

SIDE LETTER

2026-2029 NAEC-OE3 MASTER AGREEMENT - MOU, LOU & SIDE LETTERS

The Parties agree that all existing Memoranda of Understandings [MOU's], Letters of Understanding [LOU's] or Side Letters that have been in effect during the 2023-2026 NAEC – Operating Engineers Master Agreement which have not been incorporated into the body of the Master Agreement will continue to be in effect for the duration of the 2026-2029 Master Agreement.

- **SIDE LETTER AGREEMENT – GOVERNMENT ORDINANCE WAIVERS DURING THE TERM OF AN AGREEMENT**

In the event that any local, state or federal entity passes legislation with a collective bargaining waiver provision during the term of this Agreement which may result in negative impact to the Union or Management, the Union and Management agree on a case-by-case basis to meet and negotiate to obtain waivers within thirty (30) calendar days of a request from either party.

In the event the legislation precludes exclusion for parties covered by valid Collective Bargaining Agreements, the parties agree to the full extent permitted, prior to the effective date, to enter into bargaining for the purposes of addressing the specific legislation.

If the statute, ordinance, or regulation does not require adherence during the term of this Agreement and is stayed until the next contract cycle, then this provision shall not apply unless mutually agreed to by the parties.

- **LETTER OF UNDERSTANDING – SUBCOMMITTEES ON JOB PLACEMENT REGULATIONS, OE3 SUBSTANCE ABUSE POLICIES, SUBCONTRACTING, HAZMAT WORK, & AUTONOMOUS EQUIPMENT**

The Union and the Employer hereby agree to form labor-management subcommittees for the purpose of reviewing and modernizing OE3's Job Placement Regulations (JPR), Substance Abuse Policies (SAP), Subcontracting, Hazmat Work, and Autonomous Equipment, respectively.

Each subcommittee shall consist of both labor and management representatives chosen at the discretion of the Union and Employer, respectively.

The purview of the JPR subcommittee shall include all JPR-related policies and provisions found in the MLA, Addenda B, Addendum E, and any related SLAs, LOUs, or MOAs.

The purview of the SAP subcommittee shall include all SAP-related policies and provisions as found in the MLA and Addendum C, and any related SLAs, LOUs, or MOAs.

The purview of the Subcontracting subcommittee shall include all current subcontracting provisions.

The purview of the Hazmat Work subcommittee shall include all Hazmat-related provisions within the agreement and the joint exploration of regulatory and/or legal criteria regarding hazmat work.

The purview of the Autonomous Equipment subcommittee shall include monitoring of advancements of technological, legal, safety and other issues involving the advent of autonomous equipment.

The union and employer agree to form a subcommittee, if needed, to discuss issues that may impact this industry.

Neither party shall endeavor to unnecessarily delay, deter, or prevent each subcommittee from promptly amending these policies and standards as mutually agreed by the Parties.

- **LETTER OF UNDERSTANDING – FRINGE BENEFITS**

Notwithstanding references in the Master Agreement regarding the payment of various fringe benefits for “hour[s] worked or paid”, it is hereby agreed by the Parties that fringe benefits described in Section 12.00.00 shall not be owed for any employee during each calendar year for the following:

- Non-mandatory training time to a maximum of 48 hours - Hours that employees spend participating in voluntary professional development or trainings, excluding covered work, offered by the Employer shall be compensated at the regular wages employees would receive had they been performing covered work. However, the hours shall not be considered hours worked or paid under Section 12.01.00, and the Employer shall not owe fringe contributions under Section 12.00.00 for such compensation. Hours of compensation under this Section shall not exceed 48 hours in one calendar year for any one employee by a single Employer or Individual Employer.
- Alternative work (non-covered work) while on workers comp. In the event an employee is unable to perform the covered work the employee is usually assigned, due to an injury or disability, the Individual Employer may offer light duty work, which shall be compensated at the Employee’s regular wages. Payment for hours worked under this provision shall not constitute “each hour worked or paid” under Section 12.01.00, meaning that corresponding fringe contributions under Section 12.00.00 are not required. The parties’ intent is not to disadvantage or interfere with any individual employee’s claim for workers’ compensation benefits. The parties currently understand that this provision would not impact an individual employee’s workers’ compensation claim in any way, however should the law or regulations change such that this is no longer true, the parties agree to meet and confer to modify this provision consistent with the parties’ intent.

- **SIDE LETTER AGREEMENT – SUPER SUCKER VACUUM TRUCK**

The Employer and the Union have met and negotiated a modification to the current collective bargaining agreement (“Agreement”) with the following changes:

Super Sucker Vacuum Truck qualified operator runs all (except on National Pipeline work, they will be paid Group 1 rate), Group 7, job classification 8868, of the Northern California Master Construction Agreement.

The parties agree that craft work assignments made by Individual Employers for this specific piece of equipment to other crafts prior to January 1, 2013 shall not be affected by this new classification. Individual Employers shall provide notice and proof to the Union upon the request of the Union.

- **SIDE LETTER AGREEMENT – SUPER SUCKER VACUUM TRUCK**

The Association and Union understand and recognize, and herein clarify, that Group 7 classification “8868 Super Sucker Vacuum Truck qualified operator runs all”, added to the Master Labor Agreement in the 2013 negotiations, is intended to cover all work traditionally performed by Operating Engineers in connection with the operation of truck mounted hydro excavation vacuum equipment.

- **SIDE LETTER AGREEMENT – VACATION PAY**

The parties agree regarding wage calculations, the Vacation Pay shall be paid at straight time hourly as it relates to overtime.

- **SIDE LETTER AGREEMENT – PREVAILING WAGE PROTECTION**

If there is a non-signatory prime contractor on a planholders list or there is no planholders list for a job which there is a Prevailing Wage Determination, the wages, fringes benefits and other applicable provisions of the Prevailing Wage Determination shall apply to the job. On jobs on which there is no Prevailing Wage Determination, the wage and fringe benefit rates set forth in the Private Work Agreement which is applicable to the job shall apply to the job. If no such Private Work Agreement is applicable, the wage and fringe benefit rates in the Addendum shall apply, if applicable. If the Addendum is not applicable, the Market Geographic Area Committee shall, upon an Individual Employer’s request, establish the wage rates, fringe benefit rates and other applicable working conditions.

- **SIDE LETTER AGREEMENT – PRIVATE WORK**

Private Work Agreements – It is understood and agreed to by the Parties that all existing Private Work Agreements covering private projects shall be extended until such time that a new Private Work Agreement covering the same geographic area has been agreed to by the parties. Existing dollar limits shall remain in effect until a new Private Work Agreement is negotiated in the applicable geographic area.

It is also further understood and agreed by the parties that the threshold level of these Agreements shall be increased to and including four million dollars (\$4,000,000).

The terms and conditions of all the extended Agreements shall be applicable only to those Individual Employers who have agreed to be bound by the 2026-2029 Operating Engineers Master Labor Agreement for Northern California.

All other terms and conditions of the existing Agreement not contained herein shall remain unchanged.

- **LETTER OF UNDERSTANDING – SAN FRANCISCO FAMILY FRIENDLY WORKPLACE ORDINANCE**

The collective bargaining parties agree, that to the fullest extent permitted by law, the 2026-2029 Operating Engineers Master Labor Agreement shall operate to waive any provision of the San Francisco Family Friendly Workplace Ordinance, San Francisco Labor and Employment Code Section 32, effective January 1, 2014, and shall supersede and be considered to have fulfilled all requirements of said Ordinance as presently written, and/or amended during the life of this Agreement.

Specifically, in accordance with the provisions of Section 32.12 (Waiver through Collective Bargaining) of the San Francisco Family Friendly Workplace Ordinance, the collective bargaining parties hereby expressly waive the Family Friendly Workplace requirements in clear and unambiguous terms.

In addition, this waiver shall apply to any other city, county or other local ordinance requiring caregiver leave that may be adopted during the term of this Agreement provided the parties have met and agreed to the terms and conditions contained in that local ordinance. The parties agree to do this in a separate writing.

- **LETTER OF UNDERSTANDING – SAN FRANCISCO PAID PARENTAL LEAVE ORDINANCE**

The collective bargaining parties agree, that to the fullest extent permitted by law, the 2026-2029 Operating Engineers Master Labor Agreement shall operate to waive any provision of the San Francisco Paid Parental Leave Ordinance, San Francisco Labor and Employment Code Article 14, effective May 21, 2016 and operative January 1, 2017, and shall supersede and be considered to have fulfilled all requirements of said Ordinance as presently written, and/or amended during the life of this Agreement.

Specifically, in accordance with the provisions of Section 14.9 (Waiver through Collective Bargaining) of the San Francisco Paid Parental Leave Ordinance, the collective bargaining parties hereby expressly waive the Paid Parental Leave Ordinance requirements in clear and unambiguous terms.

In addition, this waiver shall apply to any other city, county or other local ordinance requiring similar paid parental leave by the employer that may be adopted during the term of this Agreement, provided the parties have met and agreed to the terms and conditions contained in that local ordinance. The parties agree to do this in a separate writing.

- **SIDE LETTER AGREEMENT – SAN JOSE OPPORTUNITY TO WORK ORDINANCE WAIVER**

Requirement To Offer Additional Work Hours To Part-Time Employees Before Hiring New Employees

The collective bargaining parties agree that, to the fullest extent permitted by law, the Operating Engineers Master Labor Agreement shall operate to waive any provision of the City of San Jose's Opportunity to Work Ordinance, effective March 13, 2017, and shall supersede and be considered to have fulfilled all requirements of said Ordinance as presently written, and/or amended during the life of this Agreement.

Specifically, in accordance with the City of San Jose's Municipal Code Section 4.100.050 (Waiver through collective bargaining) and the provisions of Section 4.101.110 (Collective Bargaining Under Federal Law) of the San Jose Opportunity to Work Ordinance, the collective bargaining parties hereby expressly waive the Opportunity to Work Ordinance requirements in clear and unambiguous terms.

- **LETTER OF UNDERSTANDING - BERKELEY FAMILY FRIENDLY & ENVIRONMENT FRIENDLY WORKPLACE ORDINANCE WAIVER**

The collective bargaining parties agree that, to the fullest extent permitted by law, the OE3 Master Agreement shall operate to waive any provision of the Berkeley Family Friendly & Environment Friendly Workplace Ordinance (Berkeley Municipal Code, Chapter 13.101), effective March 16, 2017, and shall supersede and be considered to have fulfilled all requirements of said Ordinance as presently written and/or amended during the life of this Agreement.

Specifically, in accordance with the provisions of Section 13.101.110 (Waiver through Collective Bargaining) of the Ordinance, the collective bargaining parties hereby expressly waive the Berkeley Family Friendly & Environment Friendly Workplace Ordinance in clear and unambiguous terms.

In addition, this waiver shall apply to any other state, city, county or other local law or ordinance containing like requirements as those found in the Berkeley Family Friendly & Environment Friendly Workplace Ordinance that may be adopted during the term of this Agreement.

- **LETTER OF UNDERSTANDING – WAIVER OF LOCAL MINIMUM WAGE ORDINANCES**

The collective bargaining parties agree, that to the fullest extent permitted by law, the OE3 Master Agreement shall operate to waive any provision of all currently existing Minimum Wage Ordinances (MWOs) in Northern California, and shall supersede and be considered to have fulfilled all requirements of said Ordinances as presently written, and/or amended during the life of this Agreement. Specifically, in accordance with the applicable provisions of the Ordinances, the collective bargaining parties hereby expressly waive the Minimum Wage Ordinance requirements for the following Ordinances in clear and unambiguous terms:

Belmont MWO – Belmont City Code Chapter 32; CBA Waiver – Section 32-9
Berkeley MWO – Berkeley Municipal Code Chapter 13.99; CBA Waiver – Section 13.99.055
Burlingame MWO – Burlingame Municipal Code Chapter 6.10; CBA Waiver – Section 6.10.060
Cupertino MWO – Cupertino Municipal Code Title 3, Chapter 3.37; CBA Waiver – Section 3.37.050
East Palo Alto MWO – East Palo Alto Municipal Code Chapter 5.10; CBA Waiver – Section 5.10.080
El Cerrito MWO – El Cerrito Municipal Code Chapter 6.95; CBA Waiver – Section 6.95.050-B
Emeryville MWO – Emeryville Municipal Code Title 5, Chapter 37; CBA Waiver – Section 5-37.07(e)(1)
Foster City MWO – Foster City Municipal Code Chapter 5.73; CBA Waiver – Section 5.73.060
Fremont MWO - Fremont Municipal Code Title 5, Chapter 5.30 CBA Waiver – Section 5.30.050
Half Moon Bay MWO – Half Moon Bay Municipal Code Chapter 3.300; CBA Waiver – Section 3.300.090
Hayward MWO – Hayward Municipal Code Article 15; CBA Waiver – Section 6-15.14
Los Altos MWO – Los Altos Municipal Code Chapter 3.5; CBA Waiver – Section 3.50.050
Menlo Park MWO – Menlo Park Municipal Code Section 5.76; CBA Waiver – Section 5.76.050
Novato MWO – Novato Municipal Code Section 2-30; CBA Waiver – Section 2-30.5
Oakland MWO – Oakland Municipal Code Chapter 5.92; CBA Waiver – Section 5.92.050(B
Palo Alto MWO – Palo Alto Municipal Code Chapter 4.62; CBA Waiver – Section 4.62.050
Petaluma MWO – Petaluma Municipal Code Chapter 8.35; CBA Waiver – Section 8.35.040
Redwood City MWO – Redwood City Code Chapter 46; CBA Waiver – Section 46.050
Richmond MWO – Richmond Municipal Code Chapter 7.108; CBA Waiver – Section 7.108.050
San Francisco MWO – San Francisco Labor and Employment Code Article 1; CBA Waiver – Section 1.8
San Jose MWO – San Jose Municipal Code Title 4, Chapter 4.100; CBA Waiver – Section 4.100.050
San Leandro MWO – San Leandro Municipal Code Chapter 4-35; CBA Waiver – Section 4-35-500
San Mateo MWO – San Mateo Municipal Code Chapter 5.92; CBA Waiver – Section 5.92.060
San Mateo County MWO – San Mateo County Ordinance Code Chapter 5.158; CBA Waiver – Section 5.158.110
Santa Clara MWO – Santa Clara City Code Title 3, Chapter 3.20; CBA Waiver – Section 3.20.050
Santa Rosa MWO – Santa Rosa City Code Chapter 10-45; CBA Waiver – Section 10-45.040
Sonoma MWO – City of Sonoma Municipal Code Chapter 2.80; CBA Waiver – Section 2.80.045
Sunnyvale MWO – Sunnyvale Municipal Code Title 3, Chapter 3.80; CBA Waiver – Section 3.80.050

In addition, this waiver shall apply to any other city, county or other local ordinance requiring minimum wage payments different from the state minimum wage that may be adopted during the term of this Agreement.

In the event that a local minimum wage ordinance provides for an hourly wage that is higher than the hourly rate provided for the appropriate classification in the OE3 Master Agreement, the Individual Employer will pay the higher rate.

• **MEMORANDUM OF UNDERSTANDING – ADDITIONAL CLASSIFICATIONS RELATED TO TREE REMOVAL EQUIPMENT**

The bargaining Parties have agreed to the following terms and conditions:

1. Section 01.03.00 shall be modified to better define the following tree removal equipment classifications historically covered under the Master Construction Agreement for Northern California:

Tree removal, site clearing and grubbing equipment as follows: Self-Loading Skidder, Forwarder, Heel Boom, Albach (tree removal/site clearing and grubbing), Sennebogen (tree removal/site clearing and grubbing), Feller Buncher, Processor, Harvester, Timber Handler, Log Yoder, Track-Mounted Grinders/Chippers, Stroke Delimber, Knuckle Boom (not inclusive of grapple hook trucks).

2. All terms and conditions of the Master Agreement (MLA) shall continue to apply to the additional classification listed under Group 3, as they do to all other classifications under Section 01.03.00. This includes all fringe contributions required under Section 12.00.00 for all hours worked or paid.
3. Upon the Individual Employer's anticipated use or introduction of new equipment not already included under this MOU or elsewhere in 01.03.00, the Parties agree to comply with Section 20.01.00 to negotiate an appropriate rate, classification and working rule for the equipment's operation.
4. Due to the emergency nature of tree removal work, site clearing and grubbing work in instances of California wildfire cleanup efforts, the parties may agree to modifications of the work hours, workdays and shifts specified in section 06.00.00. All modifications shall be job specific and reduced to writing in the project pre-job conference notes.
5. Any dispute or disagreement regarding this MOU or its application is subject to the Grievance Procedure set forth under 18.02.00 of the Master Agreement.

IN WITNESS WHEREOF, the parties hereto set their hands and seals by their respective officers duly authorized to do so this _____ day of _____, 2026.

FOR THE EMPLOYER:

**NORTHERN ALLIANCE OF
ENGINEERING CONTRACTORS [NAEC]**

Timothy J. Conway

FOR THE UNION:

**OPERATING ENGINEERS LOCAL UNION NO. 3
of the International Union of
Operating Engineers, AFL-CIO**

Justin Diston, President

Dan Reding, Business Manager

Bruce Noel, Vice President

Dave Harrison, Recording-Corresponding Secretary