

Exhibit to Agenda Item #4

Discuss approval of the terms by which SMUD will schedule its 24/7-shift employees and pay them shift differential so that SMUD complies with the requirements of California Code of Regulations, Title 2, sections 571(a) and 571(b) and may report such earning to the **California Public Employees' Retirement System (CalPERS)** as special compensation, as appropriate, including adoption of:

- a. Resolution to accept **Side Letter Agreement (SLA)** between SMUD and bargaining unit **SMUD Public Safety Officers' Association (PSOA)**, substantially in form attached;
- b. Resolution to accept two **SLAs** between SMUD and bargaining unit **International Brotherhood of Electrical Workers Local Union 1245 (IBEW)**, substantially in form attached; and
- c. Resolution pertaining to the schedules and shift differential payments for unrepresented Energy Trading employees working at the Real Time Desk and Energy Trading Schedulers.

Board Energy Resources & Customer Services Committee and Special
SMUD Board of Directors Meeting

Wednesday, August 20, 2025, scheduled to begin at 6:00 p.m.

Auditorium, SMUD Headquarters Building

Background

- CalPERS agencies report to CalPERS employee hours/compensation for pension purposes
- In addition to base salary, some items of compensation and some nonstandard hours are reported as “Special Compensation”
- For many years, SMUD has reported *regularly scheduled overtime* hours as special compensation for Classic Members (those hired prior to 2013). SMUD has also reported *shift differential* for 24/7 employees.
- Recently, CalPERS has been excluding the above-reported earnings for retiring SMUD employees because they are not approved in writing by SMUD’s Board.

Impacted Job Classifications

The employee groups this applies to are “shift” employees working 24/7 and include:

- Asset Protection Officers (PSOA)
- Security Operations Supervisor (PSOA)
- Security Operations Dispatcher (PSOA)
- Distribution System Operators (IBEW)
- Power System Operators (IBEW)
- Energy Traders Working the Real-Time Trading Desk (PAS)
- Energy Trading Schedulers (PAS)

SMUD's Corrective Actions

- Negotiated side letters with affected unions to document regular and reoccurring shifts and shift differential payment amounts.
- Drafted a resolution for Energy Trading employees to document the same.
- Coordinated with CalPERS to ensure the side letters will correct the documentation issues.
- Notified affected employees about the issues and proposed fixes.
- Reconfiguring its payroll system.
- Now seeking board approval of the side letters and resolution.

Anticipated Outcomes

- Board approval of the side letters will likely prompt CalPERS to include regularly scheduled overtime for Classic Members and shift differential for our 24/7 employees in their final pension determinations.
- Those who already retired and were unable to have these earnings included in their final pension determinations will be able to ask CalPERS for a redetermination to have them included.

Requested Action

- SMUD requests the Board approve the following items:
 - PSOA Side Letter Agreement
 - Two IBEW Side Letter Agreements
 - Resolution for Real-Time Traders