hours of work. Holiday pay will not be paid to any other employees (e.g., regular part-time employees).

If a holiday falls on an eligible regular full-time employee's PTO day, the day will be treated as a holiday rather than a PTO day. To qualify for holiday pay, the regular full-time employee must be on paid status the day before and the day after a holiday. A regular full-time employee is not eligible to receive holiday pay if the employee is on an unpaid leave of absence. Holiday pay is not considered as time worked for overtime purposes.

Notwithstanding anything contained in this Handbook to the contrary, employees who begin employment after January 1st receive a pro-rated number of selectable holidays. For each full quarter remaining in the calendar year, the employee receives one selectable holiday as follows:

| | | | |
|-------------------|-------------------|--|---|
| Employment Dates: | Jan. 1 – Mar. 31 | Number of Pro-Rated Selectable Holidays: | 3 |
| Employment Dates: | April 1 – June 30 | Number of Pro-Rated Selectable Holidays: | 2 |
| Employment Dates: | July 1 – Sept. 30 | Number of Pro-Rated Selectable Holidays: | 1 |
| Employment Dates: | Oct. 1 – Dec. 31 | Number of Pro-Rated Selectable Holidays: | 0 |

Selectable holidays must be approved by the City Manager. Unused holiday time will not be paid; you must use your selectable holidays between January 1st and December 31st, for each year.

c. Paid Time Off

The City has adopted a paid time off ("PTO") policy. This PTO policy is designed to provide each regular full-time employee that has successfully completed his or her Introductory Period the ability to use PTO for absences resulting from personal or family illness, medical or dental appointments, vacation, personal emergency, personal or family business, and various other reasons. PTO pay is computed at the employee's regular rate of pay (and does not include overtime or other forms of compensation). If a holiday falls on an employee's scheduled PTO day, the day will be charged to holiday pay rather than PTO pay.

Accrual Schedule

Each regular full-time employee will receive PTO benefits based on the length of the employee's continuous service with the City in accordance with the following schedule:

| <u>Length of Continuous Service</u> | <u>Monthly PTO Accrual</u> | <u>Maximum Yearly Accrual</u> |
|-------------------------------------|----------------------------|-------------------------------|
| 0-5 years | 10 hours per month | 120 hours per year |
| 6-10 years | 12 hours per month | 144 hours per year |
| 11 + years | 14 hours per month | 168 hours per year |

PTO benefits are not earned until the final day of the month, and may not be taken until the month after which the PTO benefits are earned. A regular full-time employee will not receive any PTO benefits during his or her Introductory Period. However, if the regular full-time employee successfully completes his or her Introductory Period, the employee will receive PTO benefits retroactive to the employee's date of employment. PTO benefits may be taken in no less than one hour increments. Not more than 120 hours of earned but unused PTO benefits may be carried over from one calendar year to the next. Any earned but unused PTO benefits exceeding 120 hours will be forfeited. The date for forfeiture is December 31st of each calendar year.

Scheduling of PTO

A regular full-time employee desiring to take PTO must provide City appropriate advance notice. To this end, an employee must request his or her preferences for use of PTO in accordance with the following schedule:

| <u>Reason or Duration of PTO</u> | <u>Required Notice and Approval</u> |
|----------------------------------|---|
| Emergency | Notice to (and approval from) the City Manager and, in the case of the City Manager, the Mayor, as soon as practicable. |
| Illness | Notice to (and approval from) the City Manager and, in the case of the City Manager, the Mayor, as soon as practicable. |
| One to Three Days | Two weeks' advance notice to (and approval from) the City Manager and, in the case of the City Manager, the Mayor. |
| Four or more Days | Thirty days' advance notice to (and approval from) the City Manager and, in the case of the City Manager, the Mayor. |

PTO must be taken in a manner that will not materially and unreasonably interfere with the City's operations. Although an employee's PTO preferences will be given deference, the City does not guaranty that each employee will be permitted to use his or her PTO during the period(s) preferred by the employee. The City Manager and/or the Mayor, as the case may be, may waive or accept less advance notice than required above under extenuating circumstances.

No Payment of PTO Benefits

Employees will not be paid for earned but unused PTO benefits. Earned but unused PTO benefits will not be paid to an employee upon the employee's termination of employment (whether the termination was voluntary or involuntary).

d. Medical, Dental, Life, and Disability Insurance

A group medical, dental, life, and disability plan is provided to each (a) regular full-time employee that has successfully completed his or her Introductory Period, and (b) each regular part-time employee that has successfully completed his or her Introductory Period and is scheduled and regularly works not less than 20 hours per week. Each qualifying regular full-time and part-time employee is eligible for these benefits on the first day of the month immediately following such employee's successful completion of his or her Introductory Period. Spouses and dependents of the eligible employee may be added to the group plan at the expense of the employee. Any questions on coverage or claims should be directed to the City Manager.

14. LEAVES OF ABSENCE

a. General - Unpaid Leave of Absence

The City may grant, in its sole discretion, an employee an unpaid personal leave of absence. To be qualified for an unpaid personal leave of absence, the employee must have completed one full year of employment with the City at the time of his or her leave request. Except in the case of an emergency, an employee desiring to take an unpaid personal leave of absence must obtain the City Manager's prior approval not less than five days prior to the date the leave is to commence. If circumstances prohibit advance notice, an employee must obtain permission from the City Manager as soon as practical.

If a leave of absence is granted, the employee's name remains on the payroll, the records remain intact, but no compensation or benefits are received or accrued, including, without limitation, the employee's wages, PTO, and the City's payment of the employee's insurance premiums (subject to applicable law, policy, and regulations). Failure to return to work as scheduled from an approved unpaid leave of absence or to inform the City Manager of an acceptable reason for not returning as scheduled will be considered a voluntary resignation of employment. An employee requesting an unpaid leave of absence must exhaust all of his or her accrued but unused PTO prior to being granted an unpaid leave of absence.

b. Bereavement Leave

An employee who wishes to take time off due to the death of an immediate family member should notify the City Manager immediately. For purposes of this bereavement leave policy, an "immediate family member" is defined as the employee's spouse, domestic partner, child, parent, spouse's or domestic partner's parent, sister, brother, grandchild, or grandparent. Up to three days of paid bereavement leave will be provided to a regular full-time employee that has successfully completed his or her Introductory Period. Bereavement leave is paid at the employee's regular rate of pay. Employees may, with supervisory approval, use any available PTO for additional time off as necessary, or for attendance at funerals of individuals who do not meet the criteria of "immediate family member."

c. Jury Duty

If an employee is called for jury duty, the City encourages the employee to fulfill his or her right and duty as a citizen. Except as otherwise provided below, time off will be granted for the duration of the employee's jury duty. The employee must provide the jury duty summons to his or her supervisor as soon as possible so that proper arrangements can be made to cover in the employee's absence. The

employee will receive full wages (at his or her regular rate of pay) for time spent on jury duty. The employee will also be eligible for employee benefits as if he or she were actively employed during an approved jury duty. If the employee is dismissed from jury duty early on any day, the employee must report to work for the remainder of the day. If the employee is summoned to appear in court as a witness, the employee is allowed unpaid time off. Any compensation paid to an employee by the court for jury duty will be turned over to the City, excluding mileage reimbursement.

The City requires that employees inform the City Manager as soon as possible if they are called to serve on jury duty so that the City may submit a hardship deferral if needed to fulfill City mission-essential work.

d. Military Leave - Reserve Duty

The City supports leaves of absence for military training in accordance with applicable state and federal law. An employee who is an active reservist in the armed forces will be granted military leave for the annual two week training period. Written requests are to be accompanied by a copy of the military orders. Military leave for training will be granted without pay; provided, however, an eligible employee may use any earned but unused PTO during any military leave taken under this policy.

e. Military Leave - Active Duty

The City supports leaves of absence for military service in accordance with applicable state and federal law. An employee must immediately inform the City Manager when he or she is aware of the need to be absent for military service so that appropriate leave may be arranged. An employee must present the City Manager with a copy of the employee's service papers when received. Upon returning to the City after the employee's completion of the military leave, the employee will be reinstated, if eligible, with full privileges as determined by the Uniformed Service Employment and Re-employment Rights Act. Military leave will be granted without pay; provided, however, an eligible employee may use any earned but unused PTO during any military leave taken under this policy.

f. Accepting Other Employment While on Leave

Subject to applicable law, if an employee accepts employment with another or goes into business while on a leave of absence, the employee will be considered to have voluntarily resigned from employment with the City.

15. EMPLOYEE SAFETY AND EQUIPMENT USE

a. General Employee Safety

The City is committed to the safety and health of all employees and recognizes the need to comply with regulations governing injury and accident prevention and employee safety. Maintaining a safe work environment, however, requires the cooperation of all employees. The City strongly encourages each employee to communicate with the City Manager regarding safety issues.

b. Reporting Injuries

All accidents, injuries, potential safety hazards, and health and safety related issues must be reported immediately to the City Manager. If an employee is injured, the employee should contact outside emergency response agencies, if needed. If an injury does not require medical attention, a Supervisor and Employee Report of Accident Form must still be completed in case medical treatment is later needed and to insure that any existing safety hazards are corrected. The employee's Claim for Worker's Compensation Benefits Form must be completed in all cases in which an injury requiring medical attention has occurred. An employee returning to work after being absent due to a work-related injury must (a) report to the City Manager prior to beginning work, and (b) bring a doctor's clearance for returning to work.

c. Equipment Use and Care

Employees are responsible for operating the City's tools, computers, software, and equipment (collectively, "Equipment") with due care and in a manner that will not cause unnecessary fatigue or abuse. If any Equipment (or part thereof) breaks while an employee is using such Equipment, the same must be reported and not left in poor condition for the next user. Equipment is to be used for City business only and not for personal use. The City expects each employee to exercise care, perform required maintenance, and follow all operating instructions, safety standards, and guidelines when using Equipment. Each employee is responsible for the Equipment entrusted to him or her and is expected to return such Equipment promptly upon the earlier of when requested or when the employee's employment relationship with the City is terminated.

16. SEPARATION OF EMPLOYMENT

a. Termination

Notwithstanding anything contained in this Handbook to the contrary, because an employee's employment with the City is at-will, an employee may be terminated at any time, for any reason or no reason, with or without cause or prior notice, and regardless of whether or not the City undertook any prior corrective action.

b. Return of City Property

Upon separation of employment (whether voluntarily or otherwise), the separated-employee must return all City property provided to the employee or otherwise in his or her possession by the employee's last day of employment. City property includes, without limitation, credit cards, keys, identification cards, tools, software, computer disks, this Handbook, Confidential Information, and any other items provided to the employee or otherwise in the employee's possession that belong to the City. If requested by the City, the separated-employee will execute a written certification satisfactory to the City that he or she has returned all of City's property, documents, and materials, including, without limitation, all Confidential Information.

c. Post Employment Inquiries

Upon an employee's separation of employment with the City, the City will provide only the dates of the former employee's employment and position held as verbal employment verification. The

City will not verify the salary of a former employee or provide any other information concerning the employee unless the departing employee has completed and signed an appropriate release form. Employees may not, under any circumstances, respond to any requests for information regarding a departed City employee unless approved by the City Manager. All employee inquiries should be immediately referred to the City Manager.

d. Exit Interview

An exit interview will be scheduled with the City Manager when an employee leaves the City. This gives the departing employee an opportunity to offer constructive feedback, positive comments, or address any unresolved issues prior to leaving. This also allows the City to solicit the employee's honest opinions, as well as suggestions for improvement at the City.

EXHIBIT A
City of La Pine
Employee Handbook Receipt Acknowledgment Form

I, _____, have received a copy of the Employee Handbook (the "Handbook") of the City of La Pine, an Oregon municipal corporation (the "City"). I have read the Handbook in its entirety and understand and agree that I must abide by the policies set forth therein.

I understand that the Handbook is presented as a guide for City employees and contains descriptions and explanations of the City's rules, policies, procedures, and benefits. I understand the rules, policies, procedures, and benefits contained in the Handbook may be changed, amended, and/or modified by the City for any reason, at any time, with or without prior notice. I acknowledge and agree that my failure to comply with any City policy may result in disciplinary action up to and including termination of employment.

I understand that my employment with the City is at-will. Therefore, my employment relationship may be terminated at the option of either the City or me at any time, for any reason or no reason, with or without cause or prior notice. I understand that nothing contained in the Handbook or this acknowledgement will be construed to modify, change, and/or vary the at-will nature of my employment relationship with the City or to create a contract of employment for a specific period of time.

EMPLOYEE:

CITY OF LA PINE:

Print: _____

Richard L. Allen, City Manager

Dated: _____

Dated: _____

EXHIBIT B
Employee Complaint Procedure Form

(attached)

**CITY OF LA PINE
EMPLOYEE COMPLAINT PROCEDURE FORM**

This Employee Complaint Procedure Form should be completed and submitted in accordance with that certain City of La Pine General Dispute Resolution Procedure policy. Reference is made to the General Dispute Resolution Procedure policy for a description of the employee dispute resolution steps and procedures.

I. COMPLAINT

| | | | |
|--|------------------------------|-----------------------------|--|
| Employee's Full Name: | | Job Title: | |
| Home Address: | Work Telephone No.: | Home Telephone No.: | |
| | Work E-mail Address: | Home E-mail Address: | |
| Date Event Prompting Complaint Occurred: | | | |
| Reason for Complaint (use attachments if necessary): | | | |
| The following are facts supporting the filing of this complaint (use attachments if necessary): | | | |
| I am requesting the following relief (use attachments if necessary): | | | |
| Date: | Employee's Signature: | | |

II. FIRST RESOLUTION STEP

| | | |
|--|---|-----------------------|
| Date Received: | | |
| Response (use attachments if necessary): | | |
| Date: | First Step Respondent's Signature: | Telephone No.: |
| Date Received: _____ | | |
| Employee's Response (check one): | | |
| <input type="checkbox"/> My complaint has been satisfactorily resolved. | | |

| | |
|---|-----------------------|
| <input type="checkbox"/> I advance my complaint to the second step. | |
| Employee's Comments (optional - [use attachments if necessary]): | |
| Date: | Employee's Signature: |

III. SECOND RESOLUTION STEP (IF APPLICABLE)

| | | |
|---|-------------------------------------|----------------|
| Date Received: | Date of Meeting: | |
| Response (use attachments if necessary): | | |
| Date: | Second Step Respondent's Signature: | Telephone No.: |
| Date Received: _____ | | |
| Employee's Response (check one): | | |
| <input type="checkbox"/> My complaint has been satisfactorily resolved. | | |
| <input type="checkbox"/> I advance my complaint to the third step. | | |
| Employee's Comments (optional - [use attachments if necessary]): | | |
| Date: | Employee's Signature: | |

IV. THIRD RESOLUTION STEP (IF APPLICABLE)

| | | |
|--|------------------------------------|----------------|
| Date Received: | | |
| Response (use attachments if necessary): | | |
| Date: | Third Step Respondent's Signature: | Telephone No.: |
| Date Received: _____ | | |
| Employee's Response (check one): | | |

My complaint has been satisfactorily resolved.

My complaint has not been satisfactorily resolved. I request further attention and consideration of the City Council.

Employee's Comments (optional - [use attachments if necessary]):

Date:

Employee's Signature: