

Board of Directors Meeting Agenda

Date: February 16, 2023
Time: 5:30 p.m.
Location: Virtual Meeting (online)

AGENDA

SACRAMENTO MUNICIPAL UTILITY DISTRICT BOARD OF DIRECTORS MEETING

Pursuant to Government Code section 54953(e) and the Emergency Board Meeting Procedures adopted by the SMUD Board of Directors, the regular Board meeting and other public meetings are currently conducted solely via virtual (online/teleconference) meeting to align with state, local, and federal guidelines for the containment of the coronavirus.

Live video streams and indexed archives of meetings are available at:
http://smud.granicus.com/ViewPublisher.php?view_id=16

Members of the public may register to provide verbal comments at an upcoming Board or Committee meeting by e-mailing a request to speak to PublicComment@smud.org. Please include the date of the meeting, name, and topic or agenda item the requestor wishes to speak on. The request may also be submitted while the meeting is in progress during the standard time for the agenda item or topic. **Pre-registration is strongly encouraged by no later than 3:00 p.m. on the day of the meeting.**

Members of the public may provide written public comments on a specific agenda item or on items not on the agenda (general public comment) by submitting comments via e-mail. Comments may be submitted to PublicComment@smud.org and will be placed into the record of the meeting.

Members of the public that are listening to or watching the live stream of a Board meeting and wish to submit written comments on a specific agenda item as it is being heard may submit their comments, limited to 250 words or less, to PublicComment@smud.org, noting the agenda item number in the subject line. The Board President may read comments for items on the agenda into the record, in her discretion, based upon such factors as the length of the agenda or the number of e-mail comments received. General public comment for items not on the agenda will not be read into the record but will be provided to the Board and placed into the record of the Board meeting if it is received within two hours after the meeting ends.

February 16, 2023 – 5:30 p.m.

Zoom Webinar Link: [Join SMUD Board of Directors Meeting Here](#)

Webinar/Meeting ID: 161 478 2927

Passcode: 502844

Phone Dial-in Number: 1-669-254-5252 or 1-833-568-8864 (Toll Free)

Call to Order.

a. Roll Call.

1. Approval of the Agenda.

2. Committee Chair Reports.
 - a. Committee Chair report of February 8, 2023, Policy Committee
 - b. Committee Chair report of February 15, 2023, Energy Resources & Customer Services Committee
 - c. Committee Chair report of February 15, 2023, Finance and Audit Committee

Items 6 through 8 and 11 were reviewed by the February 8, 2023, Policy Committee. Item 9 was reviewed by the February 15, 2023, Energy Resources & Customer Services Committee. Item 10 was reviewed by the February 15, 2023, Finance and Audit Committee.

Comments from the public are welcome when these agenda items are called.

Consent Calendar:

3. Approve Board member compensation for service rendered at the request of the Board (pursuant to Resolution 18-12-15) for the period of January 16, 2023, through February 15, 2023.
 4. Approval of the minutes of the special meeting of January 17, 2023.
 5. Approval of the minutes of the regular meeting of January 19, 2023.
 6. Accept the monitoring report for **Strategic Direction SD-2, Competitive Rates**. Policy Committee 2/8. (Scott Martin)
 7. Accept the monitoring report for **Strategic Direction SD-3, Access to Credit Markets**. Policy Committee 2/8. (Jennifer Davidson)
 8. Approve proposed revisions to the **Meeting Procedures of the SMUD Board of Directors**. Policy Committee 2/8. (Laura Lewis)
 9. Make findings that conveyance of the following Assessor's Parcel Numbers (APNs) is exempt from the **Surplus Land Act**:
 - a. Former substation property exchanged for replacement site [132-0332-014];
 - b. Former landfill site conveyed to local agency for its use [001-0160-006, 001-0160-018, 001-0160-034]; and
 - c. Former pole/corporation yard conveyed for climate change demonstration, utility sites, and revenue to support SMUD operations on the site [008-0010-090; 011-0073-001 to 011-0073-008; 011-0081-001 to 0081-003; 011-0081-008].
- Energy Resources & Customer Services Committee 2/15. (Frankie McDermott)**
10. Authorize the Chief Executive Officer and General Manager to award contracts to **Eagle Systems International, Inc. dba Synergy Companies** and **Clarke & Rush Mechanical, Inc.** to provide Heating, Ventilation and Air Conditioning (HVAC) Plus Building and Transportation Electrification Services for a two-year term from February 20, 2023, to February 19, 2025, with one optional one-year extension, for a total aggregate contract not-to-exceed amount of \$12 million. **Finance and Audit Committee 2/15. (Jennifer Davidson)**

Discussion Calendar:

11. Nominate a Board Member for the Sacramento **Local Agency Formation Commission (LAFCo)** Special District Advisory Committee. **Policy Committee 2/8.** (Laura Lewis)

Presenter: Laura Lewis

* * * * *

Public Comment:

12. Items not on the agenda.

Board and CEO Reports:

13. Directors' Reports.
14. President's Report.
15. CEO's Report.
a. Board Video

Summary of Board Direction

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Board Committee Meetings and Special Meetings of the Board of Directors are held at the SMUD Headquarters Building, 6201 S Street, Sacramento

The SMUD Board of Directors is currently operating under Emergency Board Meeting Procedures. In accordance with findings made by the Board pursuant to Government Code section 54953(e), February 2023 meetings will be held virtually (online).

February 15, 2023	Energy Resources & Customer Services Committee and Special SMUD Board of Directors Meeting	Virtual Meeting (online)	5:30 p.m.
February 15, 2023	Finance and Audit Committee and Special SMUD Board of Directors Meeting	Virtual Meeting (online)	Immediately following the Energy Resources & Customer Services Committee and Special SMUD Board of Directors Meeting scheduled to begin at 5:30 p.m.

March 7, 2023	Strategic Development Committee and Special SMUD Board of Directors Meeting	Auditorium	5:30 p.m.
March 8, 2023	Policy Committee and Special SMUD Board of Directors Meeting	Auditorium	5:30 p.m.
March 14, 2023	Finance and Audit Committee and Special SMUD Board of Directors Meeting	Auditorium	5:30 p.m.
March 15, 2023	Energy Resources & Customer Services Committee and Special SMUD Board of Directors Meeting	Auditorium	5:30 p.m.

* * * * *

Regular Meetings of the Board of Directors are held at the SMUD Headquarters Building, 6201 S Street, Sacramento

March 16, 2023	Auditorium	6:00 p.m.
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Pursuant to Resolution No. 20-06-08 adopted on June 18, 2020, Emergency Board Meeting Procedures are in effect:

Members of the public may make either a general public comment or comment on a specific agenda item by submitting comments via email. Comments may be submitted to PublicComment@smud.org. Comments will be provided to the Board and placed into the record of the Board meeting if it is received within two hours after the meeting ends.

Members of the public that are listening or watching the live stream of a Board meeting and wish to comment on a specific agenda item as it is being heard, may submit their comments, limited to 250 words or less, to PublicComment@smud.org. The Board President may read the comments into the record, in her discretion, based upon such factors as the length of the agenda, the number of email comments received, and whether the Board is in danger of losing a quorum. Comments will be provided to the Board and placed into the record of the Board meeting if it is received within two hours after the meeting ends.

Members of the public may register to provide verbal comments at an upcoming Board or Committee meeting by emailing a request to speak to PublicComment@smud.org. Please include the date of the meeting, name, and topic or agenda item the requestor wishes to speak on. The request may also be submitted while the meeting is in progress during the standard time for the agenda item or topic. Pre-registration is strongly encouraged by no later than 3:00 p.m. on the day of the meeting.

ADA Accessibility Procedures: Upon request, SMUD will generally provide appropriate aids and services leading to effective communication for qualified persons with disabilities so that they can participate equally in this virtual meeting. If you need a reasonable auxiliary aid or service for effective communication to participate, please email Toni.Stelling@smud.org, or contact by phone at (916) 732-7143, no later than 48 hours before this virtual meeting.

RESOLUTION NO. _____

**BE IT RESOLVED BY THE BOARD OF DIRECTORS
OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:**

That this Board hereby approves Board member compensation for service rendered at the request of the Board (pursuant to Resolution 18-12-15) for the period of January 16, 2023, through February 15, 2023.

Sacramento, California

January 17, 2023

The Board of Directors of the Sacramento Municipal Utility District met in special session concurrently with the Board Finance and Audit Committee via virtual meeting (online) at 5:32 p.m.

Roll Call:

Presiding: Rob Kerth,
Chair of the Finance and Audit Committee

Present: Directors Rose, Bui-Thompson, Fishman,
Herber, Tamayo, and Sanborn

Present also were Paul Lau, Chief Executive Officer and General Manager; Laura Lewis, Chief Legal & Government Affairs Officer and General Counsel and Secretary, and members of SMUD's executive management; and SMUD employees and visitors.

Committee Chair Kerth turned to Discussion Calendar Item 1, to make findings pursuant to Government Code section 54953(e) to continue holding meetings virtually during proclaimed state of emergency (recurring item, every 30 days). He asked General Counsel Lewis to provide a brief explanation of the item.

General Counsel Lewis stated the law allows special districts such as SMUD to continue to conduct remote meetings pursuant to modified Brown Act procedures during a declared state of emergency if the elected body determines that meeting in person would post an imminent risk to the health and safety of its attendees. She stated that the most recent reported COVID-19 data published by Sacramento County shows an elevated case rate and deaths since the last update, and an analysis of wastewater also shows elevated levels. She stated that due to these increases, Sacramento County and all surrounding counties had been moved into the medium tier, and thus staff recommended that the Board make findings that conditions warrant to continue virtual meetings. She requested the Board to vote on the item tonight as well as to place on the consent calendar for the January 19, 2023, Board meeting.

No public comment was forthcoming on Discussion Calendar Item 1.

After some discussion, Director Fishman moved for approval of Discussion Calendar Item 1, Director Bui-Thompson seconded, and Resolution No. 23-01-01 was unanimously approved.

RESOLUTION NO. 23-01-01

WHEREAS, SMUD is committed to preserving public access and participation in meetings of the Board of Directors and to the safety of meeting attendees; and

WHEREAS, all meetings of the Board of Directors are open and public, as required by the Ralph M. Brown Act (Gov't Code, §§ 54950-54963) ("Brown Act"), so that any member of the public may attend, participate in, and watch SMUD's governing body conduct its business; and

WHEREAS, the newly enacted Government Code section 54953(e) authorizes a local agency's governing body, during a proclaimed state of emergency, to participate in its public meetings using remote teleconferencing without compliance with the requirements of Government Code section 54953(b)(3), under specified conditions; and

WHEREAS, a required condition is that a state of emergency is declared by the Governor pursuant to Government Code section 8625, proclaiming the existence of conditions of disaster or of extreme peril to the safety of persons and property within the state caused by conditions as described in Government Code section 8558; and

WHEREAS, another condition is that state or local officials have imposed or recommended measures to promote social distancing, or, the legislative body determines that meeting in person would present imminent risks to the health and safety of attendees; and

WHEREAS, on February 28, 2022, the California Department of Public Health rescinded the mask requirement effective March 1, 2022, for all individuals regardless of vaccination status and instead issued a strong recommendation that all persons, regardless of vaccine status, continue indoor masking; and

WHEREAS, the Sacramento County Department of Public Health on its Epidemiology COVID-19 Dashboard continues to show elevated case and death data that appears to have been stable for weeks, and this is supported by ongoing wastewater sampling; and

WHEREAS, Sacramento County and surrounding counties currently have medium community transmission rates for COVID-19 as defined by the Centers for Disease Control and Prevention; and

WHEREAS, on December 15, 2022, the California Department of Industrial Relations, Division of Occupational Safety and Health (Cal/OSHA) voted to adopt Non-emergency COVID-19 Prevention Regulations, which will become effective in January 2023 when approved by the Office of Administrative Law, including defining “close contact” in an indoor space of 400,000 cubic feet or less as sharing the same indoor airspace for a cumulative total of 15 minutes or more in a 24-hour period; and

WHEREAS, SMUD staff and other community members are still reporting infections with lasting symptoms; and

WHEREAS, adoption of the new bivalent booster is still relatively low; and

WHEREAS, SMUD Board and Committee meetings can last as long as four hours, with participants sitting in the same room sharing air the entire time; and

WHEREAS, it would be impractical for SMUD to take steps necessary to prevent imminent risks to the health and safety of attendees, such as by holding public meetings outdoors, ensuring public meeting attendees are vaccinated, have appropriate face coverings, and wear them consistent with public health guidance; and

WHEREAS, all meetings, agendas, meeting dates, times, and manner in which the public may participate in the public meetings of the SMUD Board and offer public comment by telephone or internet-based service options including video conference are posted on the SMUD website and physically outside of SMUD’s Headquarters Building; and

WHEREAS, by Resolution No. 21-10-01 adopted on October 12, 2021, this Board made findings that requisite conditions exist for the SMUD Board to conduct remote teleconference meetings without compliance with paragraph (3) of subdivision (b) of section 54953; and

WHEREAS, by Resolution No. 21-10-03 adopted on October 21, 2021, this Board made findings that requisite conditions exist for the SMUD Board to conduct remote teleconference meetings without compliance with paragraph (3) of subdivision (b) of section 54953; and

WHEREAS, by Resolution No. 21-11-05 adopted on November 18, 2021, this Board made findings that requisite conditions exist for the SMUD Board to conduct remote teleconference meetings without compliance with paragraph (3) of subdivision (b) of section 54953; and

WHEREAS, by Resolution No. 21-12-04 adopted on December 9, 2021, this Board made findings that requisite conditions exist for the SMUD Board to conduct remote teleconference meetings without compliance with paragraph (3) of subdivision (b) of section 54953; and

WHEREAS, by Resolution No. 22-03-01 adopted on March 8, 2022, this Board made findings that requisite conditions exist for the SMUD Board to conduct remote teleconference meetings without compliance with paragraph (3) of subdivision (b) of section 54953; and

WHEREAS, by Resolution No. 22-03-03 adopted on March 17, 2022, this Board made findings that requisite conditions exist for the SMUD Board to conduct remote teleconference meetings without compliance with paragraph (3) of subdivision (b) of section 54953; and

WHEREAS, by Resolution No. 22-04-01 adopted on April 13, 2022, this Board made findings that requisite conditions exist for the SMUD Board to conduct remote teleconference meetings without compliance with paragraph (3) of subdivision (b) of section 54953; and

WHEREAS, by Resolution No. 22-04-03 adopted on April 21, 2022, this Board made findings that requisite conditions exist for the SMUD Board to conduct remote teleconference meetings without compliance with paragraph (3) of subdivision (b) of section 54953; and

WHEREAS, by Resolution No. 22-05-06 adopted on May 19, 2022, this Board made findings that requisite conditions exist for the SMUD Board to

conduct remote teleconference meetings without compliance with paragraph (3) of subdivision (b) of section 54953; and

WHEREAS, by Resolution No. 22-06-02 adopted on June 16, 2022, this Board made findings that requisite conditions exist for the SMUD Board to conduct remote teleconference meetings without compliance with paragraph (3) of subdivision (b) of section 54953; and

WHEREAS, by Resolution No. 22-07-02 adopted on July 21, 2022, this Board made findings that requisite conditions exist for the SMUD Board to conduct remote teleconference meetings without compliance with paragraph (3) of subdivision (b) of section 54953; and

WHEREAS, by Resolution No. 22-08-05 adopted on August 18, 2022, this Board made findings that requisite conditions exist for the SMUD Board to conduct remote teleconference meetings without compliance with paragraph (3) of subdivision (b) of section 54953; and

WHEREAS, by Resolution No. 22-09-06 adopted on September 15, 2022, this Board made findings that requisite conditions exist for the SMUD Board to conduct remote teleconference meetings without compliance with paragraph (3) of subdivision (b) of section 54953; and

WHEREAS, by Resolution No. 22-10-01 adopted on October 12, 2022, this Board made findings that requisite conditions exist for the SMUD Board to conduct remote teleconference meetings without compliance with paragraph (3) of subdivision (b) of section 54953; and

WHEREAS, by Resolution No. 22-10-03 adopted on October 20, 2022, this Board made findings that requisite conditions exist for the SMUD Board to conduct remote teleconference meetings without compliance with paragraph (3) of subdivision (b) of section 54953; and

WHEREAS, by Resolution No. 22-11-04 adopted on November 17, 2022, this Board made findings that requisite conditions exist for the SMUD Board to conduct remote teleconference meetings without compliance with paragraph (3) of subdivision (b) of section 54953; **NOW, THEREFORE**,

**BE IT RESOLVED BY THE BOARD OF DIRECTORS
OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:**

Section 1. Risks to Health and Safety of Attendees. The Board has reconsidered the circumstances of the state of emergency and hereby finds that the state of emergency continues to directly impact the ability of the members to meet safely in person and holding SMUD Board meetings in person would present imminent risks to the health and safety of attendees.

Section 2. Remote Teleconference Meetings. SMUD staff are hereby authorized and directed to take all actions necessary to carry out the intent and purpose of this Resolution, including conducting open and public meetings in accordance with section 54953(e) and other applicable provisions of the Brown Act.

Section 3. Effective Date of Resolution. This Resolution shall take effect immediately upon its adoption and shall be effective until the earlier of (i) February 16, 2023, or (ii) such time the Board of Directors adopts a subsequent resolution in accordance with Government Code section 54953(e)(3) to extend the time during which the SMUD Board may continue to teleconference without compliance with paragraph (3) of subdivision (b) of section 54953.

Approved: January 17, 2023

INTRODUCED: DIRECTOR FISHMAN				
SECONDED: DIRECTOR BUI-THOMPSON				
DIRECTOR	AYE	NO	ABSTAIN	ABSENT
SANBORN	X			
ROSE	X			
BUI-THOMPSON	X			
FISHMAN	X			
HERBER	X			
KERTH	X			
TAMAYO	X			

Committee Chair Kerth then turned to Agenda Item 2, to provide the Board with SMUD's financial results from the 11-month period ended November 30, 2022, and a summary of SMUD's current Power Supply Costs.

Lisa Limcaco, Director of Accounting & Controller, provided a presentation on Agenda Item 2. A copy of the slides used in her presentation is attached to these minutes.

Public comment for Agenda Item 2, a copy of which is attached to these minutes, was received and read into the record from the following member of the public:

- Dave Wright

Committee Chair Kerth then turned to Agenda Item 3, to provide the Board with an informational presentation on Internal Audit and the 2023 Annual Plan.

Claire Rogers, Director of Audit Services, provided a presentation on Agenda Item 3. A copy of the slides used in her presentation is attached to these minutes.

No public comment was received for Agenda Item 3.

With regard to Agenda Item 4, the Audit Report for Status of Recommendations for Q4 2022, no clarifying questions were forthcoming.

No public comment was received for Agenda Item 4.

Committee Chair Kerth then turned to Agenda Item 5, statements from the public regarding items not on the agenda, but none were forthcoming. He stated that written comments received on items not on the agenda would be provided to the Board electronically and placed into the record if received within two hours after the meeting ended.

Public comment, a copy of which is attached to these minutes, was received from the following member of the public:

- Dave Wright

Committee Chair Kerth requested the Summary of Committee Direction.

General Counsel Lewis stated there was one item – staff will respond to the question provided by Mr. Wright during public comment on Agenda Item 2.

Committee Chair Kerth announced that having completed the open session agenda for the meeting, the Board would enter into closed session to discuss the following item:

1. **Conference with Labor Negotiators**

Pursuant to Section 54957.6 of the Government Code:

SMUD Designated Representatives:

Cheryl Spector, Manager, Employee Relations

Jennifer Dibble, Principal Employee Relations Analyst

Employee Organization:

SMUD Public Safety Officers' Association (PSOA).

Committee Chair Kerth stated that the Board would not be taking any action during the closed session, so there would be nothing to report out at the end of the session. The Board entered into closed session at 6:05 p.m.

The meeting adjourned at 6:40 p.m. with no reportable action taken.

Approved:

Committee Chair

Secretary

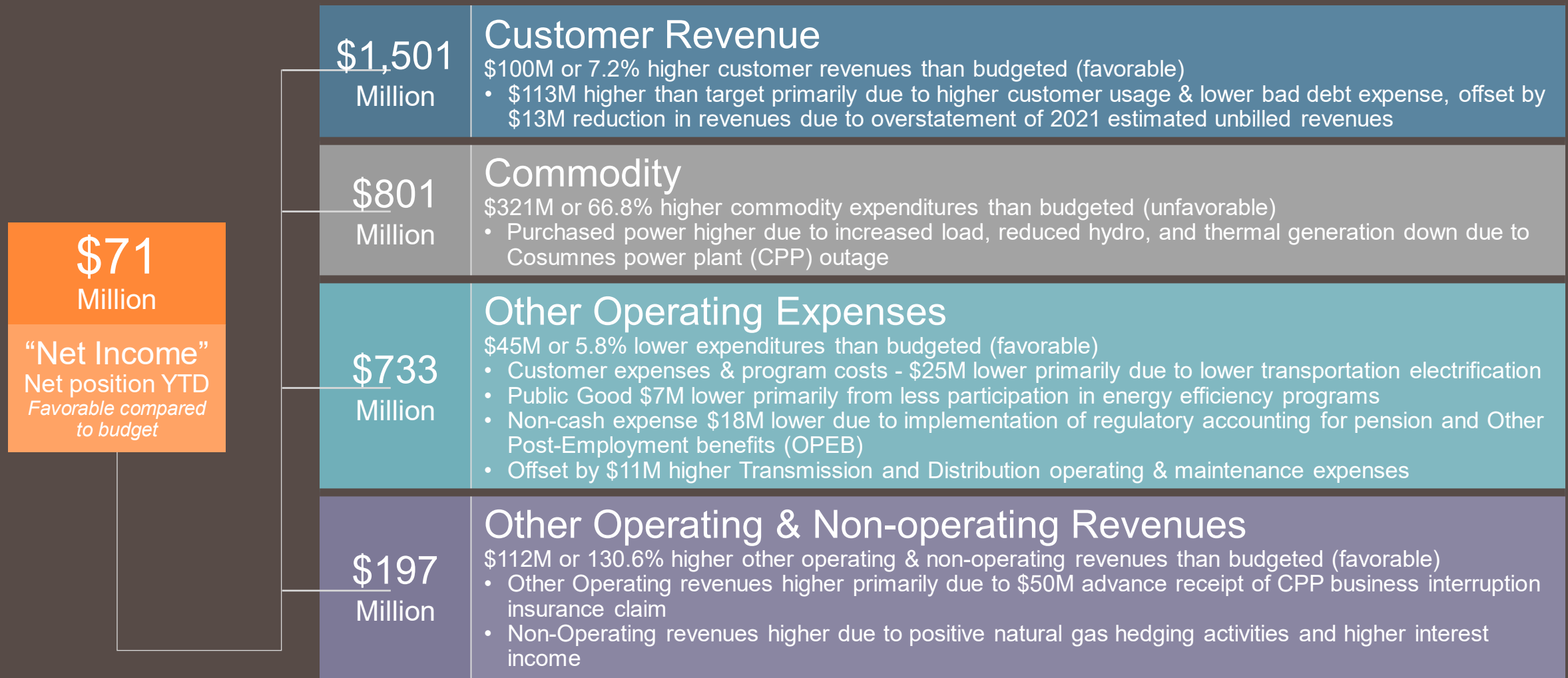
Exhibit to Agenda Item #2

Provide the Board with SMUD's financial results from the eleven-month period ended November 30, 2022, and a summary of SMUD's current Power Supply Costs.

Board Finance & Audit Committee and Special SMUD Board of Directors Meeting
Tuesday, January 17, 2023, scheduled to begin at 5:30 p.m.

Virtual Meeting (online)

November 2022 Financial Highlights



\$93M other net expenses and revenues not included in the highlights above primarily due to interest expense

November 2022 Energy Sources



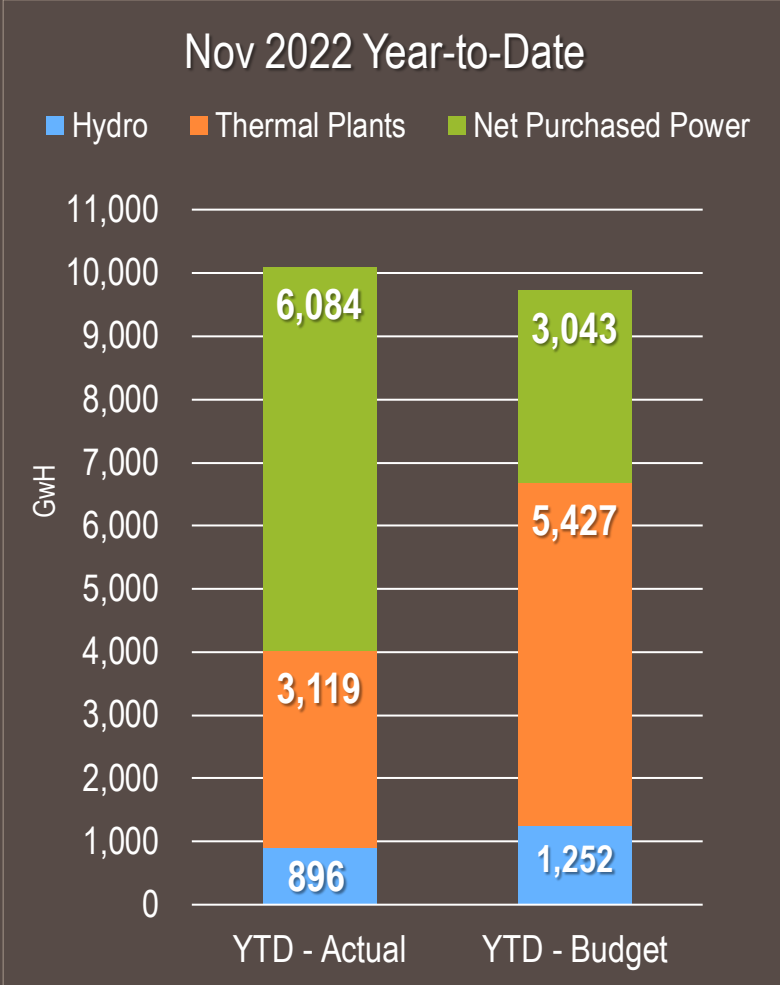
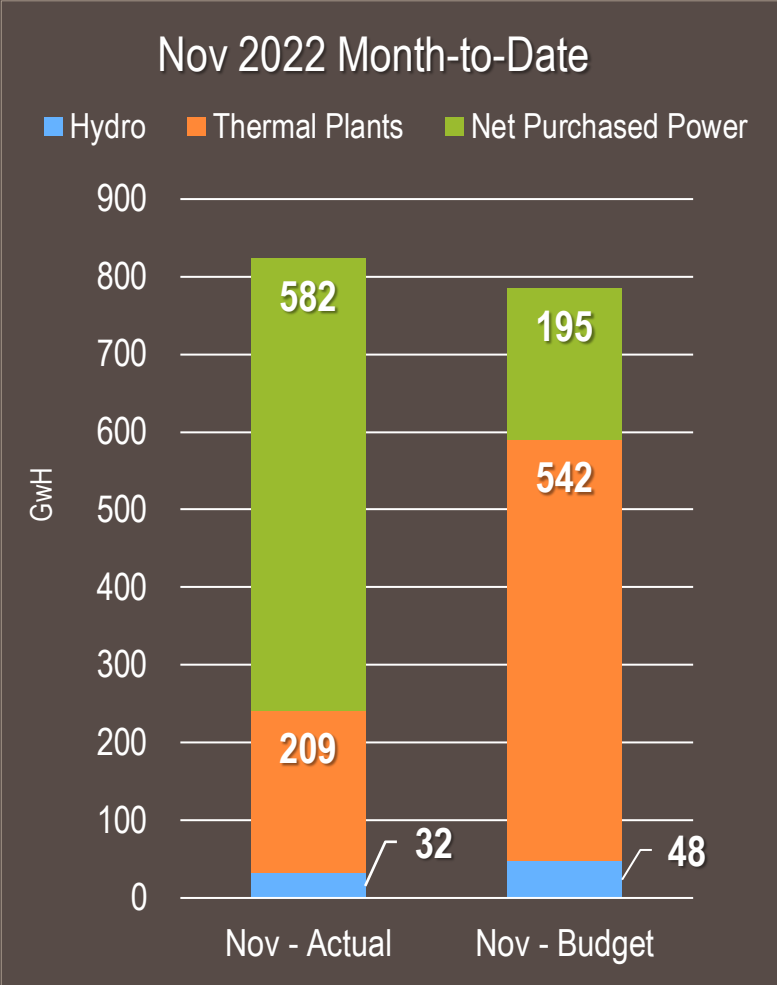
Hydro generation was 33% lower than budget in November, and 28% lower than budget year-to-date.



Thermal plants generation 61% lower than budget for November due to the Cosumnes power plant outage, and 43% lower than budget year-to-date.

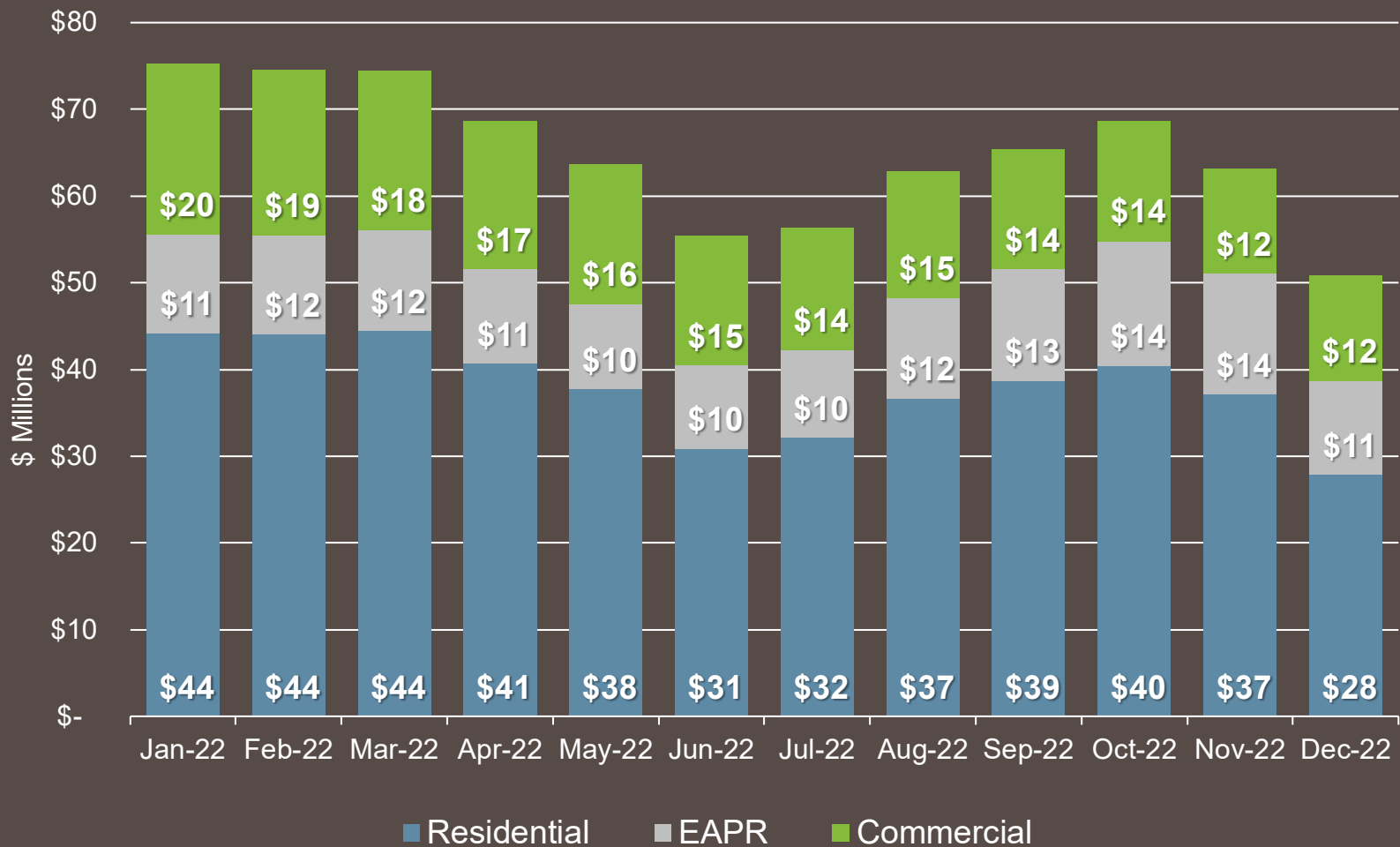


Net purchased power was 198% higher than budget for November due to purchase of replacement power for the Cosumnes power plant, and 100% higher year-to-date due to higher load and the shortfall of hydro & thermal.



Delinquency by Account Type

As of December 31, 2022



Delinquency Summary as of 12/31/2022		
	Delinquency (millions)	Number of Customers
Residential	\$27.9	117,962
Energy Assistance Program Rate (EAPR)	\$10.8	32,413
Commercial	\$12.1	9,373
All other (St. Lighting, Night Light, Agriculture)	\$ 0.5	1,524
Totals	\$51.3	161,272

From: [Dave Wright](#)
To: [Public Comment](#)
Subject: [EXTERNAL] Item 2 comment, todays committe meeting
Date: Tuesday, January 17, 2023 5:44:44 PM

CAUTION: This email originated from outside of SMUD. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Why is commercial delinquency higher than other categories?

Will take answer offline.

David Wright

Exhibit to Agenda Item #3

Provide the Board with an informational presentation on Internal Audit and the 2023 Annual Plan.

Board Finance & Audit Committee and Special SMUD Board of Directors Meeting
Tuesday, January 17, 2023, scheduled to begin at 5:30 p.m.

Virtual Meeting (online)

Agenda

- Governance & Internal Audit
- Internal Audit at SMUD
- Annual Disclosures
- Key Focus Areas for 2023
- Questions

Governance & Internal Audit

Our Role in Governance

- We provide objective assurance and insight on the effectiveness and efficiency of risk management, internal control, and governance processes.
- Our insights promote positive change and innovation



Value Proposition

- Internal Audit helps SMUD improve governance, manage risks, and implement controls

Internal Audit Vision

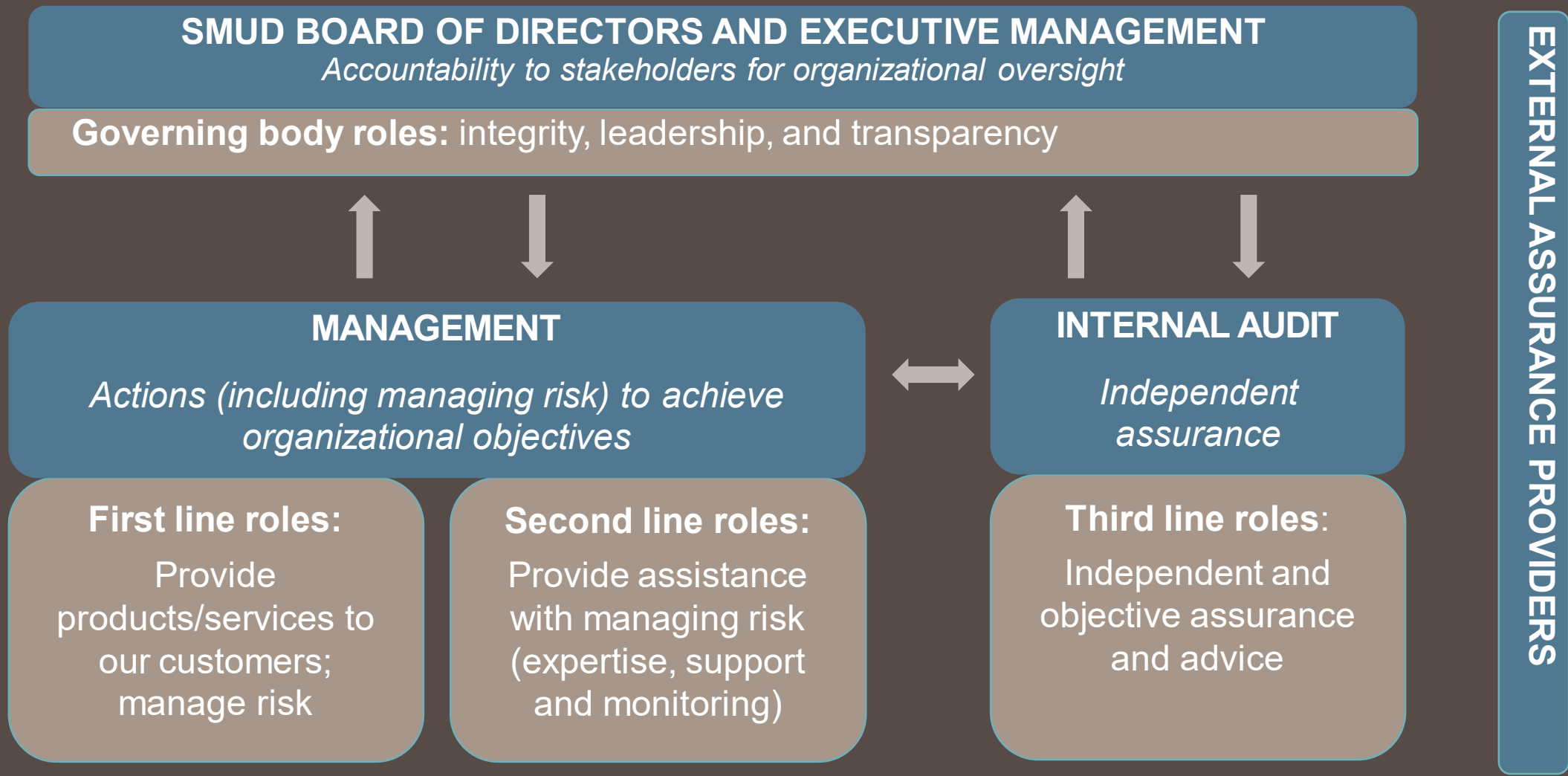
Vision – Trusted Audit Partner

- Valued business partner
- Continuous improvement and innovation
- High performing, risk intelligent team

Working collaboratively builds trust and results in a more effective audit process



The Three Lines Model



Board-Internal Auditor Relationship

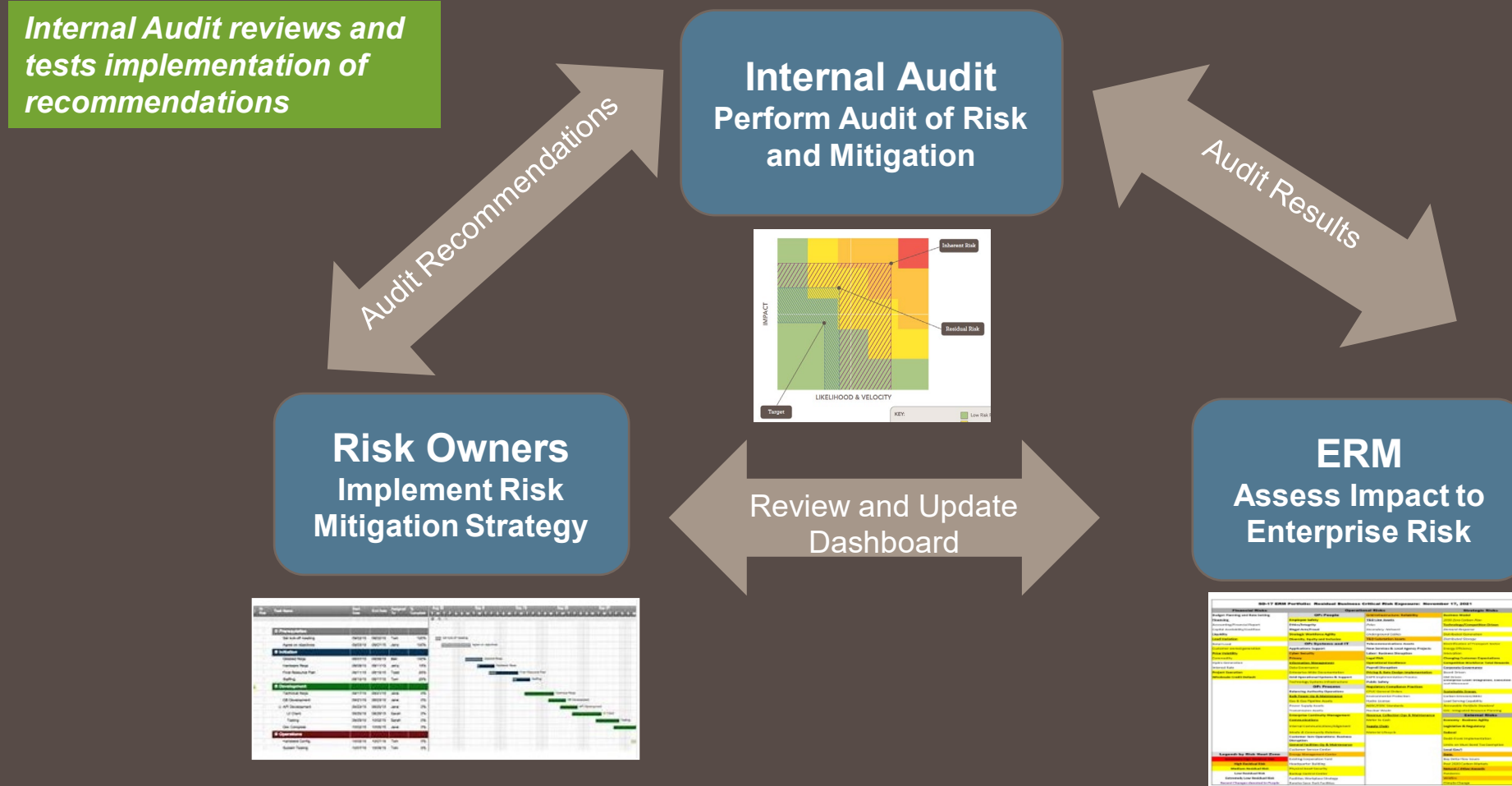
The Board-Staff Linkage BL-3 establishes Internal Audit's role

- **Reviewing accuracy of the Strategic Direction Monitoring Reports**
- **Assessing efficiency and effectiveness**
 - Operations/processes
 - Internal controls
 - Financial controls
- **Verifying compliance**
 - Applicable laws and regulations
 - Policies and procedures
- **Conducting special projects, investigations and advisory services**

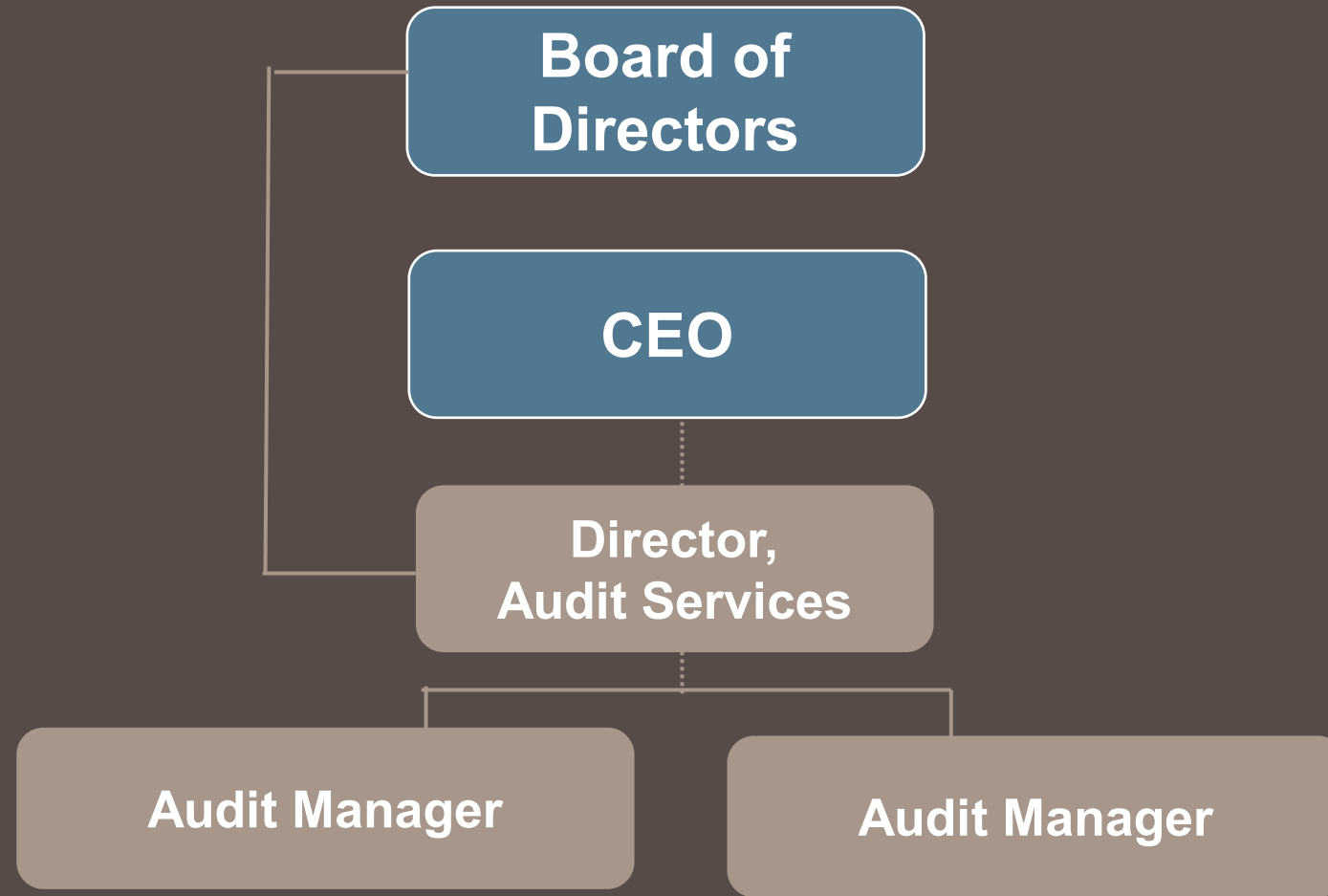
BL-3 Purpose, Authority & Responsibility

Purpose	Authority	Responsibility
<ul style="list-style-type: none">• Independent appraisal function• Assist Board and Management to effectively carry out duties and responsibilities and meet business objectives• Audit, provide recommendations, consult and advise	<ul style="list-style-type: none">• Unlimited access to all of SMUD• Direct access to the Finance and Audit Committee• Allocate resources, select audits and scope to accomplish audit objectives• Obtain necessary assistance	<ul style="list-style-type: none">• Submit to Finance and Audit Committee the annual audit plan• Report results and recommendations of each audit• Conduct special projects, audits and advisory services, investigations• Maintain an improvement program

Internal Audit and ERM – Audit Results



Reporting Relationship & Organization



Internal Audit Professionalism

Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF)		
Definition	Code of Ethics	IIA Standards
Internal auditing is an <i>independent, objective, assurance and consulting</i> activity designed to add value and improve an organization's operations	Internal auditors are expected to apply and uphold principles <ul style="list-style-type: none">• Integrity• Objectivity• Confidentiality• Competency	Principle-focused and provide a framework for performing and promoting internal auditing
Core Principles		
Principles support mandatory guidance of the IPPF Standards Integrity * Competence * Objective * Alignment * Reporting * Quality * Communication * Insightful * Improvement		

2023 Audit Plan – Key Focus Areas

- Board Monitoring Reports
- Enterprise Continuity Management Program
- Fall Protection
- Hearing Conservation
- Procurement
- Workforce Planning
- Technology - tbd

From: [Dave Wright](#)
To: [Public Comment](#)
Subject: [EXTERNAL] Item 4 comment, todays committee meeting
Date: Tuesday, January 17, 2023 6:04:13 PM

CAUTION: This email originated from outside of SMUD. Do not click links or open attachments unless you recognize the sender and know the content is safe.

I would like to request a regular audit - ideally quarterly - be publicly presented of the progress on the Zero Carbon 2030 Plan.

Sacramento, California

January 19, 2023

The Board of Directors of the Sacramento Municipal Utility District met in regular session via virtual meeting (online) at 5:30 p.m.

Roll Call:

Presiding: President Sanborn

Present: Directors Rose, Bui-Thompson, Fishman,
Herber, Kerth, and Tamayo

Present also were Paul Lau, Chief Executive Officer and General Manager; Laura Lewis, Chief Legal & Government Affairs Officer and General Counsel and Secretary, and members of SMUD's executive management; and SMUD employees and visitors.

Vice President Herber shared the environmental tip.

President Sanborn announced the Oaths of Office would be given to the recently elected Directors.

Director Fishman, Ward 3, was sworn in by the Honorable Maggie Fishman.

Director Herber, Ward 4, was sworn in by General Counsel Lewis.

Director Tamayo, Ward 6, was sworn in by Ariane Lyons.

Director Sanborn, Ward 7, was sworn in by General Counsel Lewis.

President Sanborn called for approval of the agenda. Director Tamayo moved for approval of the agenda, Director Kerth seconded, and the agenda was unanimously approved.

President Sanborn then turned to Item 3 on the agenda, a commendation resolution for Director Brandon Rose in recognition of his service as SMUD Board President in 2022. She read the resolution highlighting the many accomplishments.

Directors Herber, Tamayo, Fishman, Mr. Lau, and President Sanborn thanked Director Rose for his service as Board President in 2022.

Director Rose thanked the Board, Mr. Lau and staff, stating that he had learned much, and that it was a pleasure to serve.

There was no public comment forthcoming for agenda item 3.

Vice President Herber moved for approval of the commendation resolution, Director Tamayo seconded, and Resolution No. 23-01-02 was unanimously approved.

RESOLUTION NO. 23-01-02

WHEREAS, Brandon Rose, as the elected representative from Ward 1, served this Board well and faithfully as President for the year 2022; and

WHEREAS, President Rose helped SMUD strengthen its reputation in 2022 as a customer- and community-focused utility and source of pride for the Sacramento region; and

WHEREAS, through President Rose's leadership, SMUD continued progress in delivering on its 2030 Zero Carbon Plan, including recruiting tens of thousands of customers to Join the Charge, securing new clean energy resources and conducting extensive studies to ensure continued world-class reliability to support the most aggressive carbon reduction goal of any large utility in the U.S.; and

WHEREAS, at the conclusion of President Rose's term in 2022, in spite of broad inflation not seen in the last four decades and cost pressures from significant supply chain constraints, SMUD was able to hold our annual rate increase to only 1.5%, keeping rates among the lowest in the state – and still approximately 45 percent lower than neighboring PG&E; and

WHEREAS, SMUD was once again the top-rated California electric utility in the J.D. Power and Associates surveys of residential and commercial customer satisfaction during President Rose's term; and

WHEREAS, President Rose guided SMUD and the Board through a historic heatwave and avoided rotating outages by engaging customers to reduce their energy usage; and

WHEREAS, SMUD supported our customers and community during the third year of the COVID-19 pandemic as we returned to normal collections activities and successfully returned 830 employees who had been working remotely back to SMUD campuses; and

WHEREAS, under President Rose's leadership, SMUD finalized its Community Impact Plan in partnership with external partners to ensure that low-

income customers and small/medium business customers are brought along on SMUD's journey to zero carbon; and

WHEREAS, SMUD made major progress on reliability and capacity projects that support grid reliability and make our power supply cleaner -- this includes progress on securing additional renewable power resources, planning for new substations, the cutover from Station A to Station G, as well as go-live for Phase 1 of the Advanced Distribution Management System (ADMS)/Distributed Energy Resource Management System (DERMS); and

WHEREAS, the SMUD Board, under President Rose's leadership, opened the doors to Bright Path to Learning, the new child development center, in partnership with Sac State and UC Davis Health, bringing 100 new and much-needed quality childcare spaces to our region; and

WHEREAS, President Rose and the other SMUD Board members continued to be critical to community and outreach efforts, delivering more than 100 speeches and presentations during the year, which included 2030 Clean Energy Vision messaging to encourage customer engagement and participation; and

WHEREAS, President Rose represented SMUD at numerous community events throughout 2022, including the ribbon-cutting for the Bright Path to Learning Center, the MOSAC Gala and the home dedication for Mandolin Estates among others; and

WHEREAS, President Rose continued to faithfully serve his constituents in Ward 1, which includes Fair Oaks, Citrus Heights, Orangevale and part of Folsom; and

WHEREAS, the Board has benefited from President Rose's fair and efficient conduct and management of the Board meetings and other public forums and workshops sponsored by SMUD, as well as his enthusiastic representation of the Board and SMUD to the public and media; **NOW, THEREFORE**,

**BE IT RESOLVED BY THE BOARD OF DIRECTORS
OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:**

This Board commends Brandon Rose for his outstanding and dedicated service to the Board, to SMUD, and to the Sacramento community during his tenure as President, and the Board looks forward to the pleasure of serving with him in the future as he continues as the Director for Ward 1.

Approved: January 19, 2023

INTRODUCED: DIRECTOR HERBER				
SECONDED: DIRECTOR TAMAYO				
DIRECTOR	AYE	NO	ABSTAIN	ABSENT
SANBORN	X			
ROSE	X			
BUI-THOMPSON	X			
FISHMAN	X			
HERBER	X			
KERTH	X			
TAMAYO	X			

Director Tamayo, Chair, presented the report on the Policy Committee meeting held on January 18, 2023.

Director Kerth, Chair, presented the report on the Finance and Audit Committee meeting held on January 17, 2023.

President Sanborn called for statements from the public regarding items on the agenda, but none were forthcoming.

President Sanborn then addressed the consent calendar consisting of Items 5 through 7. Director Kerth moved for approval of the consent calendar, Director Rose seconded, and Resolution Nos. 23-01-03 and 23-01-04 were unanimously approved.

RESOLUTION NO. 23-01-03

**BE IT RESOLVED BY THE BOARD OF DIRECTORS
OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:**

Section 1. That this Board hereby approves Board member compensation for service rendered at the request of the Board (pursuant to Resolution 18-12-15) for the period of December 9, 2022, through January 15, 2023.

Section 2. That this Board hereby approves Board member reimbursement requests for technology-related expenses (pursuant to Resolution 19-12-05).

Approved: January 19, 2023

INTRODUCED: DIRECTOR KERTH				
SECONDED: DIRECTOR ROSE				
DIRECTOR	AYE	NO	ABSTAIN	ABSENT
SANBORN	X			
ROSE	X			
BUI-THOMPSON	X			
FISHMAN	X			
HERBER	X			
KERTH	X			
TAMAYO	X			

**Board Member Request for Approval of Technology Reimbursement
(pursuant to Governance Process GP-12, Board Compensation and Benefits)**

Cell Phone Allowance (check only one box)

- ☐ Low usage - \$8.75/per pay period
5 hours or less of calls/texts per month
- ☐ Medium usage - \$16.25/per pay period
5 hours to 24 hours of calls/texts per month
- ☒ High usage - \$26.25/per pay period
More than 24 hours of calls/texts per month

Data (check box if requested)

- ☒ Email/Data Plan - \$20.00/per pay period

Internet Access (check box if requested)

- ☒ Internet access for laptops/tablets working remotely - \$16.00 per pay period

Cell Phone Device Reimbursement (check only one box)

- ☒ Reimbursement up to \$300 every 36 months for the purchase of a phone
- ☐ Reimbursement up to \$200 every 24 months for the purchase of a phone

Laptop/Tablet/Computer Device Reimbursement (check if requested)

- ☒ Reimbursement up to \$1000 every 24 months for the purchase of a laptop/tablet

Date: 1-1-2023

Name: BRANDON ROSE

Signature: Bm C P. Rose

**Board Member Request for Approval of Technology Reimbursement
(pursuant to Governance Process GP-12, Board Compensation and Benefits)**

Cell Phone Allowance (check only one box)

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Laptop/Tablet/Computer Device Reimbursement (check if requested)

- ☒ Reimbursement up to \$1000 every 24 months for the purchase of a laptop/tablet

1/10/2023

Date: _____
Nancy Bui-Thompson

Name: _____

Signature:  _____

**Board Member Request for Approval of Technology Reimbursement
(pursuant to Governance Process GP-12, Board Compensation and Benefits)**

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More than 24 hours of calls/texts per month

☒ Email/Data Plan - \$20.00/per pay period

☒ Internet access for laptops/tablets working remotely - \$16.00 per pay period

- This one* ☒ Reimbursement up to \$300 every 36 months for the purchase of a phone
- 84* ☒ Reimbursement up to \$200 every 24 months for the purchase of a phone

☒ Reimbursement up to \$1000 every 24 months for the purchase of a laptop/tablet

Date:

1-11-2023

Name:

Gregg B. Fishman

Signature:

Gregg B. Fishman

**Board Member Request for Approval of Technology Reimbursement
(pursuant to Governance Process GP-12, Board Compensation and Benefits)**

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Laptop/Tablet/Computer Device Reimbursement (check if requested)

- ☐ Reimbursement up to \$1000 every 24 months for the purchase of a laptop/tablet

Date: 1/6/23

Name: Rosanna J. Herber

Signature: Rosanna J. Herber

**Board Member Request for Approval of Technology Reimbursement
(pursuant to Governance Process GP-12, Board Compensation and Benefits)**

Cell Phone Allowance (check only one box)

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Laptop/Tablet/Computer Device Reimbursement (check if requested)

- ☐ Reimbursement up to \$1000 every 24 months for the purchase of a laptop/tablet

Date: 01/11/2023

Name: Rob Kerth

Signature

:



**Board Member Request for Approval of Technology Reimbursement
(pursuant to Governance Process GP-12, Board Compensation and Benefits)**

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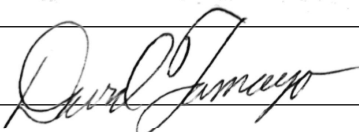
Laptop/Tablet/Computer Device Reimbursement (check if requested)

- ☒ Reimbursement up to \$1000 every 24 months for the purchase of a laptop/tablet

Date: January 11, 2023

Name: Dave Tamayo

Signature: _____



**Board Member Request for Approval of Technology Reimbursement
(pursuant to Governance Process GP-12, Board Compensation and Benefits)**

Cell Phone Allowance (check only one box)

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Laptop/Tablet/Computer Device Reimbursement (check if requested)

- ☒ Reimbursement up to \$1000 every 24 months for the purchase of a laptop/tablet

12/12/22

Date:

Heidi Sanborn

Name:

Signature:

Heidi Sanborn

RESOLUTION NO. 23-01-04

WHEREAS, SMUD is committed to preserving public access and participation in meetings of the Board of Directors and to the safety of meeting attendees; and

WHEREAS, all meetings of the Board of Directors are open and public, as required by the Ralph M. Brown Act (Gov't Code, §§ 54950-54963) ("Brown Act"), so that any member of the public may attend, participate in, and watch SMUD's governing body conduct its business; and

WHEREAS, the newly enacted Government Code section 54953(e) authorizes a local agency's governing body, during a proclaimed state of emergency, to participate in its public meetings using remote teleconferencing without compliance with the requirements of Government Code section 54953(b)(3), under specified conditions; and

WHEREAS, a required condition is that a state of emergency is declared by the Governor pursuant to Government Code section 8625, proclaiming the existence of conditions of disaster or of extreme peril to the safety of persons and property within the state caused by conditions as described in Government Code section 8558; and

WHEREAS, another condition is that state or local officials have imposed or recommended measures to promote social distancing, or, the legislative body determines that meeting in person would present imminent risks to the health and safety of attendees; and

WHEREAS, on February 28, 2022, the California Department of Public Health rescinded the mask requirement effective March 1, 2022, for all individuals regardless of vaccination status and instead issued a strong recommendation that all persons, regardless of vaccine status, continue indoor masking; and

WHEREAS, the Sacramento County Department of Public Health on its Epidemiology COVID-19 Dashboard continues to show elevated case and death data that appears to have been stable for weeks, and this is supported by ongoing wastewater sampling; and

WHEREAS, Sacramento County and surrounding counties currently have medium community transmission rates for COVID-19 as defined by the Centers for Disease Control and Prevention; and

WHEREAS, on December 15, 2022, the California Department of Industrial Relations, Division of Occupational Safety and Health (Cal/OSHA) voted to adopt Non-emergency COVID-19 Prevention Regulations, which will become effective in January 2023 when approved by the Office of Administrative Law, including defining “close contact” in an indoor space of 400,000 cubic feet or less as sharing the same indoor airspace for a cumulative total of 15 minutes or more in a 24-hour period; and

WHEREAS, SMUD staff and other community members are still reporting infections with lasting symptoms; and

WHEREAS, adoption of the new bivalent booster is still relatively low; and

WHEREAS, SMUD Board and Committee meetings can last as long as four hours, with participants sitting in the same room sharing air the entire time; and

WHEREAS, it would be impractical for SMUD to take steps necessary to prevent imminent risks to the health and safety of attendees, such as by holding public meetings outdoors, ensuring public meeting attendees are vaccinated, have appropriate face coverings, and wear them consistent with public health guidance; and

WHEREAS, all meetings, agendas, meeting dates, times, and manner in which the public may participate in the public meetings of the SMUD Board and offer public comment by telephone or internet-based service options including video conference are posted on the SMUD website and physically outside of SMUD’s Headquarters Building; and

WHEREAS, by Resolution No. 21-10-01 adopted on October 12, 2021, this Board made findings that requisite conditions exist for the SMUD Board to conduct remote teleconference meetings without compliance with paragraph (3) of subdivision (b) of section 54953; and

WHEREAS, by Resolution No. 21-10-03 adopted on October 21, 2021, this Board made findings that requisite conditions exist for the SMUD Board to conduct remote teleconference meetings without compliance with paragraph (3) of subdivision (b) of section 54953; and

WHEREAS, by Resolution No. 21-11-05 adopted on November 18, 2021, this Board made findings that requisite conditions exist for the SMUD Board to conduct remote teleconference meetings without compliance with paragraph (3) of subdivision (b) of section 54953; and

WHEREAS, by Resolution No. 21-12-04 adopted on December 9, 2021, this Board made findings that requisite conditions exist for the SMUD Board to conduct remote teleconference meetings without compliance with paragraph (3) of subdivision (b) of section 54953; and

WHEREAS, by Resolution No. 22-03-01 adopted on March 8, 2022, this Board made findings that requisite conditions exist for the SMUD Board to conduct remote teleconference meetings without compliance with paragraph (3) of subdivision (b) of section 54953; and

WHEREAS, by Resolution No. 22-03-03 adopted on March 17, 2022, this Board made findings that requisite conditions exist for the SMUD Board to conduct remote teleconference meetings without compliance with paragraph (3) of subdivision (b) of section 54953; and

WHEREAS, by Resolution No. 22-04-01 adopted on April 13, 2022, this Board made findings that requisite conditions exist for the SMUD Board to conduct remote teleconference meetings without compliance with paragraph (3) of subdivision (b) of section 54953; and

WHEREAS, by Resolution No. 22-04-03 adopted on April 21, 2022, this Board made findings that requisite conditions exist for the SMUD Board to conduct remote teleconference meetings without compliance with paragraph (3) of subdivision (b) of section 54953; and

WHEREAS, by Resolution No. 22-05-06 adopted on May 19, 2022, this Board made findings that requisite conditions exist for the SMUD Board to

conduct remote teleconference meetings without compliance with paragraph (3) of subdivision (b) of section 54953; and

WHEREAS, by Resolution No. 22-06-02 adopted on June 16, 2022, this Board made findings that requisite conditions exist for the SMUD Board to conduct remote teleconference meetings without compliance with paragraph (3) of subdivision (b) of section 54953; and

WHEREAS, by Resolution No. 22-07-02 adopted on July 21, 2022, this Board made findings that requisite conditions exist for the SMUD Board to conduct remote teleconference meetings without compliance with paragraph (3) of subdivision (b) of section 54953; and

WHEREAS, by Resolution No. 22-08-05 adopted on August 18, 2022, this Board made findings that requisite conditions exist for the SMUD Board to conduct remote teleconference meetings without compliance with paragraph (3) of subdivision (b) of section 54953; and

WHEREAS, by Resolution No. 22-09-06 adopted on September 15, 2022, this Board made findings that requisite conditions exist for the SMUD Board to conduct remote teleconference meetings without compliance with paragraph (3) of subdivision (b) of section 54953; and

WHEREAS, by Resolution No. 22-10-01 adopted on October 12, 2022, this Board made findings that requisite conditions exist for the SMUD Board to conduct remote teleconference meetings without compliance with paragraph (3) of subdivision (b) of section 54953; and

WHEREAS, by Resolution No. 22-10-03 adopted on October 20, 2022, this Board made findings that requisite conditions exist for the SMUD Board to conduct remote teleconference meetings without compliance with paragraph (3) of subdivision (b) of section 54953; and

WHEREAS, by Resolution No. 22-11-04 adopted on November 17, 2022, this Board made findings that requisite conditions exist for the SMUD Board to conduct remote teleconference meetings without compliance with paragraph (3) of subdivision (b) of section 54953; and

WHEREAS, by Resolution No. 23-01-01 adopted on January 17, 2023, this Board made findings that requisite conditions exist for the SMUD Board to conduct remote teleconference meetings without compliance with paragraph (3) of subdivision (b) of section 54953; **NOW, THEREFORE**,

**BE IT RESOLVED BY THE BOARD OF DIRECTORS
OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:**

Section 1. Risks to Health and Safety of Attendees. The Board has reconsidered the circumstances of the state of emergency and hereby finds that the state of emergency continues to directly impact the ability of the members to meet safely in person and holding SMUD Board meetings in person would present imminent risks to the health and safety of attendees.

Section 2. Remote Teleconference Meetings. SMUD staff are hereby authorized and directed to take all actions necessary to carry out the intent and purpose of this Resolution, including conducting open and public meetings in accordance with section 54953(e) and other applicable provisions of the Brown Act.

Section 3. Effective Date of Resolution. This Resolution shall take effect immediately upon its adoption and shall be effective until the earlier of (i) February 18, 2023, or (ii) such time the Board of Directors adopts a subsequent resolution in accordance with Government Code section 54953(e)(3) to extend the time during which the SMUD Board may continue to teleconference without compliance with paragraph (3) of subdivision (b) of section 54953.

Approved: January 19, 2023

INTRODUCED: DIRECTOR KERTH				
SECONDED: DIRECTOR ROSE				
DIRECTOR	AYE	NO	ABSTAIN	ABSENT
SANBORN	X			
ROSE	X			
BUI-THOMPSON	X			
FISHMAN	X			
HERBER	X			
KERTH	X			
TAMAYO	X			

President Sanborn then turned to Discussion Calendar Item 8, to approve a Memorandum of Understanding (MOU) between Sacramento Municipal Utility District and the SMUD Public Safety Officers' Association for the period January 1, 2023, through December 31, 2026.

Jose Bodipo-Memba, Chief Diversity Officer, thanked the entire team across SMUD for the collaborative work on the MOU, and commended Cheryl Spector, Manager of Employee Relations, and Jenn Dibble, Principal Employee Relations Analyst, for their leadership throughout the process to ensure a solution that worked for all parties.

Cheryl Spector gave a presentation on Discussion Calendar Item 8. A copy of the slides used in her presentation is attached hereto.

No public comment was forthcoming for Discussion Calendar Item 8.

After some discussion, Vice President Herber moved for approval of Discussion Calendar Item 8, Director Fishman seconded, and Resolution No. 23-01-05 was unanimously approved.

RESOLUTION NO. 23-01-05

**BE IT RESOLVED BY THE BOARD OF DIRECTORS
OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:**

That this Board hereby approves a **Memorandum of Understanding** between the **Sacramento Municipal Utility District** and the **SMUD Public Safety Officers' Association** for the period January 1, 2023, through December 31, 2026, substantially in the form set forth in **Attachment B** hereto and made a part hereof.

Approved: January 19, 2023

INTRODUCED: DIRECTOR HERBER				
SECONDED: DIRECTOR FISHMAN				
DIRECTOR	AYE	NO	ABSTAIN	ABSENT
SANBORN	X			
ROSE	X			
BUI-THOMPSON	X			
FISHMAN	X			
HERBER	X			
KERTH	X			
TAMAYO	X			

Memorandum of Understanding

Between

Sacramento Municipal Utility District

And

SMUD Public Safety Officers'
Association

2023 – 2026

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PREAMBLE

Pursuant to the requirements of Government Code Section 3500, et seq., representatives of the Sacramento Municipal Utility District, hereinafter referred to as “SMUD”, and the SMUD Public Safety Officers’ Association, hereinafter referred to as “the PSOA”, have met and conferred in good faith with the purpose of promoting harmonious labor relations and establishing and maintaining appropriate wages, hours, and other terms and conditions of employment.

SMUD recognizes the PSOA as the exclusive representative of all employees of SMUD who are assigned to representation Unit 3, as defined in Board Resolution Number 19-05-06. (A list of Unit 3 Classifications appears in Appendix B.) The provisions of this Agreement hereinafter set forth shall apply to those employees of SMUD for whom the PSOA is the established representative.

ARTICLE 1

DEFINITIONS

1. AGREEMENT

The terms Agreement and MOU are used interchangeably.

2. TYPES OF EMPLOYEES

A. Civil Service Employee

- 1) A full-time employee hired pursuant to SMUD Civil Service Rules.
- 2) A part-time employee hired prior to July 1, 1991.

B. Non-Civil Service

- 1) A part-time employee regularly scheduled to work twenty (20) or more hours and less than forty (40) hours per week (including overtime).
- 2) A casual employee as defined by SMUD Civil Service Rules.
- 3) A person hired under the Student Employment Program.
- 4) A rehired CalPERS annuitant.
- 5) A Limited Term Employee.

C. Full-Time Employee

A Civil Service or Non-Civil Service employee regularly scheduled to work eighty (80) hours in a pay period.

D. Part-Time Employee

A Civil Service or Non-Civil Service employee regularly scheduled to work less than eighty (80) hours in a pay period (including overtime).

E. Limited Term Employee

- 1) The term “limited term employee” shall have the same meaning as set forth in Public Utilities Code §12055 regardless of how such employees are hired, appointed, or assigned to classifications, positions, or assignments and without regard to title or terminology.
- 2) As defined in the Civil Service Rules, a Limited Term employee is a person hired or appointed by SMUD to perform the job duties of a job classification for a defined time period of not more than two (2) years’ duration. Limited Term appointments may be extended for up to two (2) additional years.
- 3) Such employees are immediately covered by this Agreement if the term of appointment is for at least six (6) months or if an initial appointment of less than six (6) months is extended beyond six (6) months.

- 4) Limited term employees are “at will” and serve at the pleasure of SMUD. They are not covered by SMUD’s Positive Discipline policies, they are not entitled to file grievances over disciplinary actions, and they may be terminated with or without reason or with or without just cause at any time and without notice.

F. Shift Employee

The employee's regular work schedule is the day or night shift.

3. OVERTIME DEFINITIONS

A. Change in Shift

The employee is permanently or temporarily transferred to a new work schedule or shift that will last one workweek or more.

B. Early Call-In

The employee is called to work early and works into their regular work hours.

C. Emergency Call-Out

The employee is called to work on their regular workday to perform emergency work that does not extend into their regular work hours, or the employee is called to perform emergency work on their day off.

D. Emergency Work

Overtime work which has not been prearranged. Assignment is not made in accordance with SOAP 24 procedures.

E. Extended Work Schedule

The employee is required to work beyond their regular work hours.

F. Prearranged Overtime

The employee is notified before leaving work on a workday to work overtime, and they are given at least 8 hours off before the reporting time. Assignment is made in accordance with SOAP 24 procedures.

4. SHIFT DEFINITIONS

A. Day Shift

Work periods regularly scheduled to begin between the hours of 0700 and 1900.

B. Night Shift

Work periods regularly scheduled to begin between the hours of 1900 and 0700.

5. TERM

The term of this Agreement: January 1, 2023, through December 31, 2026. The annual wage increases for 2023 are effective December 17, 2022, prior to the term of this MOU.

ARTICLE 2

ORGANIZATION SECURITY

1. DUES/FEES

A. Payroll Deductions

SMUD will deduct the amounts requested by the PSOA from the wages of Unit 3 employees who authorize monthly payroll deductions for membership dues, fees, general assessments, and/or payments for any membership benefit programs sponsored by the PSOA, and remit the total amount of such deductions to the PSOA on a monthly basis subject to the following:

- 1) SMUD will implement the requested payroll deduction as soon as possible, but not later than 30 days, after the PSOA provides to SMUD a certified list of employees from whom to deduct the dues and the amount to be deducted.
- 2) In general, SMUD will continue making the requested deductions until the PSOA notifies SMUD that an employee no longer authorizes deductions or the employee begins an unpaid leave of absence lasting more than 30 calendar days.
- 3) SMUD will direct employees to make requests to change or cancel deductions with the PSOA.

B. Responsibilities

- 1) The PSOA shall maintain procedures in accordance with applicable statutes, any decisions by a court of competent jurisdiction, and any other applicable legal authority regarding the collection of dues and fees.
- 2) Hold Harmless: The PSOA agrees to indemnify and hold SMUD harmless against any and all liability including, but not limited to, such items as wages, damages, awards, fines, court costs, and attorney fees that may arise by reason of or the result of the operation of this section.
- 3) SMUD shall provide the PSOA with a Dues/Fees Deduction Report for Unit 3 employees at the end of each pay cycle.
- 5) SMUD shall provide Employee Rosters for Unit 3 employees (Full-Time, Part-Time and Limited-Term) monthly at the pay cycle when union dues/fees are deducted. The Employee Rosters shall be provided as an Excel spreadsheet that includes the following information: first and last name, personal mailing address, personal telephone number, personal email address, subgroup (full-time, part-time, limited-term, casual), organizational unit, position title, current salary, position start and end date(s), hire and rehire date(s), and SMUD mail stop.
- 6) SMUD shall notify the PSOA of an employee's return to paid status within ten (10) working days following an unpaid leave of absence in excess of thirty (30) days so the PSOA may resume collection of PSOA dues/fees.

2. PSOA RELEASE TIME

A. Officers and Directors

Once each calendar year during the month of March, the PSOA shall provide SMUD with a list of the PSOA Officers and Directors. In meeting both the organizational business needs and the employee representation obligations of the PSOA, the PSOA may allocate release time and PSOA duties among these key individuals.

- 1) SMUD shall make arrangements to accommodate requests from PSOA Officers and Directors for a reasonable amount of time off from their regular assignments to attend scheduled meetings with SMUD management, participate in SMUD projects, and represent bargaining unit employees. Such time off is subject to prior notice and approval of the immediate supervisor of the individual making the request.
- 2) A PSOA representative's time spent conducting PSOA business should be charged to the appropriate Work Order Number. PSOA representatives will be paid for approved leave to act as an official or representative of the union. All leave will be paid for from the PSOA Leave Bank or through PSOA leave set forth in Section 4 of this Article.

B. PSOA Leave Bank

SMUD and the PSOA agree to establish an PSOA Leave benefit and create an PSOA Leave Bank to support it.

- 1) PSOA Leave is paid leave that may be utilized by PSOA members to conduct PSOA business and/or to attend seminars, conferences, conventions, or other meetings at the local, state and national level. A PSOA member who is designated by the PSOA President or, in the President's absence, the Vice President, may take PSOA Leave subject to the advance approval of the employee's immediate supervisor.
- 2) To establish and maintain the PSOA Leave Bank, a Unit 3 employee may contribute some or all of the employee's accumulated personal leave to the PSOA subject to the following conditions:
 - a) A Unit 3 employee may contribute to the PSOA Leave Bank in one (1) hour increments consisting of one (1) or more hours;
 - b) When donated, leave shall be credited to the PSOA Leave Bank at the current hourly rate of the donating employee;
 - c) When used, the PSOA Leave Bank shall be debited at the current hourly rate of the employee using the leave;
 - d) The PSOA Leave Bank account shall be designated by SMUD and PSOA leave taken shall be charged to the appropriate Work Order Number.
 - e) Donations to the leave bank may not be revoked by the donating party, nor may they be cashed out by the PSOA or its officers or representatives in any way other than described in subsection B of this Article.

Meetings called by SMUD and "meet and confer" meetings will not count against the PSOA Leave Bank for the President and Vice President, or his/her Executive Board

designee. Additional PSOA members may attend “meet and confer” meetings on PSOA leave or their own time as set forth in Subsection 4 of this Article.

Each employee recognized by SMUD as a member of the duly elected or appointed PSOA Negotiating Committee, who attends with SMUD’s permission an Association-Management contract negotiation meeting will receive PSOA leave time as set forth in below in Section 4 of this Article.

3. USE OF SMUD FACILITIES

A. Bulletin Boards

The PSOA shall be provided a reasonable amount of bulletin board space in specifically designated areas for posting organization bulletins. The PSOA shall be responsible for removing out-of-date materials, but SMUD reserves the right to remove out-of-date, inappropriate, or prohibited material.

- 1) The PSOA shall provide up to five (5) bulletin boards to be installed by SMUD at mutually agreeable locations.

B. Inter-Office Mail

The PSOA shall be allowed to use SMUD’s inter-office mail to communicate with PSOA represented employees. PSOA mail shall be pre-sorted by mail stop.

C. Internal Email

The PSOA shall only be allowed to use SMUD’s internal email system to communicate with PSOA represented employees as follows:

- 1) The PSOA President and Vice President are the only PSOA members authorized to use SMUD's internal email systems (e.g., Outlook) to send no-reply notices to the PSOA membership.
- 2) Email notices shall not contain any confidential information and shall be in the nature of announcements regarding PSOA activities (i.e. PSOA membership meetings, PSOA election results, PSOA meeting minutes and reports, PSOA social events, and PSOA member participation at community events).
- 3) No-reply email notices of any other nature must have approval of the SMUD Employee Relations Manager prior to distribution.
- 4) Copies of the no-reply notices shall be sent to the SMUD Employee Relations Manager at the time of distribution to the PSOA membership.
- 5) A maximum of 52 no-reply notices may be sent to the PSOA membership per calendar year, with the understanding that this allowance for PSOA no-reply email notices is an exception to “acceptable use” under SMUD’s Electronic Information

Policy (AP 05.02.04). This agreement does not preclude compliance with all other provisions of this SMUD policy.

D. Use of Meeting Rooms/Access to Work Locations

- 1) SMUD shall make conference rooms available to the PSOA, subject only to SMUD's established procedures for the reservation and use of such facilities by SMUD's internal organizational units.
- 2) PSOA representatives shall be granted reasonable access to work locations to engage in those activities necessary to the representation of employees assigned to Unit 3.

4. PSOA BUSINESS LEAVE

SMUD and the PSOA agree to establish a PSOA Leave Benefit in addition to the PSOA Leave Bank.

- A. PSOA Leave is leave that may be utilized by PSOA members to conduct PSOA business and/or to attend training, seminars, conferences, conventions, or other meetings at the local, state and national level.
- B. Requests for PSOA Leave shall be made at least two (2) weeks in advance and shall be directed to the Manager, Employee Relations, unless otherwise agreed to between SMUD and the PSOA. Such requests shall be made by the PSOA President, or in the President's absence, the Vice President.
- C. In an emergency, the Manager, Employee Relations shall have the authority to cancel scheduled PSOA Leave.
- D. The PSOA shall be reimbursed for any reasonable documented expenses and/or loss of money resulting from SMUD's canceling scheduled PSOA leave, provided the PSOA informs SMUD of the pending loss at the time the PSOA is requested to cancel the leave.
- E. Employees utilizing PSOA Leave shall remain on SMUD's payroll and shall continue to receive CalPERS contributions and service credit. Employees on PSOA Leave shall suffer no loss of compensation, benefits, or loss of seniority.
- F. The PSOA shall reimburse SMUD for the employee's salary at the then current activity rate for their position while the employee is on PSOA Leave. The PSOA shall provide such reimbursement within thirty (30) calendar days following receipt of invoice. Failure to make payment in full within forty-five (45) calendar days allows SMUD to seek recovery of the payment owed and relieves SMUD of any obligations to withhold funds pursuant to Section 1 of this Article until SMUD is paid in full. SMUD will not be responsible for any retroactive deductions should it not withhold any regularly scheduled dues payments as a result of this provision.
- G. The PSOA agrees to indemnify and hold SMUD harmless against any and all liability for loss, damage, cost or expense which SMUD may incur by reason of bodily injury, including death, to any person or persons or by reason of damage to or destruction of property, including the loss of use thereof, arising out of or in any way connected with the program described herein, whether or not due in whole or in part to any act, omission

or negligence of SMUD, active or passive, excepting only such injury, loss or liability as may result from the criminal or willful misconduct of SMUD, its agents or employees, other than employees participating in this program.

- 1) Workers' Compensation. Unless performing duties for SMUD, employees on PSOA Business Leave shall not be eligible for Workers' Compensation benefits arising out of an injury occurring during the leave from SMUD.
- 2) Notice and Defense of Claims. In the event any claim or demand is made or suit or action is filed against SMUD alleging liability for which the PSOA shall indemnify and hold harmless SMUD under this Section, SMUD shall promptly notify the PSOA thereof, and the PSOA shall bear all costs and expenses, including legal fees, to settle, compromise or defend the same in such manner as it, in its sole discretion, deems necessary or prudent.
- 3) Insurance Representation. The PSOA agrees to carry the amount of self-insurance or comprehensive liability insurance, including contractual liability coverage, covering the indemnification and defense obligations set forth herein, subject to such types and amounts of self-insurance, retentions, or deductibles as are consistent with good business practices in the industry.

5. PSOA ACCESS TO NEW EMPLOYEE ORIENTATIONS

SMUD shall notify the PSOA of the time and location of all new employee orientation (NEO) meetings at least ten (10) working days prior to the meeting, unless an urgent and unforeseeable need for an orientation meeting precludes SMUD from providing such notice. If ten (10) working days advance notice cannot be provided, SMUD shall provide as much advance notice as possible. The PSOA shall be afforded thirty (30) minutes during the NEO to present information about the PSOA to new PSOA employees.

ARTICLE 3

HOURS OF WORK

1. BASIC WORK WEEK

Full-time employees are regularly scheduled to work forty (40) hours per work week. Part-time employees are regularly scheduled to work less than forty (40) hours per work week (including overtime). Employees may be required to work overtime to meet the needs of SMUD. The work week consists of seven (7) consecutive twenty-four (24) hour periods.

A. Normal Work Schedule

The work week shall begin at 0000 hours on Saturday and end the following Friday at 2359 hours. If an employee's shift carries over to the next pay period, the employee's time is accrued on the pay period the shift started on. Ex: Night Shift B starting on Friday.

B. 12-Hour Shift (Day)

The work week shall normally begin at 1500 hours on Wednesday and end the following Wednesday at 1459 hours.

C. 12-Hour Shift (Night)

The work week shall normally begin at 0300 hours on Thursday and end the following Thursday at 0259 hours.

2. WORK SCHEDULES

A. Normal Work Schedule

The normal work schedule shall be five (5) consecutive eight (8) hour work days, Monday through Friday, with a paid meal period approximately midway through the work day.

B. 12-Hour Shift

All shift employees assigned to a 12-hour work schedule shall have their workweek adjusted so that their workweek changes after the first 8 hours of their first shift on their regularly scheduled 4-day work schedule. A normal schedule shall consist of 3 consecutive days of 12-hour shifts followed by 4 days off and then 4 consecutive days of 12-hour shifts followed by 3 days off.

C. Change in Work Schedule

Hours of work may be changed by mutual agreement of SMUD and the particular employees involved. Security Operations management may deny a schedule change—especially if the change will create overtime obligations. Nothing in SMUD policy

prohibits an employee from being assigned to work outside of his/her work schedule or from being transferred from one schedule to another, provided the employee is paid in accordance with SMUD's applicable overtime policies.

3. MEAL PERIODS

Employees shall receive a 30-minute meal period approximately midway through their regular workday for each 8-hours worked on a shift or special assignment, etc. Except as provided in Section 4.B.3) of this Article, meal periods shall be paid.

Employees on a shift shall attempt to stagger their meal periods beginning at 45 minutes before the midway point of their shift and ending 45 minutes after the midway point of their shift in order to remain available to answer calls for service and respond to emergencies. Employees on shift shall remain in uniform and monitor their handheld or vehicle radio traffic during their meal period and remain able to respond to calls for service as necessary. Efforts shall be made to avoid interrupting an employee's meal period unless it is necessary to meet operational needs. Calling employees back from their meal period shall not be the normal practice.

4. SHIFTS AND START TIMES

A. Shifts are as follows:

1) Day Shift

Regularly scheduled between the hours of 0700 hours and 1900 hours.

- a) Day Shift TEAM A 0700-1900 Hours, Sun/Mon/Tue/Alt Wednesdays
- b) Day Shift TEAM B 0700-1900 Hours, Alt Wednesdays/Thurs/Fri/Sat

2) Night Shift

Regularly scheduled between the hours of 1900 hours and 0700 hours.

- a) Night Shift TEAM A 1900-0700 Hours, Sun/Mon/Tue/Alt Wednesdays
- b) Night Shift TEAM B 1900-0700 Hours, Alt Wednesdays/Thurs/Fri/Sat

B. SMUD may establish different shifts when necessary to meet the operational needs of SMUD as follows:

1) Rotating Shift

Requires assigned employees to rotate between two (2) or more shifts.

2) Emergency Relief Shift

Requires assigned employees to be available for emergency relief duty in rotating shifts on any day of the week without advance notice.

- a) Employees assigned to an emergency relief shift normally have a minimum of twelve (12) hours off between shifts.

- b) When employees are required to report for duty without twelve (12) hours off between shifts, they shall be paid at the applicable overtime rate for any time worked within the twelve (12) hour period following the end of their preceding work shift.
- 3) Special Shift
A work period consisting of an eight (8), nine (9), ten (10) or twelve (12) hour work day during which employees are permitted to eat a meal on SMUD time.
- 4) Dead Space
The time between the end of any additional duty and the beginning of their shift or the end of the employee's shift and the beginning of any additional duty. This time is compensable up to but not exceeding 2 hours, as there is not enough "Dead Space" time between for the employee to have adequate time off to attend to any personal matters. If the time between the beginning or end of additional duty and the beginning or end of their shift is greater than 2 hours, then this time will not be compensated.
 - a) Employees present during compensated "Dead Space" will make immediate contact with the on-duty SOS to receive a work assignment. All compensated "Dead Space" work assignments must be documented accordingly on employee time sheets.
 - b) If the "Dead Space" is over the 1-hour threshold and a vacancy exists in the current work schedule, the Security Operations Supervisor may hold over the employee to fill this vacancy bringing on-duty personnel to the minimum requirements.

C. Change in Shifts and/or Start Times

- 1) Shifts and/or start times shall be established consistent with the normal operation of a division or department and shall not be changed arbitrarily.
- 2) Subject to applicable overtime policies, shifts and/or start times may be changed as deemed necessary by SMUD for reasons including, but not limited to:
 - a) Provide better service to customers or other work units;
 - b) Stagger working hours to alleviate traffic congestion;
 - c) Reflect seasonal changes in daylight hours or temperature conditions;
 - d) Provide extended coverage for maintenance testing and operating activities; or
 - e) Reflect the desires of employees in a work unit, with supervisory approval.
- 3) If an employee's work shift and/or start time is changed by SMUD for five (5) days or more, the employee shall be given at least twenty-four (24) hours advance notification. In addition, the employee shall have a minimum of twelve (12) hours off between the shifts and/or start time and shall not be required to work more than forty (40) hours at the straight-time rate of pay.

- a) If SMUD does not provide an employee with at least twenty-four (24) hours' notice or twelve (12) hours off between shifts and/or start time changes, the employee shall receive the applicable overtime rate for those hours worked on the first day of the change that encroach upon either the twenty-four (24) hour notice or the twelve (12) hour off requirements, whichever is greater.
- b) Overtime and rest period provisions shall apply to the employee's new shift and/or start time.
- 4) Shift and/or start time changes of less than five (5) days worked (including Saturday, Sunday, and holidays) are not considered an official change in shift and/or start time. Employees shall be compensated at the applicable overtime rate for all hours worked other than their regular work hours for each work day when the change in shift and/or start time is directed by SMUD.
- 5) When employees who have been reassigned pursuant to Section 4.C.3) and 4.C.4) of this Article are returned to their regularly scheduled work shift and/or start time, they shall be paid at the straight-time rate of pay for work performed during their normal work hours subject to the following:
 - a) When employees return to their regular work shift and/or start time, they are entitled to a minimum of twelve (12) hours off between shifts.
 - b) If employees do not get the twelve (12) hours off, they shall be paid the applicable overtime rate for any time worked within the twelve (12) hour period following the end of their preceding work shift.

5. SHIFT BIDS

Employees shall sign up for shifts and assignments based on seniority within their current classification, not department or SMUD seniority. Classification seniority will be determined based upon most recent date hired into the classification. Shift assignments shall be bid annually in November. Ties in seniority will be broken by date and time the application is received for the classification. New shift assignments shall take effect in the pay period including January 1 of the following year.

6. EMPLOYEES RETURNING TO SECURITY OPERATIONS FROM SMUD TRANSFERS/PROMOTIONS

- A. The seniority of a promoted/transferred employee returning to Security Operations before completing probation for a transfer/promotion will be implemented as follows:
 - 1. Returning to Security Operations within one (1) year, the promoted/transferred employee will maintain the classification seniority they were promoted with.
 - 2. Returning to Security Operations beyond one (1) year, the promoted/transferred employee will not maintain the classification seniority they were promoted with and will re-enter the department with no classification seniority.

ARTICLE 4

WAGES

1. PAY PERIODS/PAYDAYS

A. Pay Periods

The pay period is fourteen (14) consecutive days beginning at 0000 hours on Saturday and ending at 2359 hours on Friday.

B. Pay Days

Employees shall be paid on the Friday following the close of the pay period. Paychecks normally are distributed on the Thursday preceding payday and dated payday Friday. If Thursday is a holiday, paychecks shall be distributed on the preceding Wednesday and shall be dated for the Friday of that week. If payday is a holiday, paychecks shall be dated and distributed on the preceding Thursday.

2. ENTRY RATES – NEW EMPLOYEES

A. New employees normally are placed at the first step or entry-level rate of pay for their classification.

B. Employees who possess exceptional qualifications may be placed at a starting rate that is above the first step for their classification, subject to approval by SMUD. The following items shall be evaluated when considering an employee for a higher entry-level rate of pay:

- 1) The quality and quantity of the employee's relative work experience.
- 2) The wage level and qualifications of other SMUD employees in the same classification.
- 3) The wage demands of the new employee.
- 4) The availability of other qualified applicants.

3. MERIT INCREASES

Employees within a classification with established pay steps shall be eligible for merit increases at specified intervals until they reach the top of their pay grade. Merit increases are granted for effective job performance, as reflected in a completed performance evaluation.

A. Eligibility

- 1) Permanent and limited-term full-time employees assigned to a classification with established pay steps shall be considered for merit at 6-month intervals.

For all newly hired full-time employees with a 12-month probationary period, their first merit increase will be after 12 months and thereafter, at six-month intervals. This change will not affect current employees transferring into new classifications.

- 2) Part-time employees regularly scheduled to work twenty (20) or more hours and less than forty (40) hours in a week (including overtime), assigned to a classification with

established pay steps shall be considered for merit increases for each 1,040 hours worked.

- 3) Probationary Period – Absences during the probationary period may extend an employee's merit increase eligibility date. If an employee's probationary period is extended, the employee's merit increase eligibility date also shall be extended by the same amount of time.
- 4) Leaves of Absence without Pay – A leave of absence without pay in excess of thirty (30) days (except military leave) may extend an employee's merit increase eligibility date.

B. Temporary Appointments

Employees who are temporarily appointed to a higher classification shall be eligible for merit increases as follows:

- 1) Employees who are temporarily appointed to a higher or different classification shall continue to earn merit increases as though continuously assigned to their permanent classification.
- 2) Employees who are assigned to a higher classification through a temporary timecard upgrade shall not accrue time toward a merit increase in the higher classification.
- 3) Employees who are temporarily appointed to a higher classification by an ESN or comparable document for more than six (6) consecutive months shall accrue time toward a merit increase in their higher classification.

C. Granting Merit Increases

- 1) A one-step merit increase shall be effective and initiated automatically on the first day of the pay period that includes the merit increase due date unless SMUD withholds the increase in accordance with Section 4.D of this Article.
- 2) SMUD may grant merit increases of two (2) or more steps to an employee based on exceptional job performance. If an employee is granted a merit increase of two (2) or more steps, the additional merit increase shall be effective the first day of the pay period that includes the merit increase due date.

D. Withholding Merit Increases

- 1) An employee's merit increase may be withheld for documented unsatisfactory progress or job performance, as reflected in a completed performance evaluation. The supervisor must discuss the withholding of the merit increase with the employee at least ten (10) calendar days prior to the date the merit increase was due.
- 2) Once SMUD has determined the employee has corrected unsatisfactory progress or job performance, the employee shall be granted the withheld merit increase. Normally, an employee shall not be reconsidered for a merit increase for at least six (6) months.
- 3) When an employee is granted the withheld merit increase, the effective date of the merit increase shall establish the eligibility date for the next merit increase.
- 4) SMUD's denial of a merit increase is subject to the grievance procedure contained in Article 20 of this Agreement.

4. WAGE ADJUSTMENTS

A. Effective the first pay period for the 2023 payroll year:

- 1) For Asset Protection Officers II, SMUD shall provide a wage increase of 3.75%.
- 2) For Security Operations Supervisors, SMUD shall provide a wage increase of 3.5%.
- 3) For Security Operations Dispatchers, SMUD shall provide a wage increase of 3.5%.

B. Effective the first pay period for the 2024 payroll year:

- 1) For Asset Protection Officers II, SMUD shall provide a wage increase of 3.75%.
- 2) For Security Operations Supervisors, SMUD shall provide a wage increase of 3.5%.
- 3) For Security Operations Dispatchers, SMUD shall provide a wage increase of 3.75%.

C. Effective the first pay period for the 2025 payroll year:

- 1) For Asset Protection Officers II, SMUD shall provide a wage increase of 3.5%.
- 2) For Security Operations Supervisors, SMUD shall provide a wage increase of 3.25%.
- 3) For Security Operations Dispatchers, SMUD shall provide a wage increase of 3.75%.

D. Effective the first pay period for the 2026 payroll year:

- 1) For Asset Protection Officer II, SMUD shall provide a wage increase of 3%.
- 2) For Security Operations Supervisors, in lieu of wage increase SMUD shall provide a lump sum payment (not reportable as pensionable income to CalPERS) to each eligible Security Operations Supervisor equal to 4% of each employee's annual base pay as of the first pay period for the 2026 payroll year, payable January 2, 2026. Unit 3 employees are only eligible to receive this lump sum payment if they are in an active status by December 26, 2025, and they continue in an active status in the second pay period for the 2026 payroll calendar. Retired Annuitants are not eligible to receive the lump sum payment. Lump Sum payments will be not included in wages for the purpose of calculating holiday pay, workers' compensation premiums, Federal Unemployment Tax Act taxes, and overtime. Additionally, SMUD will withhold all required Federal, State, and local taxes from lump sum payments.
- 3) For Security Operations Dispatcher, SMUD shall provide a wage increase of 3.25%.

5. FUTURE SALARY SURVEYS

SMUD and the PSOA shall seek to agree on a list of public agencies and like positions to be contained in Appendix C shall be used for Classification and Pay Studies of Unit 3 positions conducted during the term of this Agreement.

ARTICLE 5

OVERTIME

1. DEFINITION

A. Overtime

Overtime is time worked in excess of the regularly scheduled eight (8) or twelve (12) hour work day or beyond the regularly scheduled work week or time worked on a holiday.

- 1) Scheduled Overtime – Knowledge of an overtime need by the supervisor four (4) hours or more in advance constitutes “scheduled overtime.” Assignment will be made in accordance with SOAP 24 procedure.
- 2) Unscheduled Overtime – When notification is less than four hours in advance of the scheduled shift, either for emergency or operational necessity (to maintain minimum staffing levels). Overtime will be assigned as-needed, not in accordance with SOAP 24 procedure.

2. COMPENSATION FOR OVERTIME

Overtime shall be compensated at time two times (2x) the straight time hourly rate of pay for the number of hours worked subject to the minimums as set forth in Article 5, Section 5.

3. DISTRIBUTION OF OVERTIME

Any employee may be required to work overtime to meet the needs of SMUD. A willingness to work overtime when requested is a condition of employment. When permitted by the work situation, overtime shall be distributed as equally as possible subject to the following:

- A. Overtime is first allocated to qualified volunteers within the appropriate classification assigned to the applicable work group/division. In the absence of qualified volunteers, the supervisor may either:
 - 1) Assign employees within the applicable work group/division using reverse classification seniority. The next assigned overtime assignment will go to the next employee up on the seniority list. Employees shall not be assigned another overtime assignment until the seniority list has been exhausted.
 - 2) Seek other qualified volunteers from an alternate unit 3 classification. In this case, the employee working in another classification within the work group/division shall be compensated based on their current ESN rate of pay.
- B. An overtime tracking list shall be used to track overtime opportunities, including overtime assigned using reverse classification seniority. This list shall be reset to zero (0) opportunities on the first day of each quarter of the year.
 - 1) An unscheduled event is considered a SMUD Security Operations staffing emergency when circumstances require Security Operations staffing at levels beyond

routinely scheduled shifts for fixed posts or mobile patrols and the overtime worked will count as an opportunity on the Overtime Tracking List.

- 2) Overtime worked for such events as Board of Director protective service details, Community Engagement, or other events where selected personnel have volunteered for those duties will not be considered as an overtime opportunity on the Overtime Tracking List.

- C. Overtime shall first be offered to the those in the appropriate classification on the opposite shift where the overtime opportunity is available.

For example, if there is an overtime opportunity on First Shift A (“Days A”), then employees assigned to First Shift B (“Days B”) shall be offered overtime first. The employee with the fewest opportunities shall be offered the overtime first. If no employee accepts the overtime, then the opportunity shall be offered to the employee in the same classification with the fewest overtime opportunities per the overtime tracking list, regardless of their shift assignment. If declined the opportunity shall then move to the employee with the next fewest opportunities.

4. ELIGIBILITY

- A. Employees are entitled to overtime compensation as follows:

- 1) All full-time employees are eligible to work overtime pursuant to Section 1A of this Article.
- 2) Part-time employees are eligible for overtime compensation when they work in excess of their regularly scheduled work day, provided such work day is eight (8) or twelve (12) hours or they work more than forty (40) hours in a work week. Part-time employees who are regularly scheduled to work less than eight (8) hours in a day are not eligible for overtime compensation unless they work in excess of eight (8) hours in a workday.

5. MINIMUM OVERTIME GUARANTEES

- A. Emergency Call-Out – When employees are called for an emergency, they will be regarded as on-duty and their work time will begin at the time they are contacted. For the purpose of this provision, concurrent calls or successive calls without a break in work are considered a single call.
 - 1) Employees who are called for an emergency shall be paid at the double-time rate for the actual overtime hours worked or receive a minimum of two (2) hours double-time compensation, whichever is greater.
 - 2) If the call-out extends into the employee’s regular work hours, the employee shall only be paid at the overtime rate for the actual overtime hours worked.

- B. Prearranged Overtime (Overtime Worked on a Non-Scheduled Work Day) – Employees who report for prearranged overtime shall be paid a minimum of two (2) hours double-time compensation whether or not they are actually needed. Employees asked to report for prearranged overtime who are subsequently canceled prior to reporting with less than 2 hours' notice shall receive the minimum of two (2) hours double-time compensation.
- C. Early Call-In – Employees who are called into work early shall be paid at the double-time rate for the actual hours worked during the early call-in.
- D. Hold Over – Employees who voluntarily hold over shall be paid at the double-time rate for the actual hours worked during the hold over.

6. MAXIMUM OVERTIME ALLOWED

Employees normally are not allowed to work more than eighteen (18) consecutive hours or any combination of eighteen (18) hours within a 24-hour period, except in circumstances involving public safety or welfare. When SMUD authorizes work in excess of the above-described maximums, SMUD shall ensure that an employee is capable of working in a safe manner.

7. REST PERIODS

- A. Employees who work extended overtime shall be entitled to minimum rest periods as follows:
 - 1) Normal (5/8-Hour) Work Schedule – Employees who work eight (8) or more hours of overtime during the sixteen (16) hours preceding their regularly scheduled work hours are entitled to a rest period of eight (8) consecutive hours.
 - 3) 12-Hour Work Schedule – Employees who work overtime beyond their regularly scheduled 12-hour shift shall be allowed a rest period of no less than eight (8) hours except in an emergency call-out situation.
- B. The rest period begins when the employee is released from duty. Employees shall be compensated during designated rest periods as follows:
 - 1) If any part of the rest period falls within the employee's regular work hours, they shall be paid for those hours at the straight-time rate of pay.
 - 2) If a rest period cannot be provided when due or an employee is required to report to work prior to the end of their rest period, the employee shall be paid at the double-time rate of pay until the rest period is provided.
- C. When an employee's rest period ends during their regular work hours, they may report for work at any time during their regular work hours or may report to work on their next regular work day, subject to SMUD approval. Any time off taken after the employee's rest period ends shall be charged to either personal leave or leave without pay.

ARTICLE 6

WAGE PREMIUMS

1. SHIFT DIFFERENTIAL

A. Eligibility

Full-time employees who work the night or relief/rotating shift shall be entitled to a shift differential wage premium.

B. Shift Differential Wage Premiums

1) Night Shift

Employees who are assigned to work the night shift shall receive a shift differential wage premium equal to 8% of their base hourly rate of pay. Shift differential shall be paid for all hours worked occurring between the hours of 1900 to 0700.

2) When an employee who is receiving a shift differential wage premium works overtime, the overtime rate of pay also shall be applied to their shift differential wage premium.

2. TEMPORARY UPGRADES

SMUD agrees to timecard upgrade a Unit 3 employee when such an employee is directed to assume duties and responsibilities of a higher classification commencing immediately upon assignment.

Assignments to higher classifications exceeding fourteen (14) calendar days from the first day of the assignment require a temporary upgrade action (e.g., ESN, HR Express). Except as provided in Article 14, Section 5 (Training Assignments) of this Agreement, employees shall be paid subject to the following:

- A.** When an employee receives a temporary timecard upgrade to another Unit 3 classification, such employee shall be paid at the first step within the higher classification that provides a minimum of 2.5% above their current ESN rate of pay.
- B.** When an employee receives a temporary timecard upgrade to an exempt classification, such employee shall be paid at the first step within the higher classification that provides a minimum of 5.0% above their current ESN rate of pay.

3. INSTRUCTOR / TRAINING OFFICER INCENTIVE

SMUD will provide Unit 3 employees who possess the required certification to receive an 8% differential while performing the relevant training/instructor duties.

4. NOTIFICATION OF INCENTIVE PROGRAMS

SMUD shall notify PSOA of all rewards, recognition and incentive programs proposed after

ratification of this MOU and shall meet and confer prior to implementation of new programs, revisions to existing programs, and/or any discussion with Unit 3 employees. All rewards recognition and incentive program payments shall comply with the provisions of 29 C.F.R. § 778.331.

ARTICLE 7

HOLIDAYS

1. AUTHORIZED HOLIDAYS

A. Regular Holidays

SMUD guarantees eligible employees the following nine (9) Regular Holidays: New Year's Day (January 1); Martin Luther King, Jr. Day (the third Monday in January); President's Day (the third Monday in February); Memorial Day (the last Monday in May); Independence Day (July 4); Labor Day (the first Monday in September); Thanksgiving Day (the last Thursday in November); the Friday after Thanksgiving; and Christmas Day (December 25).

B. Floating Holidays

In addition, Full-Time employees with six (6) or more months of continuous service shall receive floating holidays according to the following schedule: May 1, July 1, September 1, and November 1. Each floating holiday is administered as eight (8) additional hours of personal leave for Full-Time employees and may be carried over from year to year in the same manner and with the same limits as accumulated personal leave.

SMUD shall approve the use of a floating holiday, or a day of personal leave for any Unit 3 employee who has served in the armed forces of the United States, or their allies, and who wishes to observe the (November 11) Veteran's Day Holiday.

C. Special Holidays (Christmas Eve - New Year's Eve)

SMUD may, if minimum staffing levels are met, authorize additional time off for eligible employees on either Christmas Eve or New Year's Eve. Such time off shall be designated as a Special Holiday. Any Special Holiday time off will be granted based upon classification seniority and the operational needs of Security Operations.

D. Holidays Observed

When a SMUD observed holiday falls on a Saturday, SMUD shall observe the holiday on the preceding Friday. When a holiday falls on a Sunday, SMUD shall observe the holiday on the following Monday.

2. HOLIDAY PAY

A. Eligibility

- 1) Full-Time Employees must be in a paid status for the entire work day immediately prior to or immediately following a holiday to be eligible for holiday pay.

B. Regular Holiday Pay

- 1) When a holiday falls on an employee's regularly scheduled workday, the employee will be compensated for the number of hours the employee works on that day.

- 2) Employees who work on a holiday shall be paid at the double-time rate of pay for the hours worked in addition to holiday pay as specified below.
- 3) When a holiday is observed on an employee's regular day off, the employee is credited with 8 hours of personal leave.

C. Special Holiday Pay (Christmas Eve - New Year's Eve)

- 1) When an employee is required to work on Christmas Eve, they shall be given an equivalent amount of time off on New Year's Eve.
- 2) If an employee cannot be granted time off on either Christmas Eve or New Year's Eve, they shall be given an additional amount of straight-time pay equal to the number of hours off granted to other employees.
- 3) In lieu of additional Special Holiday Pay, an employee may choose to be credited with the equivalent amount of personal leave.
- 4) If the day designated as a Special Holiday falls on an employee's alternate day off, the employee shall be credited with an equivalent amount of personal leave.

ARTICLE 8

BENEFITS

1. ELIGIBILITY

A. Full-Time and Part-Time Unit 3 employees are eligible to participate in health and welfare benefit plans provided by SMUD. Specifically excluded are:

- 1) Casual employees scheduled to work less than twenty (20) hours per week.
- 2) Student Employment Program participants.
- 3) Rehired CalPERS Annuitants.
- 4) Contract employees.

B. Limited Term Employees

Limited-term, full-time employees in Unit 2 are given the opportunity to participate in SMUD's flexible benefits program to enroll in the following benefit plans: medical, dental, vision, and life insurance. This program allows the employee to choose which benefits they want for the calendar year.

- 1) SMUD issues flex credits that give the employee purchasing power to "pay for" the benefits of their choice. Limited-Term employees receive 75% of the flex credits allotted to Full-Time employees. If the employee chooses benefits costing more than the flex credits provided by SMUD, the employee shall pay the difference through payroll deductions. The payments for most flexible benefits are made on a pre-tax basis, so the employee can save on taxes.
- 2) If an employee is already covered and chooses not to enroll in SMUD-provided medical, dental, and/or vision plans, they can "opt out" of coverage and SMUD shall give the employee cash in exchange for the flex credits. Credits are paid to the employee on a monthly basis in the form of cash. Such payments are taxable income.

C. Domestic Partner Coverage

Employees in registered, same-sex domestic partnerships or domestic partnerships are eligible to enroll their domestic partner and their eligible dependent children for medical coverage as described below:

- 1) SMUD's contribution for all employees and retirees with registered domestic partners and their dependents shall be the same as all current benefit contribution formulas for employees and retirees that currently cover dependents.
- 2) The employee contribution shall be the same as current employees that add dependents. Employees participating in the Flexible Benefits Plan may have their contributions for registered domestic partners and dependent children deducted on an "after-tax" basis subject to all applicable federal and state statutes and Internal Revenue Code requirements.

- D. Eligible employees who retire are entitled to enroll in the medical and dental benefit programs at the time of their retirement.

2. HEALTH INSURANCE PLANS

- A. SMUD will provide the following medical plan options to all eligible Unit 3 employees:

- 1) High Premium HMO
- 2) Low Premium HMO
- 3) High Deductible Health Plan (HDHP) with Health Savings Account (HSA)
- 4) PPO Medical Plan (closed to new enrollees)

Employees should refer to the PSOA Benefits Guide Book each year for the specific dollar amounts for medical co-pays under the High and Low Premium HMO Plans.

- B. Employee Medical Insurance Plan Premium Contributions

- 1) Effective January 1, 2023, through December 31, 2026, Unit 3 employees enrolled in SMUD medical plans will contribute a premium cost share as follows:

Full Time Employees					
	Kaiser High	Kaiser Low	UHC HMO High	UHC HMO Low	UHC HDHP
Employee Only	13%	11%	14%	11%	8%
Employee + 1	14%	12%	15%	12%	8%
Employee + Family	15%	13%	16%	13%	8%

Limited-Term and Part-Time Employees					
	Kaiser High	Kaiser Low	UHC HMO High	UHC HMO Low	UHC HDHP
Employee Only	35%	34%	36%	34%	32%
Employee + 1	36%	35%	37%	35%	32%
Employee + Family	37%	36%	38%	36%	32%

- C. SMUD will provide Unit 3 employees enrolled in the HDHP medical plan with an annual contribution of \$1200 (employee only) or \$2,400 (employee with covered dependent{s}) to a Health Savings Account (HSA) on January 1 of each year.

SMUD will pay any administrative fees attributed to the HSA while employed at SMUD. The annual contribution amount to the HSA will be front loaded and employees will be

allowed to contribute pre-tax dollars each year up to the IRS-allowed maximum for the term of this MOU.

Unit 3 employees enrolled in the HDHP Plan will also be enrolled in Accident and Critical Illness Insurance Plans. Premiums for these plans will be paid by SMUD.

- D. All Unit 3 employee premium contributions shall be as pre-tax payroll deductions.
- E. Employees who participate in SMUD's Health Assessment Program (HAP) and fulfill the program requirements will pay \$5 less per month for their medical insurance. All employees will be granted time, while on duty, to participate in the health assessment portion of the program. This time must be scheduled in advance, with supervisory approval. Additional HAP requirements must be completed on the employee's own time.
- F. These contributions shall not change during the life of the contract unless the parties mutually agree to do so in writing.
- G. PSOA shall participate in a Health Care Advisory Committee to assist SMUD in evaluating its health care plan options in the market.
- H. Agreement to Meet and Confer: Either SMUD or PSOA may request to meet and confer regarding health care coverage during the term of this agreement as needed.

I. Retiree Medical Plan Contributions

Employees who are eligible to retire from SMUD with the equivalent of five (5) years of continuous SMUD service immediately prior to their retirement shall be eligible to participate in SMUD-sponsored medical plans and shall be entitled to SMUD premium contributions as described below.

SMUD's percentage of contribution toward the medical insurance premiums in effect at the time of retirement shall remain constant throughout retirement for all tiers of retiree medical benefits. Every January 1, SMUD will recalculate the dollar amount of their contribution to reflect any changes in the medical premium rates.

TIER 1

For employees hired prior to January 1, 1993, SMUD shall contribute one hundred percent (100%) of the retiree-only portion of the monthly premium for all SMUD-sponsored medical insurance plans.

For all dependent(s) covered under the retiree's plan, SMUD shall contribute 90% of the percentage it contributes for the retiree's medical insurance premium when the retiree selects one of the two (2) lowest cost health insurance plans or 85% of the percentage it contributes for the retiree's medical insurance premium when the retiree selects any other SMUD-sponsored health plans.

TIER 2

For employees hired on or after January 1, 1993, and before January 1, 2007, with continuous SMUD service and who retire from SMUD, SMUD shall contribute up to one hundred percent (100%) of the retiree-only portion of the monthly premium for all SMUD-sponsored medical insurance plans according to the Tier 2 schedule.

For all dependent(s) covered under the retiree's plan, SMUD shall contribute 90% of the percentage it contributes for the retiree's medical insurance premium (based on the Tier schedule) when the retiree selects one of the two (2) lowest cost health insurance plans or 85% of the percentage it contributes for the retiree's medical insurance premium (based on the Tier schedule) when the retiree selects any other SMUD-sponsored health plans.

Tier 2 retirees shall receive SMUD-provided medical insurance premium contributions according to the following schedule:

Retiree's Years of Continuous SMUD Service	Percent (%) of SMUD Contribution for Retiree	Percent (%) of SMUD Contribution for Dependent(s) for 2 lowest cost plans	Percent (%) of SMUD Contribution for Dependent(s) for all other SMUD-sponsored plans
Less than 10	0	0	0
10	50	45	42.5
11	55	49.5	46.75
12	60	54	51
13	65	58.5	55.25
14	70	63	59.5
15	75	67.5	63.75
16	80	72	68
17	85	76.5	72.25
18	90	81	76.5
19	95	85.5	80.75
20	100	90	85

TIER 3

For employees hired on or after January 1, 2007, and before January 1, 2018, with continuous SMUD service and who retire from SMUD prior to the age at which they are Medicare-eligible or age 65, SMUD shall contribute up to seventy-five percent (75%) of the retiree-only portion of the monthly medical insurance premium for all SMUD-sponsored medical insurance plans according to the Tier 3 schedule.

For employees hired on or after January 1, 2006, and before January 1, 2018, with 25 years or more of continuous SMUD service, who retire after the age at which they reach Medicare eligibility or age 65, SMUD shall contribute 100% of the retiree-only portion of the monthly medical insurance premium for all SMUD-sponsored Medicare Advantage health plans.

For all dependent(s) covered under the retiree's plan, SMUD shall contribute 90% of the percentage it contributes for the retiree's medical insurance premium (based on the Tier

schedule) when the retiree selects one of the two (2) lowest cost health insurance plans or 85% of the percentage it contributes for the retiree's medical insurance premium (based on the Tier schedule) when the retiree selects any other SMUD-sponsored health plans.

Tier 3 retirees shall receive SMUD-provided medical insurance premium contributions according to the following schedule:

Retiree's Years of Continuous SMUD Service	Percent (%) of SMUD Contribution for Retiree	Percent (%) of SMUD Contribution for Dependent(s) for 2 lowest cost plans	Percent (%) of SMUD Contribution for Dependent(s) for all other SMUD-sponsored plans
Less than 10	0	0	0
10	25	22.5	21.25
11	27.5	24.75	23.38
12	30	27	25.5
13	32.5	29.25	27.63
14	35	31.5	29.75
15	37.5	33.75	31.88
16	40	36	34
17	42.5	38.25	36.13
18	45	40.5	38.25
19	47.5	42.75	40.38
20	50	45	42.5
21	55	49.5	46.75
22	60	54	51
23	65	58.5	55.25
24	70	63	59.5
25	75	67.5	63.75

TIER 4

For employees hired on or after January 1, 2018, with continuous SMUD service and who retire from SMUD, SMUD shall contribute up to fifty percent (50%) of the retiree-only portion of the medical insurance premium for all SMUD-sponsored medical insurance plans according to the Tier 4 schedule.

For all dependent(s) covered under the retiree's plan, SMUD shall contribute 90% of the percentage it contributes for the retiree's medical insurance premium (based on the Tier schedule) when the retiree selects one of the two (2) lowest cost health insurance plans or 85% of the percentage it contributes for the retiree's medical insurance premium (based on the Tier schedule) when the retiree selects any for all other SMUD-sponsored health plans.

Tier 4 retirees shall receive SMUD-provided retiree medical insurance premium contributions according to the following schedule:

Retiree's Years of Continuous SMUD Service	Percent (%) of SMUD Contribution for Retiree	Percent (%) of SMUD Contribution for Dependent(s) for 2 lowest cost plans	Percent (%) of SMUD Contribution for Dependent(s) for all other SMUD-sponsored plans
Less than 15	0	0	0
15	25	22.5	21.25
16	27.5	24.75	23.38
17	30	27	25.5
18	32.5	29.25	27.63
19	35	31.5	29.75
20	37.5	33.75	31.88
21	40	36	34
22	42.5	38.25	36.13
23	45	40.5	38.25
24	47.5	42.75	40.38
25	50	45	42.5

J. DENTAL PLANS

- 1) SMUD shall provide dental and orthodontic coverage and services to eligible employees and their dependents pursuant to the provisions of the SMUD Employee Dental Plan.
- 2) Eligible Unit 3 employees have the ability to select a buy-up plan with the additional cost being borne by the employee.
- 3) Employee Dental Insurance Plan Premium Contributions:

Full Time Employees		
	Traditional	High Option
Employee Only	0%	15%
Employee + Family	0%	15%
Calendar Year Maximum Coverage	\$1,500 Per Person	\$2,500 Per Person

Limited-Term and Part Time Employees		
	Traditional	High Option
Employee Only	25%	36%
Employee + Family	25%	36%

Calendar Year Maximum Coverage	\$1,500 Per Person	\$2,500 Per Person
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4) SMUD contributions for retirees:

Employees who are eligible to retire from SMUD with the equivalent of five (5) years of continuous SMUD service immediately prior to their retirement shall be entitled to participate in the retiree dental program at SMUD's expense.

K. VISION PLANS

- 1) SMUD shall provide vision coverage to eligible employees and their dependents pursuant to SMUD's existing contract with Vision Service Plan.
- 2) Eligible Unit 3 employees have the ability select a buy-up plan with the additional cost being borne by the employee.
- 3) Employee Vision Insurance Plan Premium Contributions:

Full Time Employees		
	Traditional	High Option
Employee Only	0%	50%
Employee + 1	N/A	61%
Employee + Family	0%	70%

Limited-Term and Part Time Employees		
	Traditional	High Option
Employee Only	25%	62%
Employee + 1	N/A	71%
Employee + Family	25%	77%

L. OPT OUT (WAIVE) COVERAGE

- 1) Employees who elect not to enroll (opt out) in medical, dental, and vision because they have coverage through some other benefit plan will receive cash in exchange for the benefits as follows:

Benefit Plan	Regular Full-Time	Limited-Term and Part-Time
Opt Out (Waive) Medical*	\$200	\$150
Opt Out (Waive) Dental*	\$15	\$11
Opt Out (Waive) Vision*	\$5	\$4

* SMUD employees who are covered as dependents under a SMUD plan are not eligible to receive opt-out credit(s).

- 2) Credits are paid monthly. This credit reported as taxable income.

3. LIFE INSURANCE PLAN

A. SMUD shall provide life insurance coverage to eligible employees as follows:

- 1) SMUD shall contribute 100% of the premium cost for life insurance coverage equal to the annual base pay rounded up to the nearest \$5,000 for each Full-Time employee.
- 2) Employee life insurance coverage is based on the amount of an employee's annual base pay (rounded to the nearest \$5,000) effective September 30 of the previous year. SMUD pays the full cost of life insurance premiums for coverage up to one time (1x) annual base pay. Employees can purchase additional coverage with the cost for this additional coverage entirely borne by the employee. This additional coverage is subject to the carrier's qualifications, limitations, and restrictions. Employees can choose additional coverage of either one time (1x), two times (2x), or three times (3x) their annual base pay for a total of four times (4x) their annual base pay up to the maximum coverage limit.

B. Subject to the carrier's qualifications, limitations, and restrictions, eligible employees may purchase life insurance coverage for their dependents as follows:

- 1) Employees can elect coverage for their spouse of \$25,000 or up to 50% of the amount they have chosen through the employee life insurance plan.
- 2) Employees can elect coverage for their eligible dependent children in the amount of: \$2,500, \$5,000, \$7,500 or \$10,000.

4. LONG-TERM DISABILITY PLAN

A. SMUD shall provide Long-Term Disability coverage to eligible employees pursuant to the provisions of SMUD's Long-Term Disability Plan.

- 1) SMUD shall pay 100% of the cost for the basic Long-Term Disability Plan for each eligible Unit 3 employee.

- 2) Eligible employees may purchase additional long-term disability coverage pursuant to the provisions of SMUD's Long-Term Disability Plan.

5. SHORT-TERM DISABILITY INSURANCE

SMUD shall provide short-term disability coverage to eligible employees pursuant to the provisions of SMUD's Short-Term Disability Insurance Plan. The employee shall pay 100% of the cost of short-term disability coverage.

6. FLEXIBLE SPENDING ACCOUNTS

Effective January 1, 2020, SMUD shall pay the monthly administration fee for employees enrolled in the dependent care reimbursement account and/or health care reimbursement account.

7. EXTENDED COMPENSATION

SMUD may offer extended compensation to supplement temporary disability from an on-the-job accident. It is an advance against any permanent disability benefits employees may receive. Employees may be eligible for extended compensation benefits on the first workday of absence after the day of the job-related injury or illness. Additionally, any Extended Compensation paid over and above the amount of Permanent Disability awarded shall also be reimbursed to SMUD.

8. DEFERRED COMPENSATION PLANS

A. SMUD shall make an IRC Section 401(k) Savings Plan and a Section 457(b) Deferred Compensation Plan available to eligible employees. Participation in the Deferred Compensation Plans shall be voluntary and the participants pay all program costs.

B. Deferred Compensation Direct Contributions

SMUD will contribute employer funds to your 401(k) account of up to \$2,000 per year divided into monthly installments. You must be a regular full-time, limited term, or part-time employee, with an active account as of the day of distribution, in order to be eligible to receive contribution funds.

9. OTHER FRINGE BENEFITS

A. SMUD currently offers other benefits such as Employee Assistance Program, Employee Development Program, Health and Wellness programs, Wellness Center, Personal Computer Purchase Plan, Ride Share Program, Parking, Child Care Center and Child Care Tuition Assistance. Some of these programs are fully sponsored by SMUD, and others are supported and paid for by employees.

B. Unit 3 employee membership in SMUD's Wellness Center will be provided at no cost.

10. RETIREMENT

- A. SMUD has contracted with CalPERS to provide retirement benefits for eligible employees. The following retirement benefits are provided in accordance with SMUD's contract with CalPERS and applicable law:
- 1) Employees hired by SMUD prior to January 1, 2013, and those otherwise defined as "classic members" by CalPERS shall receive the 2% @ 55 local miscellaneous retirement benefit formula with the 36 consecutive month final compensation period.
 - a) Employees receiving this pension benefit formula shall contribute 5.25% of their pensionable wages to CalPERS as the employee share of the benefit cost through December 31, 2021.
 - b) Effective January 1, 2022, employees shall contribute 7% of their pensionable wages to CalPERS as the employee share of the benefit cost.
 - 2) Employees hired by SMUD on or after January 1, 2013 and defined as "new members" by CalPERS shall receive the 2% @ 62 local miscellaneous retirement benefit formula with the 36 consecutive month final compensation period. Employees receiving this pension benefit formula contribute 50% of the normal cost of the benefit as determined by CalPERS.
 - 3) Supplemental Benefits:
 - a) Credit for Unused Sick Leave pursuant to Government Code Section 20965.
 - b) Military Service Credits as Public Service pursuant to Government Code Section 21024.
 - c) Post Retirement Survivor Allowance pursuant to Government Codes Sections 21624, 21626, and 21628, as applicable.
 - d) Annual Cost-of-Living Allowance pursuant to Government Code Section 21335.
 - e) \$500 Retired Death Benefit pursuant to Government Code Section 21620.
 - f) Purchasing Power Protection Account pursuant to Government Code Section 21337.
 - g) Public Service Credit pursuant to Government Code Section 21023.5.
 - 4) EPMC reported as Compensation pursuant to Government Code Section 20636 applies only to employees hired prior to January 1, 2013.
 - 5) SMUD shall adopt and apply the IRS Section 414h2 and/or any other administrative or regulatory procedure or standard necessary to ensure that the employees' contributions to their PERS retirement plan are treated as pre-tax payroll deductions.

ARTICLE 9

TRAVEL AND OTHER REIMBURSEMENTS

1. TRAVEL TIME AND EXPENSES

A. Travel Expenses

SMUD shall reimburse employees for all reasonable expenses that have been incurred while traveling on authorized SMUD business pursuant to SMUD's travel policies, Business Travel (AP 03.02.03) and Business Travel Procedures (MP 03.02.03.100).

B. Travel Time

- A. All travel time that occurs during an employee's normal work hours, including normal work hours on an employee's regular days off (e.g., Saturday, Sunday, Alternate Day Off), will be compensated as hours worked and will be counted toward applicable overtime.
- B. Employees who ask to drive when public transportation (i.e., plane, train, bus, etc.) is available will only be compensated for travel time during normal work hours up to the same amount the employee would have been compensated had the employee used public transportation. Employees who must drive themselves are considered to be working and should be compensated as such.
- C. In addition to travel time to and from an airport, train station or port of entry, employees will be compensated for pre-travel waiting time for no more than one (1) hour prior to the employee's scheduled departure time.
- D. When an employee travels between two or more time zones, the time zone associated with the point of departure will be used to determine whether the travel falls within normal work hours.
- E. Employees who are approved to extend or alter travel arrangements to incorporate personal time/leave will not be paid for any travel time or expenses during the personal time/leave period. Employees are responsible for all additional travel expenses that result from the incorporation of personal time/leave. Paid leave hours used by an employee to extend or alter travel arrangements for personal reasons will not count as hours worked for purposes of overtime during a workweek in which the employee receives compensation for travel time.

2. PROFESSIONAL CERTIFICATION / LICENSE FEES

- A. Except as provided below, employees who are required by SMUD to maintain a professional certification and/or license shall be reimbursed 100% of their costs associated with maintaining such certificate or license.
- B. SMUD shall pay 100% of the employee's initial license fee and all renewal fees for employees who are required to maintain a commercial driver's license, except that portion which is attributable to the Class C driver's license.

3. ORGANIZATIONAL MEMBERSHIP FEES

SMUD shall pay 100% of the membership fee for any employee required to maintain membership in a professional organization.

4. BUSINESS MEETING EXPENSES

Employees who are required to attend any meetings as SMUD's representative shall be reimbursed their out-of-pocket expenses associated with attending such meeting.

5. COMMUNICATION EXPENSES

Employees shall be reimbursed for all costs associated with business-related communications including, but not limited to, telephone calls, faxes, mailing, and shipping.

6. MISCELLANEOUS EXPENSES

Employees shall be reimbursed for other miscellaneous business expenses subject to the approval of SMUD.

7. PERSONAL TOOLS

If an employee is required to provide some or all of the tools needed to perform their job duties, SMUD shall replace such tools when they are worn, lost, or stolen under certain circumstances in accordance with established SMUD procedures.

8. RELOCATION EXPENSES

SMUD may reimburse existing employees for relocation expenses under certain circumstances consistent with established SMUD policy, Relocation Expenses (AP 05.03.03).

9. EDUCATIONAL ASSISTANCE

SMUD and PSOA agree that Unit 3 employees shall be covered by SMUD policies, Education Assistance and Tuition Reimbursement (AP 04.03.02 and MP 04.03.02.100), relating to financial assistance for education and training expenses, including the financial assistance and educational expense reimbursement amounts specified therein.

ARTICLE 10

SICK LEAVE

1. ELIGIBILITY

Unit 3 employees may utilize sick leave in accordance with SMUD's Sick Leave Policy AP 04.05.15.

2. SICK LEAVE USAGE

- A. Sick leave may be authorized for the following reasons:
 - 1) The illness or injury of the employee;
 - 2) The need to see a health care provider or counselor;
 - 3) To care for an ill or injured family or household member;
 - 4) To supplement Workers' Compensation payments;
 - 5) Under certain circumstances sick leave balances may be exhausted pending approval of a disability retirement.
- B. Sick leave may be taken in fifteen (15) minute increments. Employees requesting to use sick leave must notify their supervisor in advance, if possible, but in all cases prior to the employee's authorized starting time on each day the employee will be absent. An employee who is unable to give advance notice, due to emergency circumstances, shall make notification as early as possible. When unable to speak directly to their supervisor, the employee shall leave a callback telephone number on the supervisor's voicemail where the employee can be located.
- C. When a full day of sick leave is taken, it shall be charged according to the employee's work schedule (8 or 12 hours) and shall be paid at the employee's current ESN rate of pay.
- D. If an employee becomes ill while on personal leave, they may request that the annual leave be changed to sick leave.
- E. If an employee is off sick on a workday and it is a holiday, they shall receive holiday pay. The absence shall not be charged to the employee's sick leave.
- F. Employees shall be permitted to use sick leave during any illness that meets the definition of a disability pursuant to SMUD's Long-Term Disability Plan. If the employee is not precluded by their disability from performing other work and SMUD has made a limited duty assignment available to the employee, they shall not be permitted to use sick leave.

3. MEDICAL VERIFICATION / RELEASE

- A. Employees may be required to provide medical verification of illnesses and or injuries when requested to do so by SMUD, in accordance with SMUD's Sick Leave Policy (AP 04.05.15).
- B. Employees who are off work for more than five (5) consecutive work days due to an illness and/or injury may be required to provide a medical release indicating that they may return to work safely.
 - 1) If the employee received medical treatment for their injury or illness, their health care provider must complete the medical release.
 - 2) If the employee has not received medical treatment for their illness or injury, SMUD's Medical Clinic staff may complete the medical release.
- C. An employee's request to use accumulated sick leave credits may be denied if they do not provide a medical verification of illness and/or a medical release when required to do so by SMUD. In such cases, the employee's absence may be charged as unauthorized leave without pay and the employee may be subject to disciplinary action.

4. REINSTATEMENT OF SICK LEAVE

- A. Employees who are reinstated following a layoff shall have their sick leave balance restored pursuant to Civil Service Rules.
- B. Employees who resign and are rehired to a civil service position within six (6) months of initial separation shall have 50% of their sick leave balance reinstated provided they had five (5) years or more of continuous SMUD employment.

5. SICK LEAVE UPON RETIREMENT

SMUD shall continue to contract with CalPERS to allow unused sick leave to be credited toward years of service for retirement pursuant to Government Code Section 20965.

ARTICLE 11

PERSONAL LEAVE PROGRAM

1. INTRODUCTION

- A. Personal Leave is to be used to meet an employee's need for any approved personal time off.
- B. SMUD must approve all requests for personal leave in advance of the time the leave is taken. Unapproved absences may be charged as unauthorized leave without pay.

2. ELIGIBILITY

- A. All Unit 3 employees except the following are eligible to accrue personal leave:
 - 1) Part-time employees scheduled to work less than twenty (20) hours per week.
 - 2) Student Employment Program participants.
 - 3) Rehired CalPERS Annuitants.
 - 4) Contract employees.

3. ACCRUAL OF PERSONAL LEAVE CREDITS

You begin accruing personal leave upon employment with SMUD, and this leave is earned based on straight-time hours worked (including paid leave such as personal, holiday or sick leave). Employees must work 173.33 straight-time hours to accrue personal leave. Straight-time accruals can include regular paid leave such as annual, holiday, jury duty, bereavement or sick leave.

Newly hired regular full-time employees will have 40 hours of leave accrued upon hire and can earn a balance of 80 hours throughout the 1st year.

Newly hired limited-term employees will have 40 hours of leave accrued upon hire and can earn a balance of 20 hours throughout the 1st year. Leave must be taken in no less than 1-hour increments.

Personal Leave will be accrued as follows:

Years of Service*	Regular Full-Time / Part-Time	Limited-Term
1 through 14 years	10 hours per month 120 hours per payroll year	5 hours per month 60 hours per payroll year
15 through 22 years	13 hours, 20 minutes per month 160 hours per payroll year	N/A
23 through 29 years	16 hours, 40 minutes per month 200 hours per payroll year	N/A
30+ years	20 hours per month 240 hours per payroll year	N/A

* Every 10th year anniversary, employees will be credited with 40 hours of personal leave.

4. MAXIMUM ACCUMULATION OF PERSONAL LEAVE

Employees do not have to use all personal leave each calendar year. However, the maximum number of personal leave hours which can be carried over into the new payroll year may not exceed 480 hours. Excess personal leave hours are paid in a lump sum in the first quarter of the following year at the employee's current ESN rate of pay.

5. USE OF PERSONAL LEAVE

- A. Employees may use their personal leave as soon as it is earned and posted to the employee's leave account balance.
- B. Employees will be charged the number of hours, in no less than 15-minute increments, for all personal leave taken during a regularly scheduled work day.
- C. Employees who are off work for a full work day on personal leave shall be charged the number of hours they are regularly scheduled to work on the day the personal leave is used.
- D. Employees may be required to provide medical verification of illnesses and/or injuries when requested to do so by SMUD.

6. SCHEDULING

- A. Except when operational needs require otherwise, employees shall be entitled to use their accrued personal leave at the time of their choice.
- B. Employees shall provide 48 hours advance notice when requesting leave and should communicate to their manager, as appropriate, to ensure the request is understood. Management shall provide approvals/denials in a timely manner.
- C. Unless compelled by law or SMUD policy, management will approve or disapprove a request for leave after considering the following:
 - 1) The nature of the request;
 - 2) The operational needs of the business unit;
 - 3) Whether the employee has sufficient paid leave to cover the entire absence;
 - 4) The number of previous leave requests from the employee;
 - 5) The preferences and seniority of other employees requesting the same time off.
- E. Reliability is a valued trait, and attendance issues will be resolved on a case-by-case basis using SMUD's Positive Discipline program.

7. CANCELLATION OF PERSONAL LEAVE

- A. In an emergency, employees may be asked to forego all or a part of their scheduled personal leave. Employees who are already on personal leave may be requested to report for duty.
- B. Employees shall be reimbursed for any documented expenses and/or loss of money resulting from SMUD's action pursuant to Section 7.A of this Article, provided the employee informs SMUD of the pending loss at the time the employee is requested to either cancel or reschedule their personal leave.

8. PERSONAL LEAVE SELL-BACK

- A. You can elect to voluntarily sell back personal leave each year. The amount of leave you may sell back is limited to the amount of leave you accrue in the calendar year.
- B. Personal leave payments are included in the employee's designated paycheck and taxes are applicable. If you fail to specify when you would like your sell back money, all funds are added to your last paycheck of the year. You may elect to sell all your personal leave provided you leave 80 hours in your leave bank and you've taken 40 hours off in the prior year.
- C. Personal Leave Sell-Back Requests: An employee may elect to apportion the amount of sell back between the paychecks for pay periods 13 and 25, limited to the amount of Personal Leave accrued in that year at the time of the payout.
- D. An employee may request a hardship withdrawal payment of accrued leave at any time when an unforeseen hardship arises and payment is needed to cover such expenses. Hardship withdrawals are only allowed for the reasons specified in the hardship distribution rules for SMUD's 457(b) plan as well as other similar hardships approved by SMUD.
- E. All personal leave payments are computed at the straight-time rate of pay for the employee's ESN classification at the time personal leave is paid.

9. PAYMENT FOR UNUSED PERSONAL LEAVE

A. Separation of Employment

- 1) When an employee separates from SMUD employment for any reason, they shall be paid for any accumulated personal leave at their current ESN rate of pay.
- 2) Employees who are separating from SMUD employment for any reason other than retirement may not use their accumulated personal leave immediately prior to the effective date of their separation. The employee shall receive cash compensation pursuant to Section 9.A.1) of this Article.

B. Retirement

If employees are retiring, they may take a lump-sum payment for their personal leave. Employees may choose to take personal leave prior to the effective date of their retirement if: they have the equivalent of 5 years of full-time uninterrupted service with SMUD, and they have been a member of the Public Employees Retirement System (PERS) for at least 5 years, and they are at least 50 years of age.

ARTICLE 12

TIME OFF

1. INTRODUCTION

Where current SMUD policy and/or the provisions of this Agreement provide a greater benefit than is required by State and/or Federal law or regulation, SMUD shall provide the greater benefit.

2. TIME OFF WITH PAY

A. Eligibility: All Unit 3 employees except the following are eligible for paid time off:

- 1) Part-time employees scheduled to work less than twenty (20) hours per week.
- 2) Student Employment Program participants.
- 3) Rehired CalPERS Annuitants.
- 4) Contract employees.

B. Bereavement Leave

Bereavement Leave will be administered in accordance with the applicable Management Procedure (MP 04.05.03.100). Bereavement leave is not granted automatically. The employee's supervisor shall consider the following factors when approving requests for bereavement leave: the relationship of the deceased to the employee, the employee's responsibility for making arrangements, and the date and place of the services.

C. Voting Leave

SMUD shall allow eligible employees, as defined in Section 2.A of this Article, a maximum of two (2) hours paid time off to vote in any statewide general election, in accordance with State law and SMUD Voting Leave Policy (MP 04.05.12.100).

D. Jury Duty and Court Appearances

- 1) SMUD shall allow eligible employees time off with pay to report for jury duty or to respond to a subpoena. Employees who are involved in a court case as a plaintiff, defendant or expert witness, in a matter unrelated to official SMUD business, may be required to use personal leave.
- 2) Employees summoned for jury duty or subpoenaed as a witness shall notify SMUD promptly by providing a copy of the summons or subpoena.
- 3) Effects on Work Hours
 - a) Employees whose jury duty or court appearance is the length of their scheduled workday or more shall be excused from work for their entire workday.
 - b) Employees whose jury duty or court appearance is less than the length of their scheduled workday must notify SMUD and may be required to work the remaining portion of their workday.

- c) Employees whose jury duty or court appearance of eight (8) or more hours occurs during the sixteen (16) hours preceding their regular workday, or starts during the eight (8) hours after the end of their regular workday, employees shall be entitled to an eight and one-half (8.5) hour rest period.
- d) Time of Jury Duty: Jury duty occurring at times other than an employee's regular work hours does not typically excuse them from working their normal shift. Employees may be excused only if the jury duty required their service for 8 hours during the 16 hours immediately preceding their regular shift. This does not, however, in any way authorize payment of overtime in the event employees actually decide to work.
- e) 12-Hour Shift: Jury duty will result in the employee being rescheduled to an 8-hour day shift; Monday through Friday, while on jury duty with the employee guaranteed a 40-hour workweek. If released from jury duty prior to the end of the workweek, the employee will be returned to their regularly scheduled shift in alignment with applicable rest periods.

E. Professional Leave

- 1) Upon recommendation and the approval of SMUD, eligible employees may be granted up to ten (10) working days of paid time off to participate in the activities of a professional organization.
- 2) Employees who hold a major office in a recognized professional association may be granted paid time off for travel required in the performance of their duties on behalf of such organization. Such paid time off normally shall not exceed ten (10) working days in a calendar year.
- 3) SMUD shall reimburse such employees for travel or other expenses incurred on behalf of such organizations when SMUD determines that it receives a direct benefit from these activities.

F. Community Service Leave

- 1) Eligible employees may, at SMUD's discretion, be authorized paid time off to perform charitable, emergency assistance, or other community service work of interest to SMUD.
- 2) Employees granted such time off, may be reimbursed for travel expenses they incur if the activity directly benefits SMUD.

3. TIME OFF WITHOUT PAY

A. Eligibility

All employees are eligible for time off without pay.

B. Personal Time Off

- 1) Requests for leaves of absence without pay shall be approved when required by law and may be approved at SMUD's discretion when not required by law. SMUD shall consider the following factors when approving requests for non-required leave: the merits and the nature of the request, the length of time being requested, and the impact that the employee's absence will have on SMUD.

- 2) Employees may take up to forty (40) hours of leave without pay per payroll year without first exhausting their personal leave balances. When using this option in conjunction with paid personal leave, paid personal leave must be taken first.
- 3) Except as provided in Section 3.B.2) of this Article, leave without pay for personal reasons require that employees first use all of their accrued personal leave.
- 4) Except in cases of emergency, requests for personal time off without pay must be made reasonably well in advance of the dates requested.

C. Medical Leave

Employees must exhaust all of their sick and personal leave before going on an unpaid medical leave of absence unless the employee is applying for Short Term Disability (STD) or Long Term Disability (LTD) benefits. Employees have the option of keeping no more than eighty (80) hours of personal leave or using it all before STD or LTD benefits begin. Employees should refer to the current SMUD STD/LTD plans or contact Human Resources, Diversity & Inclusion (HR, D&I).

4. EFFECTS OF LEAVE WITHOUT PAY ON SMUD BENEFITS

A. Leave Without Pay for Personal or Medical Reasons

- 1) Extended Leave Without Pay – Employees who are in an unpaid status for thirty (30) consecutive days or more shall not earn personal leave during their absence.
- 2) Intermittent Leave Without Pay – Employees who are in an unpaid status intermittently during the payroll year shall not earn personal leave accrual for each cumulative total of eighty (80) hours of unpaid leave.
- 3) Leave without pay, taken pursuant to Section 3.B.2) of this Article, shall not have any impact on the accrual of personal leave.

B. Workers' Compensation

Employees who are on unpaid authorized leave relating to an approved Workers' Compensation claim shall continue accruing personal leave.

C. Insurance Benefits

- 1) Non-Medical Leave – Employees on an approved unpaid leave of absence may continue to participate in SMUD's health, life insurance, vision and dental plans. SMUD and the employee shall each pay their share of each premium under the provisions of this Agreement for up to three (3) months. After three (3) months, the employee must pay the full premium if they wish to maintain coverage.
- 2) Medical Leave – Employees on an approved unpaid medical leave of absence may continue to participate in SMUD's health, life insurance, vision and dental plans. SMUD and the employee shall each pay their share of each premium under the provisions of this Agreement, until the employee either returns to work or separates from SMUD employment.

D. CalPERS and Social Security Contributions

The employee or SMUD shall not make CalPERS and Social Security contributions when an employee is on an unpaid leave of absence.

ARTICLE 13

TRANSFERS / PROMOTIONS

1. INTRODUCTION

Qualified employees may move from one position to another in either the same or in a different classification subject to the Transfer/Promotion Process or by demotion.

2. TRANSFER / PROMOTION PROCESS

In accordance with current Civil Service Rules, when SMUD decides to fill a vacant Civil Service position in a PSOA classification, the vacant position will be posted except when making involuntary demotions and other special circumstances deemed necessary by SMUD. SMUD will continue its practice of establishing eligibility lists of qualified applicants using the existing "Open" and "Continuously Open" processes. SMUD may post and fill positions using the long established "Transfer/Promotion" hiring process.

When a permanent civil service vacancy is to be filled through the Transfer/Promotion Process, it shall be posted subject to the following:

A. Posting / Eligibility

- 1) The Transfer/Promotion Job Announcement shall be posted for a minimum of ten (10) working days.
- 2) The Transfer/Eligible Job Announcement for an PSOA position shall be posted for a minimum of five (5) working days.
- 3) Eligibility for transfer/promotion opportunities shall be determined pursuant to the Civil Service Rules.

An eligibility list may or may not be established from a transfer/promotion exam process. If an eligibility list is established, it shall be maintained by Human Resources, Diversity & Inclusion and governed by the Civil Service Rule provision pertaining to eligibility lists.

B. Appointment

- 1) Following completion of the selection process the hiring department may offer the position to a certified candidate pursuant to Civil Service Rules.
- 2) Transfer/promotions normally will be effective at the beginning of a payroll period.
 - a) The effective date of a promotion shall be no later than the beginning of the first payroll period following the employee's two (2) weeks' notice to their supervisor. The actual release date shall be mutually agreed upon by the affected Department Managers.
 - b) The release date of a transfer employee shall be determined by the hiring supervisor and the employee's current supervisor but should be no later than four (4) weeks following the date that the transferred employee was offered the position.
- 3) A promoted employee's salary shall be increased as follows:

- a) Unless stated otherwise in this Agreement, employees who are promoted to a Unit 3 classification shall be placed at the first pay step that provides a minimum of a 2.5 % pay increase.
- b) Unless stated otherwise in this Agreement, a Unit 3 employee who is temporarily promoted to a PAS classification shall be placed at the wage that provides a minimum of a 5% pay increase and shall retain their existing Unit 3 benefits.
- c) Promoted employees may be considered for placement at a pay step higher than that provided in Sections 2.B.3)a) and 2.B.3)b) of this Article, based on their qualifications and experience, subject to the recommendation and approval of SMUD.
- d) A promotional salary increase shall be in addition to any scheduled merit increase that would have been received by the employee within three (3) months from the date of their promotion.
- e) An employee's promotional increase shall be based upon the pay step held within their permanent classification.

3. TRANSFERS / PROMOTIONS

- A. Except as otherwise provided by the provisions of this MOU, promotions and/or transfers shall be administered in accordance with the Civil Service Rules.
- B. When vacancies are to be filled and a reinstatement list does not exist, SMUD agrees to consider existing eligible lists in the following order of priority:
 - 1) Integrated Disability Management (IDM) Placement List
 - 2) Transfer/Eligible or Transfer/Promotion Lists
 - 3) Voluntary Demotion List
 - 4) Rehire
 - 5) Open List

SMUD reserves the right to make the final selection based upon the best qualified candidate.
- C. Whenever eligibility lists are abolished, SMUD shall provide written notification to the PSOA of the cancellation of the list(s). This is to ensure the PSOA is aware of the list(s) cancellation and can answer or counsel employees as appropriate.

4. MEDICAL TRANSFERS/ASSIGNMENTS

SMUD may transfer or reassign employees for medical reasons.

- A. SMUD shall comply with State and Federal laws when accommodating/transferring employees with qualifying illnesses/injuries.
- B. SMUD may transfer or reassign employees for medical reasons based on State and Federal laws which govern accommodations/transfers for employees with qualifying illnesses/injuries.

5. TRAINING ASSIGNMENTS

- A. Training assignments are for cross-training purposes. They allow SMUD and employees an opportunity to maximize their potential without a change in their permanent classification. Employees, who have completed their probationary period, may be assigned to temporary training in another classification subject to the following:
- 1) Training assignments shall be made on a voluntary basis only.
 - 2) Training assignments must be approved in advance by SMUD pursuant to established procedures.
 - 3) Training assignments normally are not to exceed six (6) months. They may be extended for one additional six (6) month period when in the best interests of both the employee and SMUD.
 - 4) The employee's ESN classification and pay level shall remain unchanged during the training assignment when a bona fide training program is provided.

6. DEMOTIONS

- A. An employee may move to a position or classification with a lower pay range or rate of pay.
- 1) A demotion may be voluntary or involuntary and is made to a position whose duties the employee is qualified to perform.
 - 2) When Federal, State, or local regulations require an employee to obtain and maintain special qualifications and the employee is unable to obtain or maintain them, the employee may be transferred or demoted.

7. POSITION PROBATION

- A. A promoted employee and/or an employee who is transferring or being reassigned into another classification shall be required to complete a position probationary period pursuant to Civil Service Rules.
- B. Employees who are transferred or reassigned pursuant to the Civil Service Rules to a new position within their current classification shall not be required to complete another position probationary period.
- C. A demoted employee shall not be required to serve another probationary period if they have previously completed probation in that classification.
- D. Employees who are reallocated to a higher or lower classification pursuant to the Civil Service Rules shall not be required to serve a new probationary period.

ARTICLE 14

PERFORMANCE EVALUATIONS

1. INTRODUCTION

Employee performance shall be periodically evaluated and documented.

2. PERFORMANCE EVALUATION SCHEDULE

A. During Probation

- 1) Six-Month Probation – Employees in classifications requiring a six (6) month probationary period shall be evaluated at the end of the third (3rd) and fifth (5th) month.
- 2) Twelve-Month Probation – Employees in classifications requiring a twelve (12) month probationary period pursuant to the MUD Act shall be evaluated at the end of the fifth (5th) and the eleventh (11th) month.
- 3) Supervisors may formally evaluate an employee's performance at more frequent intervals.

B. Following Probation

- 1) Employees who are not at the top of their pay range shall be evaluated at the time they are eligible for a merit pay increase.
- 2) Employees who are at the top of their pay range shall be evaluated annually.
- 3) SMUD may formally evaluate an employee's performance at more frequent intervals.

C. Upon Separation

Employees may be evaluated at the time they separate from SMUD employment. Employees with less than satisfactory performance at the time of separation normally are not eligible for rehire.

3. EMPLOYEE RIGHT TO REBUTTAL

In the event an employee disagrees with their performance evaluation, they may submit a rebuttal to the Human Resources, Diversity & Inclusion to be included in their personnel file.

ARTICLE 15

POSITIVE DISCIPLINE

1. INTRODUCTION

Unit 3 Civil Service Employees who have completed their initial SMUD probationary period are subject to the provisions of SMUD's Positive Discipline Program contained in the SMUD Positive Discipline Policy (AP 05.02.09).

2. RELATIONSHIP TO SUBSTANCE ABUSE TESTING AND REHABILITATION PROGRAM

SMUD's Substance Abuse Testing and Rehabilitation Program is a stand-alone program and violations shall not be subject to the provisions of this Article.

3. RELATIONSHIP TO DISCRIMINATION/HARASSMENT POLICIES

The SMUD Nondiscrimination, Anti-Harassment and Non-Retaliation Policy (AP 05.01.01) is a stand-alone program and violations shall not be subject to the provisions of this Article.

4. DISCIPLINE FOR CAUSE

Unit 3 employees only may be disciplined "for cause" as set forth in Civil Service Rules and Section 12162 of the MUD Act.

5. DISCIPLINE NOTICES

SMUD shall concurrently notify the PSOA of all discipline issued to Unit 3 employees.

ARTICLE 16

REDUCTIONS IN FORCE

It is the intent of SMUD to minimize the number of layoffs if a reduction in force becomes necessary. If layoffs do become necessary, they shall be implemented pursuant to the Civil Service Rules.

ARTICLE 17

AUTOMATIC RESIGNATION

1. AUTOMATIC RESIGNATION

An unauthorized leave of absence, whether voluntary or involuntary, for five (5) consecutive workdays, is considered an automatic resignation from SMUD service, effective the day after the fifth consecutive workday of unauthorized leave. SMUD shall notify the employee, in writing, of this determination. Such notice shall be mailed by certified mail to the employee's last known address. A copy of this notice shall be provided to the PSOA simultaneously.

2. RETURN FOLLOWING AUTOMATIC RESIGNATION

Employees may request to return from automatic resignation in writing to SMUD. Requests for return must be made within ten (10) working days following SMUD's mailing of a notice acknowledging the employee's resignation. Upon receipt of the employee's request, SMUD shall notify the PSOA, in writing, of an employee's request to return from automatic resignation, and shall evaluate the request and may rescind the resignation.

ARTICLE 18

GRIEVANCE PROCEDURE

1. DEFINITIONS

- A. Grievance: A dispute that involves the interpretation or application of this Agreement, a disciplinary action taken against a Unit 3 employee, or the application of a SMUD rule or policy. An objection to the terms and provisions of a rule, policy, or memorandum of understanding is not considered a grievance. However, an objection to the way a rule, policy, or memorandum of understanding is applied in a particular situation would be considered a grievance.
- B. Grievant: A Unit 3 employee or PSOA.
Non-civil service employees shall not be entitled to file grievances over disciplinary actions.
- C. Date of occurrence: The day the event that is the subject of the grievance occurred, or the date when the grievant reasonably should have been aware of the occurrence of the event that is the subject of the grievance.
- D. Receipt Date: The earlier of the following:
 - 1) The date the PSOA President and Manager, Employee Relations are e-mailed a copy of the grievance, response, or decision. The hard copy is to be sent via interoffice mail or postal service on the same day.
 - 2) The date the hard copy grievance, response, or decision is received by the PSOA or SMUD.

2. APPLICATION

- A. A grievance may be filed by a Unit 3 employee or by PSOA. By mutual agreement between SMUD and PSOA, concurrent grievances alleging violations of the same provisions may be consolidated into a single grievance.
- B. PSOA may file a grievance directly at Step 2. SMUD and PSOA also may mutually waive any step of the grievance procedure. Such waivers shall be in writing and apply only to the specific grievance for which they are granted.
- C. A grievance appealing termination or other discipline involving the loss of property interests shall be filed directly at Step 3.
- D. All disputes described in Section 1.A of this Article shall be resolved through the use of these grievance procedures.

3. TIME LIMITS

- A. The time limits contained in this Grievance Procedure are mandatory and failure to meet the time limits shall result in forfeiture of the grievance by the party not meeting the time limit requirements.
- B. SMUD and PSOA may, by mutual agreement in writing, extend time limits for a specified period of time.

- C. Any time limit contained in this Grievance Procedure may be recessed or delayed by the mutual agreement of the parties for the purposes of convening a Fact Finding Committee, as described in Section 8.A of this Article.
- D. A grievance must be filed or advanced by 1700 hours on the last eligible working day within the time limits outlined in each step of the grievance procedure under Section 6 of this Article. For example, if filing at Step 1 of the grievance procedure, the grievance must be filed by 1700 hours on the 20th working day. If not resolved at Step 1 of the grievance procedure, the grievance must be advanced by 1700 hours on the 15th working day, so on and so forth.
- E. Timelines for notice commences on the first day following receipt.

4. REPRESENTATION

- A. Grievants are entitled to be represented throughout the Grievance Procedure by the representative(s) of their choice. However, PSOA shall have the right to have its representative(s) present at any step of the grievance process. This right to individual representation does not include the right to take the matter to arbitration, unless the PSOA agrees to do so.
- B. Unit 3 employees who are grievants, representatives, or witnesses shall be given time off with pay during their regular work hours to attend hearings. Unit 3 employees shall be reimbursed for personal expenses (excluding legal fees) incurred in connection with such hearings.
- C. Unit 3 employees who are grievants, representatives, or witnesses in a formal grievance proceeding shall be paid overtime when requested to appear at proceedings outside their regular work hours.

5. INFORMAL RESOLUTION

Unit 3 employees and/or the PSOA may attempt to resolve workplace issues informally.

6. GRIEVANCE PROCEDURE

A formal grievance shall be submitted on the SMUD and PSOA Grievance Form using the following procedure:

- A. Step 1 – Security Operations Manager
 - 1) A completed PSOA Grievance Form must be filed with the Security Operations Manager within twenty (20) working days following the date of occurrence.
 - 2) Immediately upon receipt of the grievance, the Security Operations Manager shall contact Labor Relations to obtain or verify the grievance control number and to forward a copy of the grievance.
 - 3) If the grievance was filed exclusively by a Unit 3 employee, upon receipt of the grievance, the Labor Relations Department shall forward a copy of the grievance to the PSOA.
 - 4) Within ten (10) working days following the date the grievance was filed, the Security Operations Manager shall schedule a Step 1 meeting for a mutually agreeable date and time.

- 5) The Step 1 meeting may be attended by the grievant, the grievant's representative(s), the grievant's immediate supervisor, and any other involved supervisors/managers.
- 6) Within ten (10) working days following the Step 1 meeting, the Security Operations Manager shall provide the grievant, Labor Relations, and PSOA a written response setting forth the basis for their decision regarding the grievance, including all supporting documentation.
- 7) If the grievant or PSOA is not satisfied with the Security Operations Manager's decision, PSOA may advance the grievance to Step 2.

B. Step 2 – Manager, Employee Relations

- 1) If the grievance is not resolved at Step 1, PSOA may advance the written grievance, including all supporting documentation, to the Manager, Employee Relations, within fifteen (15) working days of receipt of the Security Operations Manager's response, or if the grievance is filed directly at Step 2, the grievance must be submitted within twenty (20) working days from the date of occurrence.
- 2) Within ten (10) working days following receipt of the grievance, the Manager, Employee Relations shall schedule a Step 2 meeting for a mutually agreeable date and time where the grievance shall be discussed between the PSOA representative(s) and the Manager, Employee Relations.
- 3) Within ten (10) working days of the conclusion of the Step 2 meeting, the Manager, Employee Relations shall provide PSOA a written response setting forth the basis for their decision regarding the grievance, including all supporting documentation.

C. Step 3 – Grievance Review Committee

- 1) If the grievance is not resolved at Step 2, PSOA may advance the written grievance, including all supporting documentation, to the Grievance Review Committee, pursuant to Section 7.B of this Article, within ten (10) working days of receipt of the Manager, Employee Relations response, or if the grievance is filed directly at Step 3, the grievance must be submitted within twenty (20) working days from the date of occurrence.
- 2) When a grievance is advanced to this level, the Grievance Review Committee shall convene a meeting as soon as possible and no later than 30 calendar days after the grievance is received. Labor Relations shall take responsibility for arranging meeting locations and notifying members.
- 3) If the Grievance Review Committee reaches a unanimous agreement regarding the resolution of the grievance, it shall issue a written decision, signed by each member of the committee, within ten (10) working days of the conclusion of the Grievance Review Committee meeting. The unanimous agreement of the Grievance Review Committee shall be final and binding on the parties.
- 4) If the Grievance Review Committee is unable to reach a unanimous agreement, it shall notify the parties in writing within five (5) working days of the conclusion of the Grievance Review Committee meeting.

D. Step 4 – Arbitration

- 1) If the Grievance Review Committee does not reach a unanimous agreement, PSOA may submit the grievance to binding arbitration by serving written notice on SMUD within fifteen (15) working days following receipt of the Grievance Review Committee's notification.
- 2) The parties shall jointly request a list of seven (7) labor arbitrators from the American Arbitration Association (AAA). Within fifteen (15) calendar days from the receipt of the list from AAA, the parties shall select an arbitrator by the process of alternately striking names from such list.
- 3) The Arbitrator's authority shall be limited to the resolution of the grievance before them including, but not limited to, a determination that the grievance either has or has not raised a grievable issue and therefore is or is not arbitrable. In so doing, the Arbitrator shall have no authority to alter, change, detract from or add to the provisions of this Agreement, the provisions governing labor relations between SMUD and its employees, and/or the MUD Act.
- 4) The decision of the Arbitrator shall be final and binding on the parties.
- 5) The fees and expenses of the Arbitrator and the Court Reporter, if one is utilized, shall be shared equally by SMUD and PSOA.

7. GRIEVANCE COMMITTEES

A. Fact-Finding Committee

- 1) The Fact-Finding Committee shall be comprised of one (1) person appointed by SMUD and one (1) person appointed by the grievant or PSOA, whichever is appropriate.
- 2) The parties shall determine the amount of time that will be allotted for the completion of the investigation and shall communicate same to the Committee at the time of their appointment.
- 3) The Committee shall conduct an independent investigation of the grievance and shall prepare an objective report of their findings in writing to the parties within ten (10) working days following the completion of their investigation.
- 4) The Fact-Finding Committee shall not make recommendations regarding the resolution of the grievance.

B. Grievance Review Committee

- 1) The Grievance Review Committee shall be comprised of six (6) members: the Manager, Employee Relations, and two (2) representatives appointed by SMUD; and the PSOA President and two (2) representatives appointed by PSOA. At least one (1) of PSOA representatives shall be a member of the PSOA Board of Directors and at least one (1) of the SMUD representatives shall be an Executive or equivalent.
- 2) The established procedural guidelines for the conduct of Grievance Review Committee hearings may be updated periodically, as needed, by mutual agreement of the parties.
- 3) The Grievance Review Committee may render findings only by the unanimous vote of its members. Such unanimous findings are final and binding on the parties.

8. DISCRIMINATION/HARASSMENT/RETALIATION COMPLAINTS

- A. Whenever a Unit 3 employee is the subject of a complaint that alleges a violation of the SMUD Nondiscrimination, Anti-Harassment and Non-Retaliation Policy (AP 05.01.01), SMUD's Fair Employment Office shall initiate an investigation, explore all reasonable leads and, within reason, interview all persons identified as having information likely to influence the eventual outcome of the investigation. PSOA shall be advised of the initiation of such an investigation.
- B. The Unit 3 employee who is the subject of the investigation shall be entitled to representation during all phases of the investigatory process.
- C. A written confidential report will be prepared upon investigation completion. SMUD shall determine whether or not discipline is appropriate. If no discipline is imposed, the case shall be closed and the report shall be filed with the Fair Employment Office. The report shall be held in the strictest confidence to ensure and protect the privacy of the individuals involved.
- D. If discipline is imposed and PSOA chooses to appeal the discipline using the grievance procedure, the grievance shall be filed initially at Step 3.

9. GRIEVANCE SETTLEMENT

The parties to a grievance may agree to a negotiated settlement of the grievance at any step of the grievance procedure.

10. GRIEVANCE RESOLUTION

No grievance may be resolved inconsistent with the provisions of this Agreement.

ARTICLE 19

MISCELLANEOUS

1. UNIFORMS AND WORK CLOTHING

Uniforms and work clothing shall be issued in accordance with SOAP 005.

2. CONTRACTING OUT

SMUD shall not contract for any work normally performed by classifications assigned to Unit 3 if such contracting is intended to reduce or has the effect of reducing the regular work force by attrition, demotion, displacement or lay off. Further, prior to any reduction in force of PSOA represented employees, affected Unit 3 employees meeting the minimum qualifications of the job being contracted out shall be offered any bargaining unit work being performed by contractors. These assignments shall be of a temporary nature. All current Civil Service Rules concerning bumping and selection shall apply to Civil Service employees.

For the purpose of this Agreement, contracting out occurs when a Unit 3 position is filled temporarily by a non-PSOA represented employee or by an outside contractor for any reason. SMUD agrees to notify the PSOA in each instance of its intent to contract or renew a contract of PSOA bargaining unit work.

3. NO STRIKES/NO LOCKOUTS

During the term of this Agreement, SMUD agrees that there shall be no lockout. The PSOA agrees that there shall be no authorized, concerted failure to report to work, cessation or interruption of work, slowdown, strike (including sympathy strikes), boycott, or any type of organized or concerted interference with SMUD's business. Should any employee or group of employees commit any such acts in violation of this provision, the PSOA agrees that it shall notify such employee(s) of their obligation pursuant to this Section and shall publicly discourage such acts.

4. TECHNOLOGICAL CHANGES

SMUD shall continue to provide PSOA with as much advance notice as practical of any technological changes that may have an impact on Unit 3 employees. In such circumstances, SMUD and PSOA shall meet and confer in an attempt to reach a mutual agreement regarding appropriate solutions. If the parties are unable to reach agreement, the matter shall be resolved pursuant to Article 20, Full Understanding/Non-Nullification, of this Agreement.

5. MODIFIED / LIGHT DUTY PROGRAM

Employees who are partially disabled due to an industrial illness or injury and cannot perform the full range of their regularly assigned duties may be provided limited duty work consistent with the employee's medical restrictions. SMUD shall make a reasonable effort to identify and provide the employee with a limited duty assignment. An employee so assigned shall continue to receive their base rate of pay when performing limited duty work. Unit 3 employees have priority when assigning Unit 3 limited duty work.

6. SENIORITY

Except as provided elsewhere in this Agreement or any side letter agreement between SMUD and PSOA, whenever seniority is used to make workplace decisions, such decisions shall be based upon SMUD seniority defined as an employee's total years of continuous SMUD employment. It includes temporary and part-time employment as long as the employment has been continuous.

7. DONATION OF LEAVE

SMUD and PSOA agree that SMUD's Donation of Leave Program shall be administered in accordance with the Donation of Leave Policy.

ARTICLE 20

FULL UNDERSTANDING / NON-NULLIFICATION

1. FULL UNDERSTANDING

A. This Agreement sets forth the entire understanding of the parties regarding the matters contained herein, and any other prior or existing understanding or Agreement by the parties, whether formal or informal, regarding such matters are hereby superseded. Except as provided in this Agreement, it is agreed and understood that all benefits and working conditions provided by this Agreement shall remain unchanged during the term of this Agreement, unless expressly modified by mutual agreement through the meet and confer process.

B. With regard to terms and conditions of employment not expressly covered by this Agreement, the parties recognize that during the term of this Agreement it may be necessary or desirable for SMUD to make changes on matters within the scope of representation. If and when SMUD finds it necessary to make such changes, it shall notify PSOA at least thirty (30) calendar days prior to the proposed implementation. At the request of PSOA the parties shall meet and confer in a good faith effort to reach agreement over such matters that fall within the scope of representation.

If the parties are unable to reach agreement, the matter shall be resolved through the use of MED(iation)-ARB(itation). Agreements or decisions resulting from this process shall be binding on the parties.

2. CHANGE OF LAW AND NON-NULLIFICATION

If any provision of this Agreement, or the application of such provision(s), should be found invalid by any decree of a court of competent jurisdiction or by the reason of any existing or subsequently enacted legislation, or applicable administrative regulations (e.g. CalPERS), all other provisions of this Agreement shall remain in full force and effect. In such event, the parties shall meet and confer in good faith within thirty (30) calendar days in an attempt to develop a replacement for the provision(s) found to be invalid.

APPENDIX A

LIST OF UNIT 3 REPRESENTED JOB CLASSIFICATIONS

This list may not be all-inclusive and is subject to change by mutual agreement.

Security Operations Dispatcher

Asset Protection Officer I

Asset Protection Officer II

Security Operations Supervisor

Security Specialist

APPENDIX B

LIST OF AGENCIES/COMPANIES TO BE SURVEYED

(For Classification and Pay Studies of Unit 3 positions during the term of this Agreement)

1. TBD

APPENDIX C

LIST OF SUPPLEMENTAL SIDE LETTER AGREEMENTS

The parties have agreed that the following Side Letter Agreements (SLAs) shall remain in effect for the term of this MOU or until such time as the provisions or term of the individual SLA are satisfied:

Signature Page

Dated: _____

SMUD Public Safety Officers' Association

Sacramento Municipal Utility District

By: _____
Bhavendeep Atwal
Lead Negotiator

By: _____
Jennifer Dibble
Lead Negotiator

PSOA Team Members:

SMUD Team Members:

Philip Webster

Christopher Martin

Roy Todd

Greg Pochy

Jenna Mccoy

Alex Fastovich

Rob Lechner

David Lighten

Lynetta Reece

Approved as to form:

Laura Lewis
General Counsel

Approved:

Paul Lau
General Manager & CEO

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President Sanborn then turned to agenda item 9, statements from the public regarding items not on the agenda. She stated that in accordance with the Emergency Board Meeting Procedures, public comment for items not on the agenda would be provided to the Board electronically and placed into the record if received within two hours after the meeting ended.

Public comment, copies of which are attached to these minutes, was received from the following members of the public:

- Samantha Minor
- Megan Shumway

President Sanborn then turned to Directors' Reports.

Director Rose reported on his participation in SMUD's Giving Monday at Cal Expo and his attendance at the ribbon cutting for the Bright Path to Learning Child Development Center. He stated he had gone to a number of holiday events and enjoyed talking with Unions and staff. He reported on his attendance at a webinar regarding offshore wind development. He closed by noting the influx of calls related to the storms and stated he was grateful that everyone was back online.

Director Fishman reported on his attendance at the Hispanic Chamber's Estrella Awards, where SMUD's Jenny Rodriguez, Economic & Small Business Development Representative, was a recipient. He reported on his attendance at events hosted by the Rainbow Chamber, a joint event by the Hispanic, Black and Asian Chambers, as well as a separate Asian Chamber event. He stated the storms had caused much damage, but he was proud of the SMUD's response to restore power, and he was thankful to all of the organizations that sent crews through mutual aid.

Vice President Herber reported on her participation in SMUD's Giving Monday at Cal Expo with Director Rose. She then thanked Laurie Rodriguez, Director of People Services & Strategies, for her work with external partners UCD Medical Center and Sac State on the Bright Path to Learning Child Development Center. She reported on her attendance at the Alliance Holiday Mixer and at a workshop on museums. She closed by reading an email she had

received from a constituent and SMUD customer thanking SMUD workers for their hard work during the storm event.

Director Kerth reported on his attendance at the ribbon cutting for Bright Path to Learning Child Development Center and at the North Sacramento Chamber of Commerce holiday tree lighting. He thanked SMUD and the community for coming together during the storm. He then reported on a heartwarming presentation he attended where second graders had drawn pictures thanking lineworkers and line crews depicting things they had seen, such as downed lines, cars floating, and dark houses, and showing SMUD crews fixing the lights. He noted the storm response entailed a mindboggling amount of work, and he expressed his appreciation.

Director Tamayo reported that he had missed many holiday events due to his trip to Hawaii. While there, he stated that he had met with Jim Alberts, Chief Operations Officer of Hawaiian Electric, to discuss interesting issues they faced. He reported on his attendance at a National Renewable Energy Laboratory (NREL) webinar regarding factors affecting solar adoption by low- and moderate-income communities. He closed by thanking staff and neighboring utility workers who had the monumental task of restoring power after an unprecedented number of outages caused by the storms.

President Sanborn stated she was honored to serve as President for such an outstanding public utility and that it was a continuation of her calling to public service. She reported on her attendance at the ribbon cutting of the Bright Path to Learning Child Development Center as well as her tour of Solar4America, a solar panel manufacturer located in McClellan Business Park that strives to source and make things in the United States. She then reported on her attendance at MLK Night with the Kings where she and Kings owner, Vivek Ranadivé, presented Sac State President Robert Nelsen with the 2023 Community Impact Award. She reported on her participation in the MLK March and thanked all SMUD staff who came out in support. She thanked staff for their response to the storms and the community for their patience and understanding as work occurred to restore power. She read a note of thanks she had received

from Mike Blondino, District Administrator for Carmichael Recreation and Park District, praising the excellent customer service provided by SMUD Strategic Account Advisor Cole Allen.

Paul Lau, Chief Executive Officer and General Manager, thanked the community and customers for the support they had shown crews as well as for their patience and understanding during the storms. He also thanked the Board for helping to pass along information to the community and customers. He thanked crews and stated that it was the first time in his 40-year career where he had seen emergency operations in effect 24/7 for 14 days. He thanked Frankie McDermott, Chief Operating Officer and the line crews, Brandy Bolden, Chief Customer Officer, and customer service staff who answered the phones 24/7 through the holidays and who also made field visits and partnered with the Salvation Army and Raley's to deliver food to customers in need. He thanked Jennifer Davidson, Chief Financial Officer, and her team for their supply chain work to make sure crews had the materials needed to do the work. He thanked Suresh Kotha, Chief Information Officer, and his team for ensuring that IT systems worked and for upgrading to maximum capacity. He thanked his utility colleagues who had provided help from as far as Oregon and Southern California, in addition the local utilities that helped including Modesto Irrigation District, Western Area Power Administration (WAPA), and Turlock Irrigation District. He then reported on the following items:

- 1) **Storm Report.** As you know, the weather has topped headlines across California since New Year's Eve. The unprecedented string of storms in the Sacramento region brought hurricane force winds, massive destruction and widespread power outages. Tonight's video is about the storms and our response, but I want to highlight a few key points before we take a look. It is always "all hands-on deck" when it comes to storm response, and SMUD's response to these storms is one for the record books. These storms far eclipsed the January 2008 storm in damage, destruction and extended outages, and they are now

the measuring stick future storms will be compared to. The first 10 days of 2023 saw 1,800 downed wires – six times the number in 2008. We experienced over 1,500 outages – double the number in the 2008 storm. So far this year we have replaced more than 427 poles. To put that in perspective, we replace 1,200 poles each year through our regular pole replacement program. We responded to more than 1,000 significant tree and vegetation issues, and most of those were to clear a hazard before a line crew could respond to get power back on. All told, 599,000 customers lost power over the two-week period out of about 650,000 customers. We responded immediately and effectively to the storm's outages and damage, with 24/7 support from across SMUD and beyond. We had over 100 crews working in the field around the clock. At one point, we had 39 external line crews coming in to augment the 16 that we have, either contract crews or mutual aid. This is the most we have ever had in SMUD history. With the help of all these dedicated professionals, we had more than 90% of our customers' power restored in less than a day. And it is important to call out that our employees working in the field were supported by hundreds across other parts of SMUD. Our Emergency Operations Center was activated to help coordinate our response. Our employees managed switching operations, made sure our crews had the equipment they needed, took more than 35,000 customer calls, reached out to support our commercial customers, gathered new equipment, dispatched crews, planned vegetation work, re-routed electrical loads and responded to media and social media inquiries and more. Throughout the restoration effort, we proactively reached out to some of our most vulnerable customers, including those on Med Rate, and offered additional assistance to them during their

extended outage. These storms are another reminder that climate change is here, that change is critical, and the Zero Carbon Plan this Board has committed to is more important than ever. The storms brought destruction, as well as the silver lining of much needed precipitation. At Fresh Pond, precipitation through January 17th was more than 48 inches, which is 197% above average compared to the historical average of 24.6 inches. The snowpack is 155% of normal. Reservoir levels are 74% of capacity compared to the historical average of 62% for this time of year. This means SMUD will be able to rely on more Zero Carbon hydrogeneration rather than our thermal plants. It is fair to say the storm restoration effort has been unlike anything I have experienced in my 40-plus years at SMUD. I could not be prouder of the work team SMUD did. Our employees worked in difficult conditions for days and for some, it was weeks. And many worked 24/7 over multiple holidays to get the lights on for our customers, and I want to thank their families for the sacrifice they made for our crews to work 24/7 for a two-week period. I talk about One SMUD a lot, and these storms are a perfect example of the entire company working together and doing whatever it takes for our customers and community. The team innovated throughout the restoration effort, refining processes to respond to the massive damage. Of course, as with any major event, there is always learning to be had. Knowing these more frequent extreme weather events impact reliability, we are taking a deep look at our processes and resources. This includes things like:

- How we access outage quicker
- How we can better estimate restoration times
- How to efficiently staff up during extreme events

We are also reviewing the hardest hit areas thoroughly, like Arden Park, to see what we can do to harden our system in those

parts of our neighborhoods. That includes undergrounding, additional tree trimming, and whether we need to do pole replacements. We are looking at what we really need to do for each of those areas that were hardest hit and what we can do to improve reliability. We want to ensure we are always able to respond as effectively as possible during future extreme events and keep our customers updated with timely and accurate information. On behalf of the Board and our entire executive team, I want to express our sincere appreciation to our employees who always come through for our customers, doing whatever is needed to get the job done. It is my absolute honor to lead this wonderful organization.

- 2) **Board Video.** With that, I would like to share a video that further tells the story of the work and dedication by the SMUD team over the past few weeks.

President Sanborn requested the Summary of Board Direction, but there were no items.

No further business appearing, President Sanborn adjourned the meeting at 7:01 p.m.

Approved:

President

Secretary

Exhibit to Agenda Item #8

Approve a Memorandum of Understanding between **Sacramento Municipal Utility District** and the **SMUD Public Safety Officers' Association** for the period January 1, 2023, through December 31, 2026.

Board of Directors Meeting

Thursday, January 19, 2023, scheduled to begin at 5:30 p.m.

Virtual Meeting (online)

Agenda

- Outcomes Achieved through Negotiations with the PSOA
- Key Terms of the Proposed Memorandum of Understanding (MOU) between SMUD and the PSOA
- Summary & Request for Approval of PSOA Successor MOU

Outcomes Achieved

- Represents a fair and financially responsible outcome for SMUD, our customers, and the PSOA employees:
 - Meets SMUD's financial targets
 - Maintains competitive pay with a total compensation package to attract and retain an engaged PSOA workforce
- Preserves positive relations with the PSOA

Proposed PSOA MOU

- Ratified by the PSOA on Dec. 13, 2022:
 - 36 votes were counted (out of 37 members)
 - Overwhelming support of those who voted:
72% voted YES
- Term of the new MOU:
 - 4-year contract
 - January 1, 2023 – December 31, 2026

Wages

- General Wage Increases:

Job Class	2023	2024	2025	2026
Asset Protection Officer	3.75%	3.75%	3.5%	3%
Security Operations Dispatcher	3.5%	3.75%	3.75%	3.25%
Security Operations Supervisor	3.5%	3.5%	3.25%	4% lump sum*

*Security Operations Supervisors will receive the lump sum in 2026 in lieu of a general wage increase.

- Additionally, SMUD agreed to increase overtime pay for PSOA employees from time and a half to double time.

Health Care Benefits

Medical Premium % Cost Sharing for HMO Plans for 2023-2026 for Full Time PSOA Employees Freezing at 2022 percentages:

Employee Tier	Kaiser High	Kaiser Low	UHC HMO High	UHC HMO Low
Employee Only	13%	11%	14%	11%
Employee + 1	14%	12%	15%	12%
Employee + Family	15%	13%	16%	13%

Health Care Benefits

Medical Premium % Cost Sharing for HMO Plans for 2023-2026 for Part Time PSOA Employees Freezing at 2022 percentages:

Employee Tier	Kaiser High	Kaiser Low	UHC HMO High	UHC HMO Low
Employee Only	35%	34%	36%	34%
Employee + 1	36%	35%	37%	35%
Employee + Family	37%	36%	38%	36%

In Summary

This successor MOU between SMUD and the PSOA:

- Represents a fair and financially responsible outcome for SMUD, our customers, and the PSOA employees:
 - Meets SMUD's financial targets
 - Maintains competitive pay with a total compensation package to attract and retain a well-qualified and engaged PSOA workforce
- Preserves positive relations with the PSOA

From: [samantha.minor](#)
To: [Public Comment](#)
Subject: [EXTERNAL] Public comment January 19 board meeting
Date: Saturday, January 14, 2023 1:56:00 PM

CAUTION: This email originated from outside of SMUD. Do not click links or open attachments unless you recognize the sender and know the content is safe.

I am reaching out in regard to the recent power outage our street/neighborhood has encountered. Understandably the recent storms have caused much damage across our region. Our street frequently experiences power outages with the most recent power outage lasting 4 days.

I would like to ask the SMUD board to direct resources to assess their equipment and the tree/vegetation growing around the power lines in Arden Park. I and my neighbors understand failures are normal and part of life during winter storms, however, we frequently experience multiple day power outages, which should be a red flag for SMUD. I am asking the board to be proactive in replacing/ repairing old infrastructure as well as trimming trees that could cause damage during storms.

Thank you,
Samantha

From: [Megan Shumway](#)
To: [Public Comment](#)
Subject: [EXTERNAL] Your Definition of Poverty
Date: Thursday, January 19, 2023 10:51:38 AM

CAUTION: This email originated from outside of SMUD. Do not click links or open attachments unless you recognize the sender and know the content is safe.

It has come to my attention that SMUD has its own definition of Poverty making many poor people ineligible for your assistance programs. In addition, poor people are being paid less for their solar generation than rich people! This needs to be rectified immediately! SMUD should use the same standards as the State Government to define Poverty. SMUD has got a reputation for inequity in the treatment of its customers. You can start the repair by treating customers equitably and with the same standards the government uses. Paying poor people less for their solar generation is heinous! it is bad enough you won't pay all solar users the market rate for the energy produced by their investment in Clean solar energy. Directors, you need to Clean House.

--

Megan Shumway BSN

SSS No.

RS 23-001

BOARD AGENDA ITEM

STAFFING SUMMARY SHEET

Committee Meeting & Date

Policy Committee

February 8, 2023

Board Meeting Date

February 16, 2023

TO				TO						
1.	Scott Martin			6.						
2.	Jennifer Davidson			7.						
3.	Brandy Bolden			8.						
4.	Farres Everly			9.	Legal					
5.	Suresh Kotha			10.	CEO & General Manager					
Consent Calendar		<input checked="" type="checkbox"/>	Yes	No <i>If no, schedule a dry run presentation.</i>		Budgeted	<input checked="" type="checkbox"/>	Yes	No <i>(If no, explain in Cost/Budgeted section.)</i>	
FROM (IPR) Alcides Hernandez				DEPARTMENT Revenue Strategy				MAIL STOP B356	EXT. 6397	DATE SENT
NARRATIVE:										
<p>Requested Action: Accept the monitoring report for Strategic Direction SD-2, Competitive Rates.</p> <p>Summary: As of December 31, 2022, SMUD is in compliance with the SD-2 Competitive Rates, continuing to have rates at least 18 percent below Pacific Gas & Electric Company's (PG&E's) system average rates and at least 10 percent below PG&E's published average rates for each customer class. As of December 31, 2022, SMUD's Energy Assistance Program Rate (EAPR) & EAPR/Medical Rate Discount (MED) programs average rates were 42.0 percent below PG&E's average published California Alternate Rates for Energy (CARE) program.</p> <p>Board Policy: SD-2, Competitive Rates <i>(Number & Title)</i></p> <p>Benefits: As of December 31, 2022, SMUD system average rates are 45.5 percent below PG&E's system average rates.</p> <p>Cost/Budgeted: n/a</p> <p>Alternatives: n/a</p> <p>Affected Parties: n/a</p> <p>Coordination: Revenue Strategy</p> <p>Presenter: Alcides Hernandez</p>										

Additional Links:

SUBJECT

Accept SD-2 Monitoring Report, Competitive Rates

ITEM NO. (FOR LEGAL USE ONLY)

6

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

SACRAMENTO MUNICIPAL UTILITY DISTRICT

OFFICE MEMORANDUM

TO: Board of Directors

DATE: January 25, 2023

FROM: Claire Rogers *CR 1/25/23*

**SUBJECT: Audit Report No. 28007581
Board Monitoring Report; SD-02: Competitive Rates**

Audit and Quality Services (AQS) received the SD-02 *Competitive Rates* 2022 Annual Board Monitoring Report and performed the following:

- A review of the information presented in the report to determine the possible existence of material misstatements;
- Interviews with report contributors and verification of the methodology used to prepare the monitoring report; and
- Validation of the reasonableness of a selection of the report's statements and assertions.

During the review, nothing came to AQS' attention that would suggest the SD Board Monitoring report did not fairly represent the source data available at the time of the review.

CC:

Paul Lau

Board Monitoring Report 2022

SD-2, Competitive Rates



1. Background

Strategic Direction 2, Competitive Rates states that:

Maintaining competitive rates is a core value of SMUD.

Therefore:

- a) The Board establishes a rate target of 18 percent below Pacific Gas & Electric Company's published rates on a system average basis. In addition, the Board establishes a rate target of at least 10 percent below PG&E's published rates for each customer class.
- b) SMUD's rates shall be competitive with other local utilities on a system average basis.
- c) In addition, SMUD's rates shall be designed to balance and achieve the following goals:
 - i) Reflect the cost of energy when it is used or exported to the SMUD grid;
 - ii) Reduce consumption during periods of high system demand;
 - iii) Encourage energy efficiency, conservation, and carbon reduction;
 - iv) Encourage cost effective and environmentally beneficial Distributed Energy Resources (DERs) (examples of DERs include but are not limited to rooftop solar, battery storage, and energy reduction applications);
 - v) Minimize the rate of change in the transition from one rate design to another;
 - vi) Provide customers flexibility and choices;
 - vii) Be as simple and easy to understand as possible;
 - viii) Address the needs of people with low incomes and severe medical conditions; and
 - ix) Equitably allocate costs across and within customer classes.

2. Executive summary

a) SMUD is in compliance with SD-2, Competitive Rates.

As of December 31, 2022, SMUD's rates remain among the lowest in the state and on a system average rate basis are 45.5% below Pacific Gas & Electric (PG&E) Company's, which is better than the SD-2 target of at least 18% below on a system average rate basis. Residential average rates are at least 42.0% below PG&E's residential average rates. See Figure 1 below for details.

There was one rate increase to SMUD's rates in 2022. Rates for all customers were increased by 1.5% on March 1, 2022, as adopted by the Board on September 16, 2021. The overall rate advantage between SMUD and PG&E remains well above the SD-2 target of at least 18% on a system average basis.

Metric	2022 performance	2021 performance	5 year average
System average rates 18% below PG&E rates	45.5% below PG&E on a system average rate basis	37.0% below PG&E on a system average rate basis	37.6% below PG&E on a system average rate basis

2022 marked the beginning of several rate developments that will continue to balance the SD-2 requirements and help SMUD meet its 2030 Zero Carbon Plan goals. The Board approved the Solar and Storage Rate (SSR) that went into effect on March 1, 2022, as well as incentives for customers to install battery storage along with their solar system. Solar, coupled with battery storage, will provide greater value to customers while supporting the grid at peak times.

The Commercial Rate Restructure transition is continuing as scheduled and the optional residential Critical Peak Pricing (CPP) rate went live June 1, 2022. In addition, a Virtual Power Plant program known as My Energy Optimizer, a pilot commercial electric vehicle (EV) rate, new interconnection fees, and a Virtual Solar option for low-income multi-family affordable housing were implemented. All these new rates, rate changes and programs support SMUD's Zero Carbon Plan and provide customers more options to partner with SMUD to lower their carbon footprint and reduce costs.

The Time-of-Day (TOD) rate continues to encourage residential customers to shift usage out of the 5 p.m. to 8 p.m. peak time-period which was very helpful during the 2022 heat storm. On average, TOD rates deliver approximately 75-115MW of reduced load during SMUD's system peak. The Commercial Rate Restructure approved by the Board in 2019 began implementation in October 2021 and was successfully completed in the first quarter of 2022. The Commercial Rate Restructure better aligns the commercial rates to the cost to serve our customers and better aligns with SMUD's fixed and variable costs as a utility. Beginning in January 2023, NEM1 customers who installed their solar system prior to 2018 will be transitioned to either the current standard Time-of-Day (TOD) rate or the alternative fixed rate option based on Resolution No. 17-06-09 adopted by the Board on June 15, 2017. These customers will continue to receive full retail credits for the energy produced by their solar system under Rate Schedule NEM1 through 2030, unless the customer chooses to take advantage of SMUD incentives to add battery storage, modifies or replaces their existing system, or moves to a different home. This transition only affects the underlying retail rates the solar production is credited at. SMUD has communicated this upcoming rate change to the approximately 14,000 NEM 1 legacy customers and plans to execute the rate transition in January 2023.

3) Additional supporting information

a) **The Board establishes a rate target of 18% below PG&E's published rates on a system average basis. In addition, the Board establishes a rate target of at least 10% below PG&E's published rates for each customer class.**

SMUD continues to maintain average rates that are lower than PG&E's, both at a system level and by rate class. Figure 1 provides a detailed picture of the difference between SMUD's, and PG&E's projected average rates by rate class in 2022 as well as the difference between rates in 2021.

Figure 1 – Summary of SMUD and PG&E Rate Comparison in \$/kWh

Customer		Rate Categories		Average Annual Rate		Difference	Difference
				PG&E	SMUD	Below PG&E*	Below PG&E*
Class	Description	PG&E	SMUD	2022	2022	2022	2021
Residential	Standard	E-1	TOD	\$0.3377	\$0.1757	-48.0%	-40.5%
	Low Income	CARE***	EAPR & EAPRMED**	\$0.2100	\$0.1218	-42.0%	-34.0%
All Residential				\$0.2932	\$0.1673	-42.9%	-35.4%
Small Commercial****	<= 20 kW	B-1	GFN, CITS-0	\$0.3252	\$0.1701	-47.7%	-40.8%
	21 - 299 kW	B-6	CITS-1	\$0.3098	\$0.1576	-49.1%	-41.3%
Medium Commercial****	300 - 499 kW	B-10	CITS-2, CITP-2	\$0.3016	\$0.1459	-51.6%	-41.7%
	500 - 999 kW	B-19	CITS-3, CITP-3, CITT-3	\$0.2605	\$0.1365	-47.6%	-36.8%
Large Commercial****	=> 1 MW	B-20	CITS-4, CITP-4, CITT-4	\$0.2060	\$0.1145	-44.4%	-31.5%
Lighting	Traffic Signals	TC-1	TS	\$0.3178	\$0.1346	-57.6%	-50.4%
	Street Lighting	various	SLS,NLGT	\$0.3668	\$0.1517	-58.6%	-47.5%
Agriculture	Ag & Pumping	AG	ASN/D,AON/D	\$0.2940	\$0.1510	-48.6%	-41.9%
System Average				\$0.2803	\$0.1526	-45.5%	-37.0%

Notes:

* Projected 2022 average prices for SMUD with rates effective 01/01/22 and 3/01/22. PG&E average prices in 2022 reflect rates effective 6/01/22, per Advice Letter 6603-E. The rate difference in year 2021 reflects PG&E average rates as of 12/1/21, per Advice Letter 6603-E dated 05/20/22, and SMUD rates effective 01-01-21 and 10-01-21.

** CARE vs EAPR includes EAPR & EAPRMED customers.

*** There is no indication from PG&E that their CARE rates include customers who have a medical allowance only.

**** Commercial rates include WAPA credits.

As seen in Figure 1, the rate competitiveness by class varies for the different customer classes and is at least 42.0% below comparable PG&E class average rates. Since the creation of this annual monitoring report in 2007, SMUD has consistently maintained rates that were more than 18% below PG&E. See Appendix A for more details.

b) SMUD's rates shall be competitive with other local utilities on a system average basis.

SMUD's system average rate is competitive with other local utilities as shown in detail in Appendix B.

c) Reflect the cost of energy when it is used or exported to the SMUD grid

SMUD's TOD and restructured commercial rates are designed to more closely reflect the cost of energy when it is used, with prices highest during the Peak time periods when the cost of energy is highest. In September 2021, the Board approved the Solar and Storage Rate (SSR), which went into effect March 1, 2022. SSR compensates energy sent to SMUD's grid at the value of solar rate of 7.4 cents per kWh, as supported in the comprehensive 2020 value of solar + storage study.

d) Reduce consumption during periods of high system demand

Both the residential and commercial TOD rates send signals to customers to reduce their on-peak usage. The Peak time for residential customers is 5 p.m. to 8 p.m. while the Peak time for commercial customers under the restructured rates is 4 p.m. to 9 p.m. These Peak time periods reflect the highest \$/kWh to encourage customers to shift their energy usage outside of the Peak time-period to reduce system load and help with carbon reduction goals.

The optional residential Critical Peak Pricing (CPP) rate charges a premium on energy delivered during those few critical times during the summer with highest demand, which is expected to reduce energy consumption and carbon emissions when the grid is most stressed. Additionally, customers on the CPP rate receive a discount on energy delivered during the summer Off-Peak and Mid-Peak time periods, encouraging them to shift their energy use to times when the grid is less stressed and clean energy is more abundant.

e) Encourage energy efficiency, conservation, and carbon reduction

SMUD continues to encourage energy efficiency, conservation and carbon reduction through the residential and non-residential TOD rates and a variety of programs, such as incentives to install storage, and offering rebates for energy-efficient appliances, heating and cooling systems, and energy-efficient LED lighting. TOD rates encourage customers to shift energy use from peak times when energy is more costly and is produced by a larger portion of carbon-emitting generation plants to off-peak times, when there is often excess carbon-free solar generation on our system. By shifting usage to times when non-carbon emitting resources are plentiful, customers not only save money, but they also contribute to reducing carbon emissions and help SMUD achieve our carbon reduction goals. The residential and restructured commercial TOD rates were designed to be revenue neutral, so customers can save money if they shift or reduce their usage from peak hours. More detailed information about rebates and savings tips can be found on smud.org.

f) Encourage cost effective and environmentally beneficial Distributed Energy Resources (DERs) (examples of DERs include but are not limited to rooftop solar, battery storage, and energy reduction applications)

SSR was designed to work with a series of programs and incentives to help SMUD reach its 2030 Zero Carbon Plan. SMUD started the My Energy Optimizer (MEO) Starter incentives and will be offering more storage incentives to encourage customers to invest in storage, which could enable the customer to gain additional value from their investment. In addition to the storage incentives, the CPP rate will provide customers with solar and storage even more of an opportunity to increase the value of their system, by providing a significantly larger incentive to send power to the grid during critical events. The CPP rate will also encourage customers to adopt smart thermostats, as they may be able to save money on the CPP rate if they use the thermostats to adjust their energy usage.

Customers that live in low-income multi-family affordable housing will be able to receive the benefits of solar through the Virtual Solar option. In the Virtual Solar option, the building owner may install solar, and the benefits of that solar will be allocated to the residents, providing an avenue for customers to adopt solar even though they do not own their own home.

g) Minimize the rate of change in the transition from one rate design to another

SMUD follows this principle through gradualism and balance between rate implementation and customer satisfaction when making rate structure changes in combination with rate increases. For example, the Commercial Rate Restructure will be phased in over an 8-year period to mitigate bill impacts. Additionally, the implementation of the SSR rate was shifted from January to March 2022 to allow customers more time to adjust to the new rate. SSR was designed to minimize future transitions if the compensation rate adjusts – it will be adjusted every 4 years, and the adjustment is capped.

h) Provide customers flexibility and choices

SMUD provides flexibility and rate options to its customers. Residential customers may select custom due dates, budget billing, and net energy metering customers can choose between monthly or annual settlement options. Residential customers are placed on TOD, but they may select the fixed rate or the CPP rate. All customers may make online payments and set up billing alerts. In addition, qualified commercial customers moving to SMUD's service area may choose between two different Economic Development Rate discount structures, selecting the option that best suits their needs. In the summer of 2022, SMUD implemented a pilot commercial EV rate; the intent is to learn from the pilot and eventually develop a permanent optional EV rate to encourage EV adoption to support the 2030 Zero Carbon Plan.

SMUD is offering three levels of incentives for customers to install storage. The amount of the incentive increases depending on which programs the customers decide to participate in. The smallest incentive, MEO Starter, is for customers that do not wish to participate in a program, the next highest level MEO Partner, is for customers that want to participate in the CPP rate, and the highest incentive, MEO Partner+, is for customers that want to participate in the Virtual Power Plant program.

i) Be as simple and easy to understand as possible

SMUD works to make sure its many programs and rates are simple and easy to understand. For example, staff designed the TOD rate and restructured commercial rates to balance simplicity while still reflecting the cost of energy when it is used. Significant ongoing customer outreach will assist customers in understanding the new rate designs. Another example is the approach staff used to develop the new Virtual Solar option for low-income multi-family affordable housing. Virtual Solar was designed to be simple and easy to manage compared to the very complex billing mechanics from the prior Virtual Net Energy Metering programs.

j) Address the needs of people with low incomes and severe medical conditions

SMUD continues to address low-income customers and those with medical conditions. The Energy Assistance Program Rate (EAPR) and our Medical Equipment Discount Rate (MED Rate) offer customers a discount on their monthly energy costs for those that qualify. The discount for EAPR is determined by Federal Poverty Level (FPL) with the largest discount going to those in the lowest poverty level.

To better serve our customers during the COVID-19 pandemic, SMUD temporarily suspended disconnections and late fees for nonpayment for all customers. Late fees and disconnections resumed Q1 and Q2 2022, respectively. EAPR customers are no longer subject to collection fees including late, collection and/or reconnection fees. SMUD staff continues to work with customers on ways to pay their bills through a variety of payment options and financial assistance programs. In 2021, and 2022 SMUD secured \$41.3M and \$9.9M respectively in California Arrearage Payment Program (CAPP) funding that was applied to customers' unpaid bills, more than \$809k in Sacramento Emergency Rental Assistance (SERA), \$6.9M in HEAP, \$~731k in EnergyHELP and ~\$431k in other (Community Based Organizations, Churches, and Tribes) to support customers amid the ongoing challenges of the COVID-19 pandemic.

Additionally, to the EAPR and MED Rate discount program we have assisted more than 2,300 customers with energy education, energy efficient improvements and repairs, move them towards our Clean Energy Vision with Building and Transportation electrification improvements. These programs improve/reduce their overall energy burden and increase the comfort of their homes.

k) Equitably allocate costs across and within customer classes

To ensure costs are equitably allocated across and within customer classes, staff updates SMUD's marginal cost study and performs rate costing studies and value of solar studies prior to recommending rate structure changes, such as with TOD, the Commercial Rate Restructure and SSR.

4) Challenges

Rate Pressures

2022 was an extremely difficult year financially, with higher commodity costs relating to the Consumnes Power Plant outage, record breaking temperatures in summer, drought, higher commodity market prices, broad and pervasive inflation, and cost pressures from supply chain constraints. Although SMUD did not need to do an emergency rate process in 2022, these issues have reduced and, in some cases, depleted our financial reserves. Staff will bring the Board proposals in quarter two of 2023 to adjust rates for 2024 and 2025.

5) Recommendation

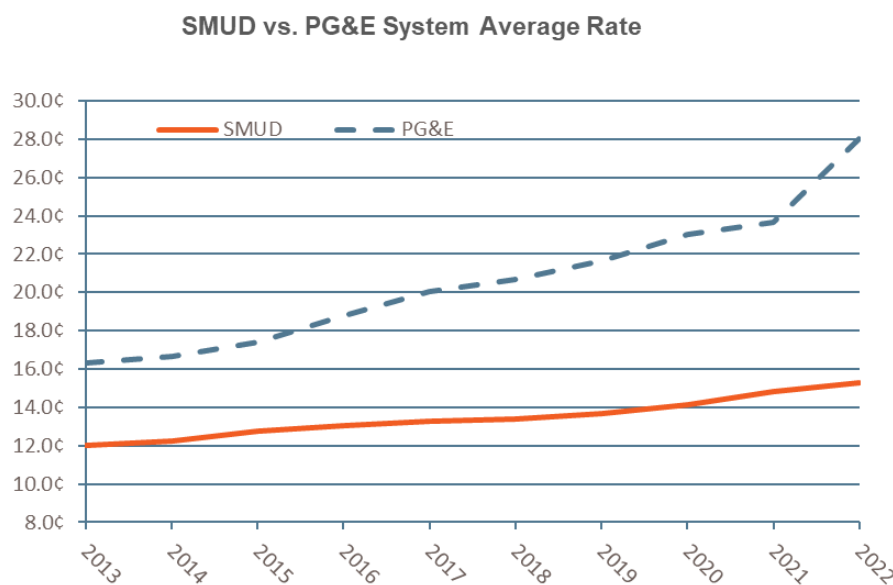
It is recommended that the Board accept the Monitoring Report for SD 2, Competitive Rates.

Appendices

Appendix A: Historical Rate Comparison with PG&E

Figure 2 compares SMUD and PG&E's system average rates for the past 10 years. SMUD's system average rates have averaged 33.7% below PG&E's since 2013.

Figure 2 – SMUD and PG&E Historical System Average Rate Comparison



Appendix B: Local Utility Rates

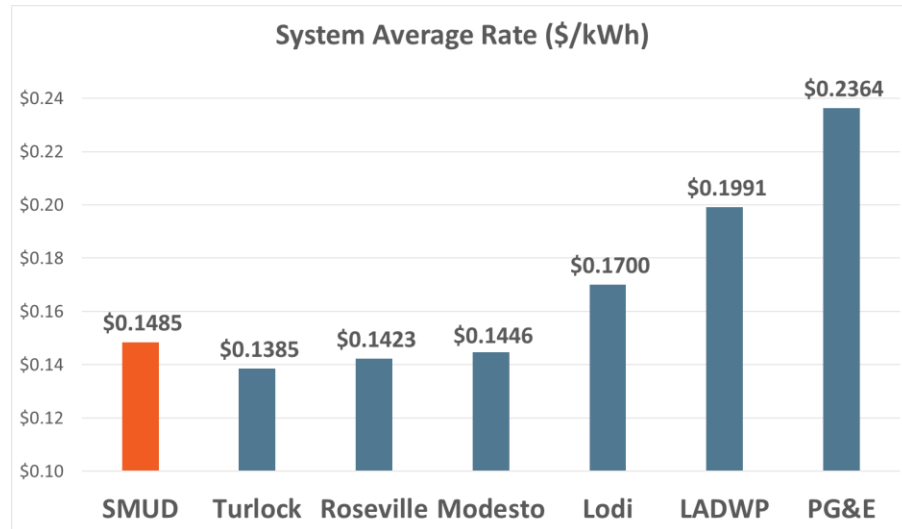
- **Modesto Irrigation District (MID):** MID has not had a rate increase since 2012. The Board recently approved two upcoming rate increases. There will be a 7.4% increase in 2023 and a 3.5% increase in 2024. The rate change included increasing the residential monthly fixed charge to \$30. Environmental Energy Adjustment is currently \$0.0066/kWh and the Capital Infrastructure Adjustment is currently at \$0.0028/kWh. MID recently adopted a pilot residential TOU rate for Electric Vehicle customers which has a fixed charge of \$30.00 per month as well as three time periods for summer and two for winter that differ in price. MID also instituted a grid access charge for NEM customers who install above 1 MW of solar capacity.
- **Turlock Irrigation District (TID):** TID has not had a base rate increase since 2015 and there is no plan to modify base rates in 2022 or 2023. However, like other utilities, TID has seen commodity costs significantly increase and has increased their Power Supply Adjustment (PSA) charge by \$.01/kWh or 2.85% on December 1, 2022.
- **Roseville Electric:** Roseville Electric approved a 2.6% rate increase effective January 1, 2022, and another 2.8% rate increase effective January 1, 2023. Roseville is also implementing an 8% energy surcharge that will be in effect from February 1, 2023, to December 31, 2024. Roseville has pass-through charges that adjust with costs, in addition to any rate increases.
- **Lodi Electric:** Lodi did not change their base rates in 2022 and they do not have any changes forecasted for 2023. Lodi has a monthly energy cost adjustment that adjusts as power costs

increase or decrease. The range of the energy cost adjustment for 2022 was -\$0.0087/kWh to \$0.0668/kWh a 38.9% average increase.

- **Los Angeles Department of Water and Power (LADWP).** LADWP did not have a rate increase in fiscal year 2021-2022. LADWP does have a pass-through charge that adjusts with costs, outside of any rate increases.

SMUD's system average rate remains competitive, as shown in Figure 3. Figure 3 uses data from the U.S. Energy Information Administration and 2021 is the most recent data available.

Figure 3 – 2021 Utility System Average Rate Comparison



Including pass-through mechanisms in rates is a common utility practice, allowing utilities to collect enough revenue to cover their costs without having to increase rates in a formal rate proceeding. SMUD has the Hydro Generation Adjustment, which allows for a small additional charge on customer bills in the event of less than median precipitation. Figure 4 details the pass-through mechanisms some of SMUD's neighboring utilities have as part of their rate structures.

Figure 4 – Utility Pass-through Mechanisms

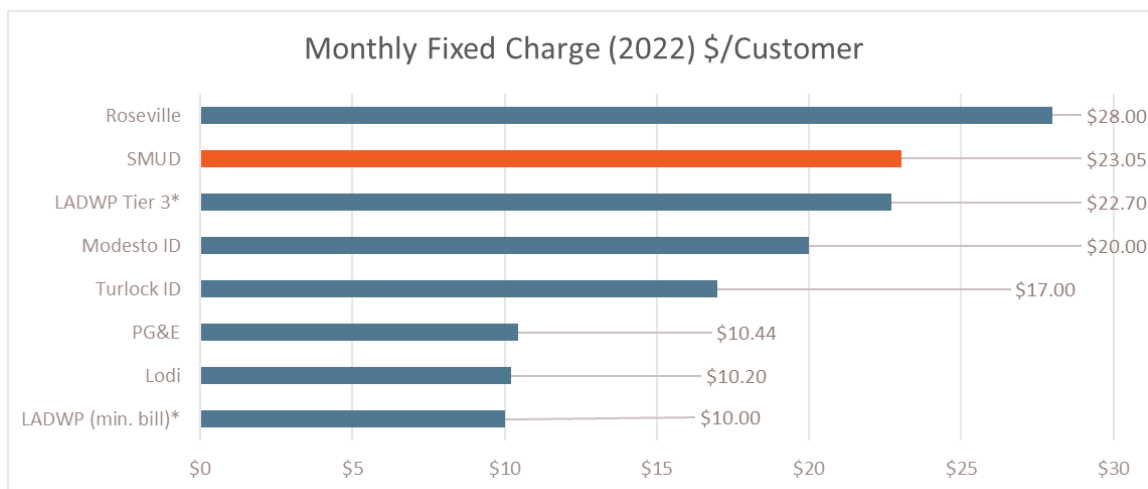
Utility	Pass through
SMUD	Hydroelectric Generation Adjustment
Modesto Irrigation District	Capital Infrastructure Adjustment
	Environmental Energy Adjustment
Turlock Irrigation District	Power Supply Adjustment
	Environmental Charge
	Public Benefits Surcharge
Roseville Electric	Renewable Energy Surcharge
	Greenhouse Gas Surcharge
	Hydroelectric Adjustment
Lodi Electric	Energy Cost Adjustment
LADWP*	Energy Cost Adjustment
	Electric Subsidy Adjustment

Reliability Cost Adjustment

* LADWP has other adjustments to reflect approved rate increases

Including a fixed charge amount on residential customers bills is also a common utility practice. The fixed charge allows for revenue collection for fixed assets that do not vary with electricity consumption. Figure 5 below outlines the fixed charge amount of SMUD's neighboring utilities.

Figure 5 – Monthly Residential Fixed Charge Amount



* Roseville Electric's customer charge will increase to \$30 in 2023.

** LADWP's Tier 1 fixed charge is \$2.30 and Tier 2 fixed charge is \$7.90 but they have a minimum bill of \$10 per month.

*** Modesto ID's customer charge will increase to \$30 in 2023

Appendix C: PG&E Updates

Overview of PG&E's recent rate proceedings

In 2022 PG&E had three rate changes, increasing the system average rate in \$/kWh from \$0.2336 in 2021 to \$0.2803 in 2022 as shown in Figure 6.

Figure 6 – PG&E 2021-2022 Rate Changes

	PG&E Rate Changes in 2021 ⁽¹⁾				Annual	PG&E Rate Changes in 2022 ⁽¹⁾			Annual
	January	March	August	December	2021	January	March	June	2022
Rate Change (%)	0.10%	2.80%	0.30%	0.50%	3.73%	7.50%	10.50%	1.00%	19.98%
System Rate (\$/kWh)	\$0.2255	\$0.2319	\$0.2325	\$0.2336		\$0.2514	\$0.2776	\$0.2803	

(1) Includes California Climate Credit

PG&E Rate Increase Process

Every three to four years PG&E files a request with California Public Utilities Commission (CPUC) with their proposed rate increases. The CPUC will then either accept or modify the rate increases for those years. 50% of the requested revenue increases for 2023 through 2026 is for wildfire reduction work, including vegetation management programs. The following rate increases have been approved or proposed:

- 2022 – 4.85% (approved)
- 2023 – 9.6% (proposed)
- 2024 – 2.4% (proposed)
- 2025 – 1.9% (proposed)
- 2026 – 1.5% (proposed)

Additionally, PG&E does a “true-up” at the end of each year to adjust their revenue to match their costs. For instance, if their costs for the year exceeded their projected revenue, they will increase their rates to compensate.

The large increases for PG&E in 2022 were due to increased supply costs, wildfire prevention measures as well as settlements due to past wildfires.

PG&E Residential Time-of-Use Rate Transition

PG&E began transitioning residential customers to a default time-of-use rate (E-TOU-C) in 2020. The standard E-TOU-C rate has a peak time-period from 4 to 9 p.m. every day. Customers may choose from a selection of alternative rates, including an optional E-TOU-D (5-8 p.m.) rate which has a shorter 3-hour Peak time-period during weekdays only.

As of October 2022, approximately 50 percent of PG&E’s residential customers continue to take service on Schedule E-1 non-TOU, tiered monthly usage rates. Effective January 1, 2023, the High Usage Surcharge (HUS – third tier) is eliminated resulting in a simple 2-tiered rate that has a Tier 1 baseline quantity differentiated on climatic-conditions in the PG&E territory i.e., coastal, mountains, valley. Of the 50 percent, 2 million customers are still on E-1 because many of these customers were legally exempt from the default TOU transition by statute, that is, approximately 2.6 million customers were ineligible at the time of transition, or discretionarily excluded from the initial default TOU transitions.

Appendix D: Historical Rate Increases

Figure 7 shows that SMUD’s historical rate increases have tracked the Consumer Price Index (CPI) over the past 20 years. Figure 8 shows SMUD’s rate increases by year since 2002.

Figure 7 – Annual Rate Increase vs CPI

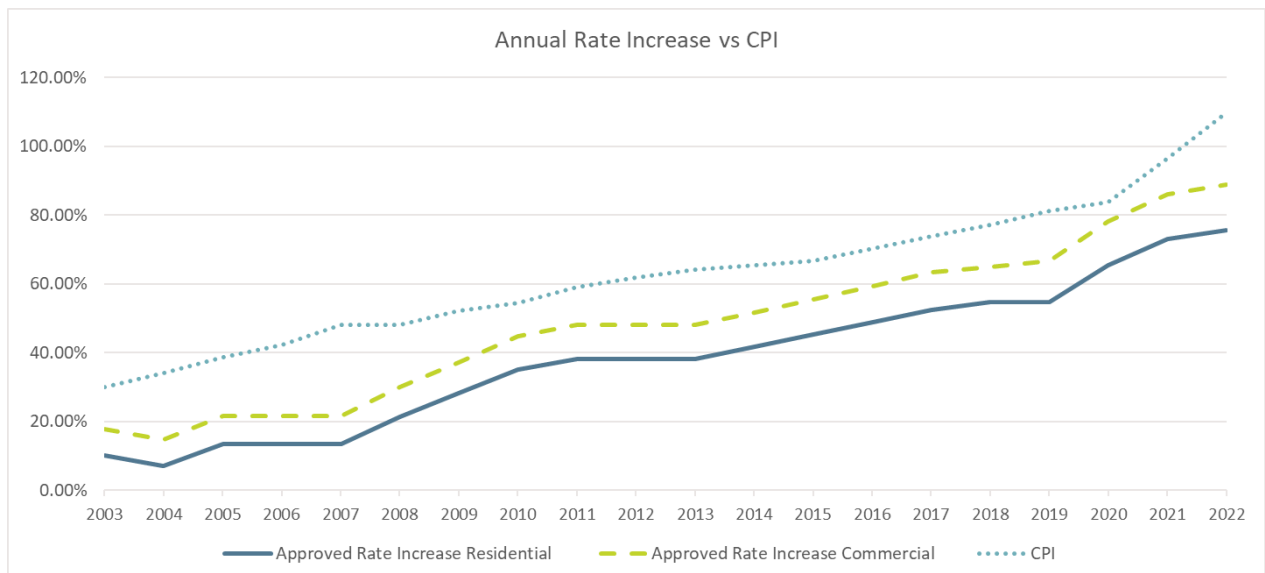


Figure 8 –Residential vs. Non-Residential Rate Increase and Energy Surcharge by Year

Year	Rate Increase		Energy Surcharge
	Residential	Non-Residential	
2000	0.00%	0.00%	N/A
2001	13.00%	21.00%*	N/A
2002	0.00%	0.00%	-2.60%
2003	0.00%	0.00%	N/A
2004	0.00%	0.00%	-2.70%
2005	6.00%	6.00%	N/A
2006	0.00%	0.00%	N/A
2007	0.00%	0.00%	N/A
2008	7.00%	7.00%	N/A
2009	5.50%	5.50%	N/A
2010	5.50%	5.50%	N/A
2011	2.25%	2.25%	N/A
2012	0.00%	0.00%	N/A
2013	0.00%	0.00%	N/A
2014	2.50%	2.50%	N/A
2015	2.50%	2.50%	N/A
2016	2.50%	2.50%	N/A
2017	2.50%	2.50%	N/A
2018	1.50%	1.00%	N/A
2019	0.00%	1.00%	N/A
1/1/2020	3.75%	3.75%	N/A
10/1/2020	3.00%	3.00%	N/A
1/1/2021	2.50%	2.50%	N/A
10/1/2021	2.00%	2.00%	N/A
3/1/2022	1.50%	1.50%	N/A
1/1/2023	2.00%	2.00%	N/A

* Medium Commercial, Agricultural and Lighting rates increased by 16%

RESOLUTION NO. _____

**BE IT RESOLVED BY THE BOARD OF DIRECTORS
OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:**

This Board accepts the monitoring report for **Strategic Direction SD-2, Competitive Rates**, substantially in the form set forth in **Attachment ____** hereto and made a part hereof.

SSS No.
TR23-001

BOARD AGENDA ITEM

STAFFING SUMMARY SHEET

Committee Meeting & Date Policy Committee February 8, 2023
Board Meeting Date February 16, 2023

TO					TO							
1.	Claire Rogers				6.							
2.	Jennifer Davidson				7.							
3.	Suresh Kotha				8.							
4.	Brandy Bolden				9.	Legal						
5.	Farres Everly				10.	CEO & General Manager						
Consent Calendar		<input checked="" type="checkbox"/>	Yes	No <i>If no, schedule a dry run presentation.</i>		Budgeted		<input checked="" type="checkbox"/>	Yes	No <i>(If no, explain in Cost/Budgeted section.)</i>		
FROM (IPR) Russell Mills					DEPARTMENT Treasury					MAIL STOP B355	EXT. 6509	DATE SENT 1/22/23
NARRATIVE:												
<p>Requested Action: Accept the monitoring report for Strategic Direction SD-3, Access to Credit Markets.</p> <p>Summary: With SD-3, the Board established that maintaining access to credit markets is a core value for SMUD. Pursuant to this direction, the Board has set certain financial targets, financial considerations, and minimum credit ratings for SMUD to maintain. This annual report outlines the importance of these SD-3 requirements and provides evidence of SMUD's compliance during 2022.</p> <p>Board Policy: SD-3, Access to Credit Markets <i>(Number & Title)</i></p> <p>Benefits: Provide the SD-3 Monitoring Report as requested by the Board of Directors and Executive Staff. The report provides an opportunity to make recommendations or policy revisions as necessary.</p> <p>Cost/Budgeted: N/A</p> <p>Alternatives: N/A</p> <p>Affected Parties: N/A</p> <p>Coordination: Treasury</p> <p>Presenter: Russell Mills</p>												

<p>Additional Links:</p>

<p>SUBJECT</p> <p style="text-align: center;">Accept Monitoring Report for SD-3, Access to Credit Markets</p>	<p>ITEM NO. (FOR LEGAL USE ONLY)</p> <p style="font-size: 24px; color: blue;">7</p>
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ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

SACRAMENTO MUNICIPAL UTILITY DISTRICT

OFFICE MEMORANDUM

TO: Board of Directors

DATE: January 25, 2023

FROM: Claire Rogers *CR 1/25/23*

**SUBJECT: Audit Report No. 28007582
Board Monitoring Report; SD-03: Access to Credit Markets**

Audit and Quality Services (AQS) received the SD-03 *Access to Credit Markets* 2022 Annual Board Monitoring Report and performed the following:

- A review of the information presented in the report to determine the possible existence of material misstatements;
- Interviews with report contributors and verification of the methodology used to prepare the monitoring report; and
- Validation of the reasonableness of a selection of the report's statements and assertions.

During the review, nothing came to AQS' attention that would suggest the SD Board Monitoring report did not fairly represent the source data available at the time of the review.

CC:

Paul Lau

Board Monitoring Report 2022

SD-3 Board Strategic Direction on Access to Credit Markets



1. Background

Strategic Direction 3 on Access to Credit Markets states that:

Maintaining access to credit is a core value of SMUD.

Therefore:

- a. For SMUD's annual budgets, the Board establishes a minimum target of cash coverage of all debt service payments (fixed charge ratio) of 1.50 times.
- b. When making resource decisions, SMUD shall weigh the impacts on long-term revenue requirements, debt, financial risk and flexibility.
- c. SMUD's goal is to maintain at least an "A" rating with credit rating agencies.

2. Executive summary

SMUD relies on the use of borrowed funds to pay for a portion of its capital needs on an ongoing basis. The Board adopted SD-3, Access to Credit Markets, to help ensure that SMUD maintains the ability to raise new money at competitive rates in the bond market as needed. Making prudent use of borrowed funds to finance capital improvements can help SMUD to mitigate major rate adjustments in periods of intensive capital expansion, and allows SMUD to allocate the costs of those improvements over their useful lives to the customers who benefit from them. Maintaining access to credit markets supports our objective to be financially flexible to make necessary and timely investment and take advantage of opportunities while remaining competitive.

One of the most important indicators of an organization's ability to access credit markets is the independent assessment made by credit rating agencies. SMUD is rated by the three major rating agencies: Standard & Poor's (S&P), Moody's, and Fitch, which review SMUD's credit on approximately an annual basis. The credit ratings assigned are intended to give investors the rating agency's view of the likelihood that SMUD will pay principal and interest on bonds when due. They utilize financial metrics in assessing creditworthiness such as the Fixed Charge Ratio that measures revenue sufficiency to meet obligations, and Days Cash on Hand, a measure of liquidity. They also measure leverage and the capacity to finance future capital projects without placing undue burden on customers, either through borrowing or within our rate structure. SMUD's overall governance and risk

management practices are also important to the agencies, along with the ability and willingness to raise rates when necessary while maintaining competitive low-cost energy for our customers.

As referenced in the attached ratings agency reports, SMUD has very strong metrics and due to well managed cash flow, has the ability to plan to a more modest fixed charge ratio relative to some other AA rated peers. The most recent SMUD credit reports from both S&P and Fitch also specifically cite the Board's demonstrated willingness to raise rates to support financial performance.

Credit ratings heavily impact an organization's ability to borrow money in the municipal markets, as well as the interest rates they will be required to pay. Higher credit ratings translate into lower borrowing costs. For example, if SMUD's credit ratings were to fall into a lower category, from AA to A, the impact at today's rates would be approximately \$400k/year for every \$100 million borrowed. During a period of financial turmoil, as experienced in early 2020, higher credit ratings allowed SMUD to access credit markets sooner than lower rated utilities.

Credit ratings also impact an organization's ability to conduct general business transactions. Trading partners utilize credit ratings as a factor in assessing their willingness to transact with SMUD, and to determine commercial terms. Stronger credit ratings enable SMUD to negotiate better terms and conditions for contracts, including power purchase agreements. For example, SMUD's healthy credit ratings minimize the amount of collateral posting required under many of its commodity contracts to hedge natural gas and power. Likewise, if SMUD's ratings were to drop from current levels, collateral posting requirements would increase accordingly. In some cases, a reduction in SMUD's credit ratings below a certain threshold gives our counterparty the right to terminate the contract.

In support of maintaining its financial strength and as a financial risk mitigator SMUD procures insurance. SMUD maintains a comprehensive property and casualty insurance program, with coverage in excess of various self-insured retentions ranging from \$5,000 to \$5,000,000, designed to protect against catastrophic losses that would have an adverse effect on its financial position or operational capabilities. Insurance programs are continuously reviewed and modified when construction, operational exposures, or developments in the insurance industry so warrant. Long term relationships with a variety of insurers minimize SMUD's susceptibility to the effects of insurance market cycles. SMUD budgets reserves to meet potential insurance deductibles and self-insured liability claims and has had no claims that have exceeded coverage limits.

SMUD has remained in compliance with SD-3 as evidenced by the following:

- a. Maintained key financial metrics, including a fixed charge ratio above the minimum policy target of 1.50 times.
 1. 2.42 times in 2021
 2. 1.65 times in 2022 (As of January 19, 2023)
 3. 2.08 times in 2023 (projected in 2023 Budget)
- b. Credit ratings were affirmed at 'AA' from S&P and Fitch, and Aa3 from Moody's, which is equivalent to AA-. Moody's changed SMUD's outlook from stable to positive.
- c. Successful refunding of the remaining 2012 Series Y bonds with the issuance of \$133 million of 2022 Series J Electric Revenue Bonds. This refunding transaction took advantage of lower interest rates and SMUD's strong credit ratings to lock in \$2.8 million in net present value cash flow savings per year from 2023 to 2031, for a total net present value savings of \$28.6 million. This transaction highlights our ability to access credit markets as a result of managing SMUD in a manner that invokes confidence from investors.
- d. Successfully renewed and restructured SMUD's \$400 million commercial paper program into a \$300 million commercial paper capacity with a \$100 million emergency line of credit. These facilities ensure SMUD's continued financial strength by providing quick access to financial resources from investors in the credit markets, as well as the ability to access direct bank financing through the \$100 million line of credit during periods of market disruption.
- e. Accessed credit markets with multiple issuances and rollovers of commercial paper totaling \$150 million outstanding by the end of 2022. The commercial paper issuances were to support SMUD's liquidity needs and capital improvement program.
- f. Made \$31 million in additional supplemental contributions to CalPERS as part of a 10-year pension funding strategy to eliminate our unfunded pension liability—an obligation rating agencies are increasingly focusing on in their reviews. Addressing the unfunded liability sooner will help control rate increases. These costs would continue to grow into the future since paying only the required minimum payments may not fully mitigate the compounding nature of the outstanding liability adequately. SMUD's most current valuations show the funded status of Other Post- Employment Benefits (OPEB) as of June 30, 2022, and Pension as of June 30, 2021, were of 98% and 100% funded, respectively.

Successfully renewed property and casualty insurance coverage programs at or below market rates. Despite the continuing constrained insurance market, SMUD was able to maintain its broad coverage terms and limits, including a \$255 million wildfire liability insurance program within which SMUD's self-insured retention decreased from an aggregate of \$74 million to \$62.5 million.

3. **Additional supporting information**

Details on ratings variables, SMUD specific credit strengths, factors that could lead to an upgrade, and insurance are listed below.

Financial Strengths:

Maintaining SMUD's financial strength is a key component to continually accessing credit markets. Below is a list of SMUD specific financial strengths mentioned in recent rating agency reports:

- a. Strong financial operations management
- b. Strong financial performance with fixed charge ratio over 1.8x during the last 5 years
- c. Robust liquidity
- d. Low operating costs
- e. Competitive rates
- f. Diverse resource portfolio
- g. Favorable debt and liabilities profile
- h. Proactive planning and hedging practices
- i. Timely rate setting record
- j. Strong wildfire mitigation toolkit

Ratings Variables:

The rating agencies evaluate a number of factors in deriving municipal power ratings. These include:

- k. Financial ratios and metrics
- l. Governance Structure and Management
- m. Rate Competitiveness
- n. Cost of production/purchased power (particularly with respect to higher cost renewables)
- o. Risk Management Practices
- p. Service area demographics
- q. Regulatory factors

4. Challenges:

Below are comments from recent rating's agency reports regarding challenges to SMUD's financial strength that could affect SMUD's ability to access credit markets:

- a. Wildfire liability and inverse condemnation exposure
- b. More significant capital spending affecting rate competitiveness and key financial metrics
- c. Substantially weakened competitive position or impaired ability to maintain liquidity and achieve fixed charge ratios commensurate with recent years' levels
- d. Prioritizing environmental goals or rate affordability over preservation of the financial profile

5. Recommendation:

It is recommended that the Board accept the Monitoring Report for SD-3 Board Strategic Direction on Access to Credit Market.

RESOLUTION NO. _____

**BE IT RESOLVED BY THE BOARD OF DIRECTORS
OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:**

This Board accepts the monitoring report for **Strategic Direction SD-3, Access to Credit Markets**, substantially in the form set forth in **Attachment ____** hereto and made a part hereof.

SSS No. LEG 2023-0015

BOARD AGENDA ITEM

STAFFING SUMMARY SHEET

Committee Meeting & Date
Policy – 02/08/23
Board Meeting Date
February 16, 2023

TO					TO						
1.	Jennifer Davidson				6.						
2.	Brandy Bolden				7.						
3.	Farres Everly				8.						
4.	Suresh Kotha				9.	Legal					
5.					10.	CEO & General Manager					
Consent Calendar		X	Yes	No If no, schedule a dry run presentation.		Budgeted		X	Yes	No (If no, explain in Cost/Budgeted section.)	
FROM (IPR) Laura Lewis				DEPARTMENT Executive Office				MAIL STOP B308		EXT. 6123	
DATE SENT 01/05/23											
NARRATIVE:											
<p>Requested Action: Provide the Board an overview of modifications to the Brown Act and approve proposed revisions to the Meeting Procedures of the SMUD Board of Directors.</p> <p>Summary: The Municipal Utility District (MUD) Act section 11908 requires this Board to establish rules for its proceedings. On March 17, 2020, to address the COVID-19 pandemic, Governor Newsom issued Executive Order N-29-20 (Executive Order) that suspended certain requirements under the Brown Act related to teleconference requirements during a declared State of Emergency. In response, the Board has been operating under some form of Emergency Board Meeting Procedures since March 17, 2020, which has included, among other things, the use of virtual meeting participation and public comment and adjustment to meeting time.</p> <p>On September 13, 2022, Assembly Bill 2449 (AB 2449) was signed into law, effective January 1, 2023, through December 31, 2025, amending the Brown Act to allow for teleconference options in certain circumstances, with strict limitations on the frequency with which the teleconference option is used. The General Counsel will provide an overview of these modifications.</p> <p>On October 17, 2022, Governor Newsom announced his intent to end the California State of Emergency on February 28, 2023, which will reinstate the teleconference provisions of the Brown Act.</p> <p>The Board reviewed and recommended changes to the existing Meeting Procedures of SMUD Board of Directors at the January 18, 2023, Policy Committee. A redline of the proposed revisions to the Board Meeting Procedures is attached.</p> <p>Board Policy: Governance Process GP-3, Board Job Description – j) Take such other actions as may be required by law. (Number & Title)</p> <p>Benefits: Ensures communication of and compliance with new Brown Act requirements. Allows the Board to clarify procedures for conducting Board and Committee meetings and to allow the Board the opportunity to make corrections, additions, or changes if necessary.</p> <p>Cost/Budgeted: This item has no direct budgetary impact.</p> <p>Alternatives: Maintain the existing Board Meeting Procedures.</p> <p>Affected Parties: SMUD, Board of Directors, Public</p> <p>Coordination: Executive Office, Board Office, Legal Department</p> <p>Presenter: Laura Lewis, Chief Legal & Government Affairs Officer</p>											

Additional Links:		
SUBJECT	New Teleconference Requirements and Board Meeting Procedures	ITEM NO. (FOR LEGAL USE ONLY) 8

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

DRAFT

Meeting Procedures of the SMUD Board of Directors

202~~3~~⁴ Edition

Supersedes all previous versions

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INTRODUCTION

Welcome Statement

Welcome to the Board of Directors meeting. These procedures are designed to assist the community in understanding how the Sacramento Municipal Utility District (SMUD) Board of Directors conducts its meetings. Copies of the Meeting Procedures are available upon request through the office of the SMUD Board Secretary or on the internet at www.smud.org.

Authority

The Board of Directors governs SMUD and is its policy-making body. The Board appoints a Chief Executive Officer and General Manager responsible for SMUD's operations.

Board Tenure

The Board of Directors is comprised of seven members elected by ward to represent different geographic areas of the Sacramento region. The Directors serve four-year terms which are staggered.

Board Governance Policies

The Board of Directors operates under a set of governance policies. The governance policies define the Board's purpose and how it operates; SMUD's vision and strategic direction; and its links and delegations to staff. Copies of the Board governance policies are available upon request through the office of the SMUD Board Secretary or on the internet at www.smud.org.

These meeting procedures complement the Board's policies, but do not supersede them. If there is an inconsistency between any of the Board's policies and these meeting procedures, the Board's policies control.

CHAPTER I – BOARD MEETINGS

Rule 1.0 Time and Place

(a) Regular Board meetings occur the third Thursday of the month except that the regular meeting in December occurs the second Thursday of the month. Unless otherwise designated on the Board meeting agenda, regular meetings begin at 6:00 p.m. ~~except that the regular meetings in January, April, July, and October begin at 9:00 a.m.~~

All regular meetings are held in the SMUD Auditorium at 6201 S Street, Sacramento, California, unless otherwise designated on the Board meeting agenda.

Commented [LL1]: Board to discuss whether the change time to 5:30.

(b) In the event that the Thursday Board meeting falls on a legal holiday, unless otherwise determined by the Board President, that meeting will be held on the next business day following the holiday and begin at the time specified for that Board meeting.

(c) Any meeting or session of the Board may be adjourned for cause, in good faith, at any time, or from time-to-time, when necessary for the expeditious transaction of business.

(d) All meetings of the Board, including regular, special and emergency meetings, are called in accordance with the Ralph M. Brown Act, California Government Code Section 54950, *et seq.* (Brown Act).

(e) Board members may participate in Board meetings throughby a telephone conference platform such as a computer or telephone in accordance with the Brown Act. ~~teleconferencing under the following conditions: (i) a quorum of the Board members are personally in attendance at the meeting; (ii) the teleconferencing Board member is unavailable to personally attend due to illness or is outside the boundaries of SMUD; (iii) the teleconferencing location is accessible to the public; and (iv) all other requirements of the Ralph M. Brown Act of the California Government Code are met.~~

(f) Members of the public may audio or video record Board meetings provided that they do not block aisles, exits or interfere with public sight lines.

Rule 1.1 Parliamentary Procedures

In all cases not provided for by these meeting procedures, or by SMUD ordinance or resolution, parliamentary procedures will be in accordance with Robert's Rules of Order (current edition). The Board Secretary will act as parliamentarian to the Board.

Rule 1.2 Order of Business

Unless special circumstance apply, the regular order of business at each regular Board meeting is:

- (a) Call to Order
- (b) Pledge to the Flag
- (c) Roll Call
- (d) Cable Announcement
- (e) Customer Education Message

- (f) Approval of the Agenda
- (g) Approval of the Minutes
- (h) Committee Chair Reports
- (i) Statements from the Public (at the time the agenda item is considered)
- (j) Consent Calendar
- (k) Discussion Calendar
- (l) Public Comments (non-agenda items)
- (m) Directors' Reports
- (n) President's Report
- (o) CEO's Report
- (p) Adjournment

Rule 1.3 Quorum

(a) Four members of the Board constitute a quorum for a regular, special or emergency Board meeting. No business will be acted upon until a quorum is present. No business will be conducted when the number of Board members is reduced below a quorum with the exception of information items. The presiding member of the Board meeting will note for the record when a Board member arrives late to a Board meeting or departs before adjournment.

(b) Whenever two-thirds of the Board membership or two-thirds vote is required for approval of a matter, at least five members or five votes will be required to approve the matter.

Rule 1.4 Presiding Officer and Selection of Officers

(a) The President of the Board will preside over Board meetings. In the absence of the Board President, the Vice-President of the Board will preside at meetings. In the absence of both the Board President and the Vice-President, the members of the Board attending the meeting will choose a president pro tem who will preside at the meeting and will be determined as the first order of business.

(b) The Board President and Vice-President will serve one-year terms and

will be selected through a nomination process which will be conducted in December of each year. If no successor is named by the conclusion of the officer's term, the officer shall continue in office until a successor is named.

Rule 1.5 Public Participation

(a) Members of the public may attend any meeting of the Board of Directors except for closed sessions of the Board as determined by the ~~Ralph M. Brown Act of the California Government Code~~ Brown Act. Members of the public are required to switch ~~pagere,~~ cellular phones and similar electronic devices to a silent or off mode during Board meetings.

(b) -Members of the public may address the Board through a teleconference platform such as computer or telephone in accordance with these procedures. Instructions for participation will be included on every meeting agenda.

~~(bc)~~ Members of the public may address the Board at a Board meeting on agenda items prior to or during the Board's consideration of that item, and on items of interest not on the agenda which are within SMUD's jurisdiction, except that no public comment will be taken on the form or content of the Board agenda itself except during the general public comment period.

~~(de)~~ To facilitate the SMUD Board's conduct of business, members of the public that wish to address the Board will have up to three (3) minutes during general public comment period and up to three (3) minutes on any individual agenda item on which the Board will take action. The Consent Calendar is considered a single item, and speakers are subject to the three (3) minute limit for the entire Consent Calendar. Items listed on the agenda but on which no Board action will be taken, including without limitation, Committee reports, Directors' reports, and the CEO's report shall be addressed in the general public comment period, and will be subject to the three (3) minute limitation. In addition to the above time limits, the total time allotted to any individual speaker shall not exceed nine (9) minutes for an entire Board meeting.

~~(ed)~~ Notwithstanding the foregoing, the Board President may, in ~~his or her~~ their discretion, and based upon factors such as the length of the agenda, the substance of the agenda, the number of public comment speaker cards submitted, and whether the Board is in danger of losing a quorum, depart from the above referenced time limits for individual speakers, establish a time limit for particular issues, set a cumulative time limit, or otherwise regulate public comment. Speaking times may be extended at the discretion of the Board President. Speakers will be limited to the time allocated by the Board President and will not be allowed to accept time from other members of the public in attendance at the meeting.

(fe) Public speakers are expected to exercise decorum when addressing the Board.

(gf) Speakers are to direct their comments to the Board. The public comment periods are not intended to be "Question and Answer" periods or conversations with the SMUD Board or SMUD staff. For non-agenda items, the Board members may not engage in an active discussion of the matter and are limited to making a brief statement, asking clarifying questions or directing staff to follow up on a matter.

(hg) Any person desiring to address the Board on an agenda item shall file a request to speak form with a Security Officer present at the meeting prior to the time the matter is called. The speaker shall designate on the request to speak form whether the speaker intends to address the Board on an item on the agenda or on a non-agenda item. Public speakers wishing to distribute written materials to the Board must hand the materials to the Security Officer who will distribute the written materials to the Board and staff. Distributed materials will be made a part of the record and will be available to the public for inspection, unless otherwise confidential. Public speakers speaking during the public comment period and on items on the agenda will not be allowed to use signs, posters, videos, taped recordings or overheads in making their public comments.

(ih) In the event that any Board meeting is willfully interrupted or disrupted by a person or by a group or groups of persons so as to render the orderly conduct of the meeting infeasible, the Board President, unless there is an objection by a majority of the Board members present, may order the person, group or groups of persons willfully interrupting the meeting to leave the meeting or be removed from the meeting. In such case, the Board President will:

- (1) Notify the person, group, or groups of persons that they are in non-compliance with meeting procedures;
- (2) Request that they comply; and
- (3) Inform them of the consequence of non-compliance

(ji) At least fourteen (14) days in advance of a scheduled Board meeting, members of the public may request the opportunity to be listed on the agenda for purposes of making a presentation at a Board meeting on matters within the SMUD's jurisdiction. Presentation requests must be initiated in writing and submitted to the Board President through the Board office. Requests must state the following information:

- (1) Subject matter;
- (2) Presenter's name, address and telephone number;

(3) Any action(s) which the requestor wishes the Board to take;

(4) Amount of time requested, not to exceed 10 minutes;

(5) Desired Board meeting date.

The Board President will review all complete presentation requests and, may at his or her discretion, direct the Secretary of the Board to list the presentation on the Board's agenda. If the Board President denies a presentation request, the requesting party may address the Board at a meeting on a matter within SMUD's jurisdiction, subject to the three (3) minute time limitation.

(k) Members of the public are prohibited from bringing firearms, knives or other weapons of any kind, as well as bio-waste or bio-hazards, into the Board meeting room or any SMUD building.

(l) SMUD reserves the right to inspect packages, backpacks, purses, and similar containers prior to allowing members of the public entrance to Board meetings.

Rule 1.6 Approval of Board Minutes

The Board Secretary will provide a copy of the minutes of each regular meeting to each member of the Board with the next regular meeting agenda packet. The Board Secretary will provide a copy of the minutes of each special meeting at which Board action is taken to each member of the Board with the next month's regular meeting agenda packet. The minutes of the preceding meeting will be approved as part of the Consent Calendar, unless a Board member requests a discussion of the item. ~~not be read at any Board meeting unless a member of the Board requests it, but the Board President will inquire of the Board members whether there are corrections to the minutes. After any corrections have been made, the Board President will call for a motion to approve the minutes.~~

Rule 1.7 Preservation of Minutes

The minutes of the Board will be maintained by the Board Secretary as a corporate record. The minutes of each meeting will be signed by the Secretary and by the officer who presided at the Board meeting. The Secretary is charged with the custody of all papers, books and documents of the Board and will make the same available for public inspection at all reasonable times in accordance with the California Public Records Act.

Rule 1.8 Taping and Web Streaming of Meetings

The Board Secretary will arrange to have regular Board meetings video-recorded and cablecast on Metro Cable Channel 14, except for closed sessions. SMUD will store video-recordings of Board meetings for a period of four (4) years. Video of the regular Board meetings will be streamed live and, together with the

Board agenda, will be archived on the SMUD website for a one-year period.

Rule 1.9 Addressing the Board President and Recognition to Speak

(a) When any Board member is about to speak, he or she will seek recognition to speak from the Board President; and when two or more members address the Board President at the same time, the Board President will determine the speaking order. Once the Board President has recognized the right of the Board member to speak, the Board President will protect the speaker from disturbance or interference.

(b) The Board President will not recognize a member to speak again, except to answer questions, until all other Board members have had an opportunity to be heard.

(c) All members will have an opportunity to speak before the Board President enters debate on a regular item.

Rule 1.10 Procedure Regarding Motions

(a) **Motions in General:** A resolution, or any other action of the Board, may be proposed by any member including the Board President, by a motion to adopt. Such a motion, if seconded by a member, including the Board President, will be on the floor and must be considered; if not seconded, the motion is lost for lack of a second, and will be so declared by the Board President.

(b) **Amend a Motion:** A motion on the floor (with a second) may be amended at any time before adoption or rejection by an amendatory motion made by any member including the Board President.

An amendatory motion may be in the form of a substitute motion so that it replaces the original motion and can be adopted by a single vote, or it may be phrased so as to amend the original motion; if the substitute motion fails to carry, the original motion will then be voted upon; if the amendment is separately voted upon and is not adopted, the original motion will then be voted upon; if the amendment is adopted, the original motion as amended will then be voted upon.

(c) **Withdraw a Motion:** A motion may be withdrawn by the maker at any time before adoption or rejection with the consent of the second. The second to a motion may be withdrawn by the seconding member at any time before adoption or rejection of the motion; the motion will then be lost for lack of a second and so declared by the Board President unless seconded by another member.

(d) **Motion to Call the Question:** The purpose of a motion to call the question is to close debate and to vote immediately on a motion. After a motion has been seconded, any member may discuss or comment on the subject of the motion.

When no member wishes to discuss or comment further, the Board President will call for a vote on the motion. At any time after a motion has been seconded, any member who has the floor, including the Board President, may move to call for the question. The Board President will then state, "the question has been called for." If four members, one of whom may be the Board President, then concur, the Board President will call for a vote on the motion. If less than four members concur, discussion of the motion will then continue until the question is again called for or discussion terminates and a vote is called for by the Board President.

(e) **Motion to Table:** The purpose of this motion is to terminate further consideration of the subject under discussion. At any time after a motion has been seconded, any member, including the Board President, may move to table the motion. If the tabling motion is seconded, the Board President will call for a vote on the tabling motion. If the tabling motion is adopted, the original motion will remain on the floor but may not again be considered at the meeting at which the tabling motion was adopted except following the adoption of a motion to remove the original motion from the table. The original motion may be considered and voted upon at the next regular meeting of the Board unless again tabled. If not considered at such meeting, it will be deemed lost. If the tabling motion is not adopted, consideration of the original motion will continue under these rules. For the purposes of this section, if the Board recesses the meeting at which a motion has been tabled, the reconvened meeting will be considered a separate meeting and the original motion may be considered and voted upon.

(f) **Motion to Reconsider a Vote:** A motion to reconsider the vote may be made by any member who voted with the prevailing side. No question can be twice reconsidered unless it was amended after its first consideration. A motion to reconsider the vote may be made only at the meeting at which the original vote was taken or, if the Board recesses such meeting, at the reconvened meeting.

Rule 1.11 Roll Call

(a) The Chief Legal Officer and General Counsel will conduct a roll call at the beginning of each publicly noticed Board and Committee meeting.

(b) The roll need not be called in voting upon a motion except where specifically required by law or requested by a member. If the roll is not called, Board members will cast their votes electronically.

(c) Each roll call of the Board will be in ward order, except that the Board President will be called last.

Rule 1.12 Overruling the Board President

A decision of the Board President with respect to the interpretation, applicability

or enforcement of these rules may be overruled by majority vote of the Board.

Rule 1.13 Suspension of Rules

Any permanent rule of the Board may be suspended temporarily by a majority of the Board, provided that the temporary suspension will apply only to the matter under immediate consideration, and in no case will it extend beyond an adjournment.

Rule 1.14 Amendment of Board Meeting Procedures

These meeting procedures may be amended by a majority vote of the Board.

CHAPTER II - COMMITTEES

Rule 2.0 Time and Place

(a) Whenever a standing Committee meeting is also noticed as a special Board Meeting, it shall be conducted as a Committee meeting and members of the Board that are not assigned to the Committee may attend and participate in the discussions, whether or not a quorum of the Board is present. In order to preserve the function of the Committee as advisory to the Board, no Board action will be taken at a Committee meeting, unless otherwise noted on the agenda.

(b) Committee members may participate in Board meetings through a telephone conference platform such as a computer or telephone in accordance with the Brown Act. Board members may participate at Committee meetings by teleconferencing under the following conditions: (i) a quorum of the Committee members are personally in attendance at the meeting; (ii) the teleconferencing Board member is unavailable to personally attend due to illness or is outside the boundaries of SMUD; (iii) the teleconferencing location is accessible to the public; and (iv) all other requirements of the Ralph M. Brown Act of the California Government Code are met.

(c) Members of the public may audio or video record Committee meetings provided that they do not block aisles, exits or interfere with public sight lines.

Rule 2.1 Purpose and Quorum

(a) Board Committees assist the Board by gaining education, considering alternatives and implications, preparing policy alternatives, and making recommendations to the full Board. As a general rule, matters to be considered by the Board will first be referred to a Committee.

(b) Two members of the Board will constitute a quorum for a Committee meeting. Where the number of Board members is reduced below a quorum during a Committee meeting, the Committee may continue to conduct business. Where a Committee lacks a quorum, the Board President, Board Vice-President or Committee Chair, in that order, may appoint a non-committee Board member to serve on the Committee for that meeting.

Rule 2.2 Preparation and Preservation of Minutes

(a) Minutes of each Committee meeting will be prepared by the responsible Executive and reviewed by the Board Secretary. The presiding officer of the Committee will sign the minutes indicating approval of the minutes.

(b) The minutes of Committee meetings will be maintained by the Board Secretary as a corporate record.

Rule 2.3 Taping and Web Streaming of Committee Meetings

Committee meetings will be audio recorded and will be audio streamed live to the public and archived on the SMUD website for one (1) year. The audio recordings of Committee meetings will be maintained for a period of four (4) years.

Rule 2.4 Public Participation

(a) Members of the public may attend any Committee meeting of the Board. Members of the public are required to switch ~~pagors~~, cellular phones and similar electronic devices to a silent or off mode during Committee meetings.

(b) Members of the public may address the Board through a teleconference platform such as computer or telephone in accordance with these procedures. Instructions for participation will be included on every meeting agenda.

~~(bc)~~ Members of the public may address the Committee at a meeting on agenda items prior to or during the Committee's consideration of that item.

~~(d)c)~~ Pursuant to Rule 2.1(b) of these Procedures, items may only be placed on a Committee agenda either by a decision by the full Board, the Board President, a Board member, or by the CEO and General Manager or his or her designee. Accordingly, no public comment will be taken on the form or content of the agenda.

~~(ed)~~ Speakers will have up to three (3) minutes to address the Committee on items on the agenda; provided, however, the total time allotted to any individual speaker shall not exceed nine (9) minutes. The Board President may, in ~~his or her~~their discretion, and based upon factors such as the length of the agenda, the

substance of the agenda, the number of public comment speaker cards submitted, and whether the Board is in danger of losing a quorum, depart from the above referenced time limits for individual speakers, establish a time limit for particular issues, set a cumulative time limit, or otherwise regulate public comment. Speaking times may be extended at the discretion of the Committee Chair. Speakers will be limited to the time allocated by the Chair and will not be allowed to accept time from other members of the public in attendance at the meeting.

(fe) Public speakers are expected to exercise decorum when addressing the Committee.

(gf) Speakers are to direct their comments to the Committee. The public comment periods are not intended to be "Question and Answer" periods or conversations with the SMUD Board or SMUD staff.

(hg) Any person desiring to address the Committee on an agenda item shall file a request to speak form with the Security Officer present at the meeting prior to the time the matter is called. The speaker shall designate on the request to speak form whether the speaker intends to address the Committee on an item on the agenda or on a non-agenda item. Public speakers wishing to distribute written materials to the Committee must hand the materials to the Security Officer who will distribute the written materials to the Committee and staff. Distributed materials will be made a part of the record and will be available to the public for inspection, unless otherwise confidential. Public speakers speaking will not be allowed to use signs, posters, videos, taped recordings or overheads in making their public comments.

(ih) In the event that any Committee meeting is willfully interrupted or disrupted by a person or by a group or groups of persons so as to render the orderly conduct of the meeting infeasible, the Committee Chair, unless there is an objection by a majority of the Committee members present, may order the person, group or groups of persons willfully interrupting the meeting to leave the meeting or be removed from the meeting. In such case, the Committee Chair will:

- (1) Notify the person, group, or groups of persons that they are in non-compliance with meeting procedures;
- (2) Request that they comply; and
- (3) Inform them of the consequence of non-compliance

(ji) At least fourteen (14) days in advance of a Committee meeting, members of the public may request the opportunity to be listed on the agenda for purposes of making a presentation at a Committee meeting on

matters within SMUD's jurisdiction. Presentation requests must be initiated in writing by any individual and submitted to the Committee Chair through the Board of Director's office. Requests must state the following information:

- (1) Subject matter;
- (2) Presenter's name, address and telephone number;
- (3) Any action(s) which the requestor wishes SMUD to take;
- (4) Amount of time requested, not to exceed 10 minutes;
- (5) Desired Committee meeting date.

The Committee Chair will review all complete presentation requests and, may at his or her discretion, direct the responsible staff to list the presentation on the Committee's agenda. If the Committee Chair denies a presentation request, the requesting party may address the Committee at a regular meeting subject to the three (3) minute time limitation.

(k) Members of the public are prohibited from bringing firearms, knives or other weapons of any kind, as well as bio-waste or bio-hazards, into the Board meeting room or any SMUD building.

(l) SMUD reserves the right to inspect packages, backpacks, purses, and similar containers prior to allowing members of the public entrance to Committee meetings.

CHAPTER III – HEARINGS

Rule 3.0 Hearings – General Procedures

(a) Hearings required by law will be held in compliance with the Municipal Utility District Act (California Public Utilities Code § 11501, *et seq.*) or other relevant statute, ordinance, or regulation. Unless otherwise required by applicable law, the procedures set forth in this Rule 3.0 shall apply to all SMUD Board hearings that do not involve a change in rates or rate structure.

(b) Any individual wishing to address the Board shall fill out a request to speak form and file the form with the Security Officer in attendance at the meeting. Public speakers wishing to distribute written materials to the Board must hand the materials to the Security Officer who will distribute the written materials to the Board and staff. Distributed materials will be made a part of the record and will be available to the public for inspection, unless otherwise confidential.

(c) Speakers will be called in an order determined by the Board President.

(d) Individuals will not be allowed to accept time from other individuals.

(e) Individuals may speak up to three (3) minutes. The Board President may, in his or her discretion and based upon factors such as the length of the agenda, the number of public comment speaker cards submitted, and whether the Board is in danger of losing a quorum, depart from the above referenced time limits for individual speakers, establish a time limit for particular issues, set a cumulative time limit, or otherwise regulate public comment. Speaking times may be extended at the discretion of the Board President.

(f) The Board will consider any written testimony or reports of reasonable length submitted by the public in advance of the hearing.

(g) All exhibits, including documentary materials, will be retained by the Board Secretary as part of the record of the hearings and will be available and will be available to the public for inspection.

Rule 3.1 Hearings – Rate Process

All rate hearings shall be conducted pursuant to the procedures set forth in Ordinance 15-1, attached hereto.

CHAPTER IV – CUSTOMER APPEALS OF DISPUTED BILLS

Rule 4.0 Disputed Bill Appeals Procedure

(a) Section 12823 of the Municipal Utility District Act (California Public Utilities Code § 11501, *et seq.*) establishes the rights of customers regarding disputed bills. For purposes of clarification, these procedures do not apply to the nonpayment of charges and fees by customers that do not dispute the accuracy of a bill.

(b) The following procedures shall govern the process by which a customer may file an appeal with the Board of Directors following an adverse determination by a SMUD Management Hearing Officer (Hearing Officer) under Section 12823(c) of the Municipal Utility District Act: .

(i) Following the SMUD Management Hearing, the Hearing Officer will mail his/her decision to the customer. Included in the mailing of the decision will be an appeal form and instructions on how the customer may appeal the decision to the Board of Directors. Under Rule and Regulation 10, Customer Services may include a request for payment of a deposit as evidence of good faith if such a deposit was not requested previously.

(ii) If the customer does not file an appeal form, the Hearing Officer's decision will be final. If the customer files an appeal form with Customer Services it must be received within ten (10) business days of the date of the Hearing Officer's letter or the customer's appeal will be rejected as untimely and the Hearing Officer's decision will be deemed final. Customer Services will notify the customer that the appeal is untimely. If the customer files an appeal form within 10 business days of the date of the Hearing Officer's letter, the appeal is considered timely. The appeal and appropriate documentation shall be forwarded to the appropriate SMUD Executive for processing, with a copy to the Board Office.

(iii) The Executive shall review the appeal, gather information and provide appropriate documentation to the Board Member for the ward in which the appealing customer resides (service address for the account in question).

(iv) The Board Member for the ward in which the appealing customer resides (service address for the account in question) shall review the information and may elect to contact the customer for additional information.

(v) Once the Board Member's review is complete, the appeal, including the recommendation (if any) of the Board Member, will be placed on the agenda of the Board of Directors for an upcoming meeting of the Board of Directors. The Board Office will notify the customer in writing of the date that the appeal will be heard so that the customer may appear and be heard if he/she so desires.

(vi) The appeal shall be heard by the Board of Directors, and a final decision on the appeal shall be rendered by the Board of Directors. Customer Services shall notify the customer in writing of the Board's decision.

(vii) The Board's decision represents final agency action.

RESOLUTION NO. _____

WHEREAS, California Public Utilities Code section 11908 requires this Board to establish rules for its proceedings; and

WHEREAS, it is prudent to revise the Meeting Procedures to reflect changes made by this Board to ensure the efficient conduct of meetings; **NOW**,

THEREFORE,

**BE IT RESOLVED BY THE BOARD OF DIRECTORS
OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:**

Section 1. This Board adopts the 2023 Edition of the **Meeting Procedures of the SMUD Board of Directors**, substantially in the form set forth in **Attachment ____** hereto and made a part hereof.

Section 2. Prior versions of the Meeting Procedures of the SMUD Board of Directors are superseded in their entirety.

SSS No. E,S,RES 23-01

BOARD AGENDA ITEM

STAFFING SUMMARY SHEET

Committee Meeting & Date

ERCS – 02/15/23

Board Meeting Date

February 16, 2023

TO					TO											
1.	Frankie McDermott				6.											
2.	Brandy Bolden				7.											
3.	Lora Anguay				8.											
4.	Suresh Kotha				9.	Legal										
5.					10.	CEO & General Manager										
Consent Calendar		X	Yes		No If no, schedule a dry run presentation.					Budgeted	X	Yes		No (If no, explain in Cost/Budgeted section.)		
FROM (IPR)					DEPARTMENT					MAIL STOP		EXT.		DATE SENT		
Ellias van Ekelenburg					Environmental, Health Safety and Real Estate Services					B209		7475		01/26/23		

NARRATIVE:

Requested Action: Make findings that conveyance of the following Assessor's Parcel Numbers (APNs) is exempt from the Surplus Land Act:

- a. Former substation property exchanged for replacement site [132-0332-014];
- b. Former landfill site conveyed to local agency for its use [001-0160-006, 001-0160-018, 001-0160-034]; and
- c. Former pole/corporation yard conveyed for climate change demonstration, utility sites, and revenue to support SMUD operations on the site [008-0010-090; 011-0073-001 to 011-0073-008; 011-0081-001 to 0081-003; 011-0081-008].

Summary: Staff is recommending that the Board declare the following parcels to be exempt surplus land.

APN 132-0332-014 (Lambert Substation): The parcel is 0.262 acres located on the west side of Franklin Blvd, north of Lambert Rd in Elk Grove. This will enable SMUD to complete the agreed upon exchange of parcels between SMUD and the former owner, in which SMUD acquired the site for the new Lambert Substation.

APNs 001-0160-006, 001-0160-018, 001-0160-034 (North City Substation): SMUD built and operated the North City Substation on an 11.83-acre parcel along North B Street and 20th Street in Sacramento. The parcel, obtained by SMUD from the City of Sacramento, is located on a former City landfill site. SMUD removed the substation (having relocated its operations to Station E) and capped the site consistent with state and local regulations to protect human health and the environment. Staff is recommending that the Board declare the now vacant parcel to be exempt surplus land. This will enable SMUD to complete the agreed upon transfer as contemplated in the Master Parcel Agreement.

APNs 008-0010-090; 011-0073-001 to 011-0073-008; 011-0081-001 to 0081-003; 011-0081-008 (SMUD's 59th Street Corp Yard): After disposition, the property will be used to further SMUD's work by serving as an exemplar of how mixed use developments can help achieve climate change goals, with the expectation of it being Leadership in Energy and Environmental Design (LEED) silver, with a net zero certification, all-electric construction, exceedance of energy efficiency standards by at least 15%, participation in all applicable SMUD programs, and feasible battery storage. The development will include commercial or industrial uses or activities, including nongovernmental retail, entertainment, or office development and generate revenue to support SMUD's work or operations on the site, including environmental remediation, utility services, and energy storage and grid management.

Board Policy: Board-Staff Linkage BL-10, Delegation to the General Manager with Respect to Real and Personal Property
(Number & Title)

Benefits: SMUD will be able to sell the property to meet the compliance requirement of the Surplus Land Act while also satisfying SMUD's obligations to other parties, generating revenue to help offset the acquisition costs, and transferring responsibility for environmental maintenance to the appropriate party

Cost/Budgeted: None

Alternatives: Reject the property as exempt surplus land.

Affected Parties: Board of Directors, SMUD Executives, and SMUD Real Estate

Coordination: Organization-wide

Presenter: Ellias van Ekelenburg, Director, Environmental, Safety & Real Estate Services

Additional Links:

SUBJECT

Surplus Land Act Findings

ITEM NO. (FOR LEGAL USE ONLY)

9

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

RESOLUTION NO. _____

WHEREAS, the **California Surplus Land Act** (the Act) states that a “local agency” such as SMUD may only sell “land owned in fee simple ... for which the local agency’s governing body takes formal action in a regular public meeting declaring that the land is surplus and is not necessary for the agency’s use”; and

WHEREAS, the Act provides for a local agency’s governing body to designate such surplus land as “exempt surplus land,” with designated exemption classifications including sales that directly further the express purpose of the agency’s work and operations, land that a local agency is exchanging for another property necessary for the agency’s use, or land transferred to another local agency for its use; and

WHEREAS, SMUD owns 0.262 acres of vacant land in Sacramento County (APN 132-0332-014) located on the west side of Franklin Boulevard, north of Lambert Road in Elk Grove that was formerly the site for **Lambert Substation (Lambert Substation property)**; and

WHEREAS, SMUD entered into an agreement with the former landowner in which SMUD acquired the site for the new **Lambert Substation** in exchange for the former substation property; and

WHEREAS, SMUD owns 11.83 acres of former **City of Sacramento** landfill property along North B Street and 20th Street in Sacramento (APNs 001-0160-006, 001-0160-018, 001-0160-034), obtained by SMUD from the **City**, and upon which SMUD built and operated the **North City Substation (North City Substation property)**; and

WHEREAS, SMUD and the **City** executed the **Master Parcel Agreement** dated December 12, 2020, pursuant to which SMUD agreed to transfer the **North City Substation property** back to the **City** after capping the site consistent with state and local regulations to protect human health and the environment; and

WHEREAS, **City** staff have represented to SMUD that the property would be used for public recreation and open space purposes, including a bike trail; and

WHEREAS, SMUD decommissioned the North City Substation and relocated its operations to Station E, then capped the **North City Substation property** pursuant to a plan approved by the **County of Sacramento Department of Environmental Management**; and

WHEREAS, SMUD owns 19.74 acres of land located in Sacramento County (APNs 008-0010-090, 011-0073-001 to 011-0073-008, 011-0081-001 to 0081-003, and 011-0081-008) formerly operated as SMUD's **59th Street Corp Yard**; and

WHEREAS, after disposition, the **59th Street Corp Yard** property will be used to further SMUD's work by serving as an exemplar within the heart of SMUD's service territory of how mixed use developments can help achieve electrification and climate change goals, with the expectation of the property development being certified as Leadership in Energy and Environmental Design (LEED) silver, with a net zero certification, all-electric construction, exceedance of energy efficiency standards by at least 15%, participation in all applicable SMUD programs, and with installation of and operation of feasible battery storage; and

WHEREAS, the model development will serve substantial demonstration, exhibition, and educational purposes related to greenhouse gas emissions in SMUD's service territory, and thereby help achieve SMUD's **2030 Zero Carbon Plan**; and

WHEREAS, achievement of the **2030 Zero Carbon Plan** depends on, among other things, electrification, energy efficiency, and battery storage; and

WHEREAS, the development of the **59th Street Corp Yard** property will include commercial or industrial uses or activities, including nongovernmental retail, entertainment, or office development and generate revenue to support SMUD's work or operations on the site, including environmental remediation, utility services, and energy storage and grid management; and

WHEREAS, staff recommends the **Lambert Substation property**, the **North City Substation property**, and the **59th Street Corp Yard** property be declared exempt surplus land; **NOW, THEREFORE**,

**BE IT RESOLVED BY THE BOARD OF DIRECTORS
OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:**

Section 1. That this Board finds that the former **Lambert Substation property** is being sold to the adjacent landowner as part of an exchange of property in order to obtain the new Lambert Substation property.

Section 2. That this Board finds that the former **North City Substation property** is being transferred to the City as a local agency that will use the property for its public purposes.

Section 3. That this Board finds that the sale of the fee interest in the **59th Street Corp Yard** property would serve demonstration, exhibition, and educational

purposes related to greenhouse gas emissions by helping achieve the **2030 Zero Carbon Plan** and would support SMUD's work and operations on the site.

Section 4. That this Board declares the 0.262 acres of land in Sacramento County (APN 132-0332-014) located on the west side of Franklin Boulevard, north of Lambert Road in Elk Grove, the 11.83 acres of land in Sacramento County (APNs 001-0160-006, 001-0160-018, 001-0160-034) located along North B Street and 20th Street in Sacramento, and the 19.74 acres of land in Sacramento County (APNs 008-0010-090; 011-0073-001 to 011-0073-008; 011-0081-001 to 0081-003; 011-0081-008) formerly known as SMUD's 59th Street Corp Yard is exempt surplus land.

SSS No. SCS 23-019

BOARD AGENDA ITEM

STAFFING SUMMARY SHEET

Committee Meeting & Date
Finance & Audit – 02/15/23Board Meeting Date
February 16, 2023

TO		TO	
1.	Jesse Mays	6.	Lora Anguay
2.	Robert Adams	7.	Scott Martin
3.	Casey Fallon	8.	Jose Bodipo-Memba
4.	Erik Krause	9.	Legal
5.	Jennifer Davidson	10.	CEO & General Manager

Consent Calendar	X	Yes	No If no, schedule a dry run presentation.	Budgeted	X	Yes	No (If no, explain in Cost/Budgeted section.)		
FROM (IPR)				DEPARTMENT			MAIL STOP	EXT.	DATE SENT
Jesse Mays				Procurement			EA404	5744	1/20/2023

NARRATIVE:

Requested Action: Authorize the Chief Executive Officer and General Manager to award contracts to Eagle Systems International, Inc. dba Synergy Companies and Clarke & Rush Mechanical, Inc. to provide Heating, Ventilation and Air Conditioning (HVAC) Plus Building and Transportation Electrification Services for a two-year term from February 20, 2023, to February 19, 2025, with one optional one-year extension, for a total aggregate contract not-to-exceed amount of \$12 million.

Summary: Request for Proposals (RFP) No. Doc3676288134 was issued in October 2022 to solicit for qualified contractor(s) to provide SMUD with Repair, Maintenance, Installation and Electrification Services for the Residential Equipment Efficiency and Low-Income Energy Saver Bundle Program. A pre-proposal conference was held on October 26, 2022. On November 16, 2022, SMUD received 2 responsive proposals that were evaluated in accordance with the advertised criteria. SMUD initiated negotiations with both responsive Proposers, which resulted in a price reduction of an average of 5% for select lines items from Synergy Companies' proposal. The final pricing from both Proposers is very competitive with historical and current market pricing, and, coupled with their technical score, this supports the recommendation to award contracts to the two highest rated Proposers. Awarding two zero-dollar contracts with an aggregate amount of all tasks not-to-exceed \$12,000,000 for up to 3 years gives the business unit flexibility and mitigates the risk of work disruption. The result of the evaluation and award recommendations are shown below.

Board Policy: Board-Staff Linkage BL-8, Delegation to the Chief Executive Officer and General Manager with Respect to
(Number & Title) Procurement; Strategic Direction SD-13, Economic Development Policy.

Recommendation: Award to the two Highest Evaluated Responsive Proposers

Award to:

Eagle Systems International, Inc. dba Synergy Companies	Clarke & Rush Mechanical, Inc.
2626 West Lane #100	441 Auburn Blvd.
Stockton, CA 95205	Sacramento, CA 95841

Proposers Notified by Procurement: 6

Proposers Downloaded: 6

Pre-Proposal Conference Attendance: 2

Proposals Received: 2

Responsive Proposals Received	P/F	SEED Points 10	Technical Points 50	Price Points 40	Total Score 100	Rank	Proposal Amount	Evaluated Proposal Amount	Proposed Award Amount
Synergy Companies	P	10	46.50	40.00	96.50	1	\$9,052,055.00	\$9,001,825.00	Not-To-Exceed \$12,000,000 Aggregate Amount of all Task Authorizations
Clarke & Rush Mechanical, Inc.	P	10	40.50	35.89	86.89	2	\$10,083,943.80	\$10,033,713.80	

Supplier Diversity Program:

Synergy Companies is the highest ranked Proposer who will be self-performing 80% of the work and subcontracting 20% to Supplier Education & Economic Development (SEED) verified vendors. Clarke & Rush Mechanical is a SEED verified vendor and was the second highest rank Proposer. Clarke & Rush Mechanical proposed to self-perform 59% of the work and subcontract 41% to non-SEED vendors.

Benefits: Provides HVAC building and transportation electrification services to low-income customers.

Cost/Budgeted: \$12,000,000; Budgeted for 2023 through 2026 by Customer Experience Delivery.

Alternatives: Only award a contract to the highest ranked proposer, Synergy Companies, and risk insufficient resources to support program demand.

Affected Parties: Customer Experience Delivery, Supply Chain Services, and Contractor.

Coordination: Customer Experience Delivery and Supply Chain Services.

Presenter: Erik Krause, Director, Customer Experience Delivery

Additional Links:

SUBJECT	ITEM NO. (FOR LEGAL USE ONLY)
Contract Award - HVAC Plus Building and Transportation Electrification Services	10

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

RESOLUTION NO. _____

WHEREAS, in October 2022, SMUD issued Request for Proposal No. Doc3676288134 (RFP) to solicit qualified firms to provide SMUD with Repair, Maintenance, Installation and Electrification Services for the Residential Equipment Efficiency and Low-Income Energy Saver Bundle Program; and

WHEREAS, two proposals submitted in response to the RFP were evaluated; **NOW, THEREFORE**,

**BE IT RESOLVED BY THE BOARD OF DIRECTORS
OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:**

Section 1. As a result of such examination, **Eagle Systems International, Inc. dba Synergy Companies** and **Clarke & Rush Mechanical, Inc.** are hereby determined and declared to be the two highest evaluated responsive proposers for Heating, Ventilation and Air Conditioning (HVAC) Plus Building and Transportation Electrification Services.

Section 2. The Chief Executive Officer and General Manager, or his designee, is authorized, on behalf of SMUD, to award contracts to **Eagle Systems International, Inc. dba Synergy Companies** and **Clarke & Rush Mechanical, Inc.** for Heating, Ventilation and Air Conditioning (HVAC) Plus Building and Transportation Electrification Services for a two-year term from February 20, 2023, to February 19, 2025, for a total aggregate contract not-to-exceed amount of \$12,000,000.

Section 3. The Chief Executive Officer and General Manager, or his designee, is authorized to make future changes to the terms and conditions of

the contracts that, in his prudent judgment: (a) further the primary purpose of the contracts; (b) are intended to provide a net benefit to SMUD; and (c) do not exceed the authorized contract amounts and applicable contingencies.

BOARD AGENDA ITEM

STAFFING SUMMARY SHEET

Committee Meeting & Date
Policy Committee – 02/08/23
Board Meeting Date
February 16, 2023

TO				TO						
1.	Donna Lofton			6.						
2.	Jennifer Davidson			7.						
3.	Brandy Bolden			8.						
4.	Farres Everly			9.	Legal					
5.	Suresh Kotha			10.	CEO & General Manager					
Consent Calendar		<input checked="" type="checkbox"/>	Yes	No <i>If no, schedule a dry run presentation.</i>		Budgeted	<input checked="" type="checkbox"/>	Yes	No <i>(If no, explain in Cost/Budgeted section.)</i>	
FROM (IPR) Laura Lewis				DEPARTMENT Executive Office				MAIL STOP B308	EXT. 6123	DATE SENT 01/23/23

NARRATIVE:

Requested Action: Nominate a Board Member for the Sacramento Local Agency Formation Commission (LAFCo) Special District Advisory Committee.

Summary: The LAFCo Special District Advisory Committee (SDAC) is comprised of 17 members, including two LAFCo Special District Commissioners, the Alternate Special District Commissioner, and representatives from recreation, park, fire, water, flood control, cemetery, and other types of special districts. SDAC members serve two-year terms without compensation.

There are seven vacant seats for the full two-year term for Office “B” (January 2023 – December 2024) on the SDAC, and there are three vacant seats for the partial remaining term ending in December 2023 for Office “A” (January 2022 – December 2023). New members are selected by the SDAC Sub-committee on Membership from a pool of nominees provided by Special Districts. Communications from LAFCo are attached. Nominations must be submitted by Friday, February 17, 2023.

Board Policy: GP-2 Governance Focus; GP-3 Board Job Description
(Number & Title)

Benefits: No direct impact to SMUD.

Cost/Budgeted: No budget impact.

Alternatives: Decide not to nominate anyone for Special District Advisory Committee.

Affected Parties: Board, LAFCo, Special Districts

Coordination: Legal, Legislative

Presenter: Laura Lewis, Chief Legal & Government Affairs Officer

Additional Links:

SUBJECT

Nomination for Sacramento LAFCo Special District Advisory Committee

ITEM NO. (FOR LEGAL USE ONLY)

11

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.



DATE: January 12, 2023

TO: Independent Special Districts

SUBJECT: Nominations for Membership on SDAC

You are cordially invited to nominate a Member of your Board to join the Special District Advisory Committee (SDAC). The purpose of the Committee is to provide Sacramento LAFCo with input on issues related to Special Districts, as well as to receive information on issues before the Commission.

The SDAC membership of seventeen is composed of the two LAFCo Special District Commissioners, and the Alternate Special District Commissioner, and representatives from recreation and park, fire, water, flood control, cemetery and other types of special districts.

SDAC members serve 2 year terms without compensation. There will be seven (7) vacant seats for **Office "B" for a full two-year terms (1/23 – 12/24)** on the Committee. There are also three (3) **Office "A" (1/22 – 12/23)** vacancies, and directors applying for those slots will serve the remainder of the two year term that expires on December 2023.

New members will be selected by the SDAC *Sub-committee on Membership* from the pool of nominees provided by the Special Districts, subject to confirmation by the Commission.

SDAC meetings are held quarterly on the fifth Tuesday, or as needed. Currently the SDAC meets at 7 PM virtually; however, there will be a discussion on returning to in-person meetings on the January 31, 2023 meeting.

A nomination form is attached. If you wish to nominate a member of your Board, please complete the form and return it to me no later than **Friday, February 15, 2023**.

Please feel free to contact me by email or phone if you have questions about this process.

Sincerely,

José C. Henríquez,
Executive Officer

Commissioners

*Sue Frost, Rich Desmond, County Members ■ Phil Serna, Alternate
Linda Budge, Sean Loloee, City Members ■ Vacant, Katie Valenzuela, Alternates
Chris Little, Public Member ■ Timothy Murphy, Alternate
Lindsey Liebig, Gay Jones, Special District Members ■ Charlea Moore, Alternate*

Staff

*José C. Henríquez, Executive Officer ■ Desirae N. Fox, Policy Analyst ■ Diane Thorpe, Clerk of the Commission
Nancy Miller, DeeAnne Gillick, Commission Counsel*



SPECIAL DISTRICT ADVISORY COMMITTEE
Nomination Form
"OFFICE B"

*Recommendation to the **SDAC Selection Committee***

In accordance with the bylaws of the Special District Advisory Committee, the
Governing Board of the _____ District
nominates _____ (Board Member)
for the following **Office "B"** position on the SDAC:

Two year term ends 12/31/24

Signature: _____
Board Chairperson

Date: _____
Please attach resume of nominee

ATTEST:

District Manager or District Secretary

Please print e-mail address

Please send completed nominations to:

José C. Henríquez
Executive Officer.
Sacramento LAFCo
1112 "I" Street; Suite 100
Sacramento CA 95814

henriquezj@saclafco.org



SPECIAL DISTRICT ADVISORY COMMITTEE
Nomination Form
"OFFICE A"

*Recommendation to the **SDAC Selection Committee***

In accordance with the bylaws of the Special District Advisory Committee, the
Governing Board of the _____ District
nominates _____ (Board Member)
for the following **Office "A"** position on the SDAC:

One year term ends 12/31/23

Signature: _____
Board Chairperson

Date: _____
Please attach resume of nominee

ATTEST:

District Manager or District Secretary

Please print e-mail address

Please send completed nominations to:

José C. Henríquez
Executive Officer.
Sacramento LAFCo
1112 "I" Street; Suite 100
Sacramento CA 95814

henriquezj@saclafco.org

**RESOLUTION WILL BE DRAFTED
BASED ON BOARD DISCUSSION**