

# **Board Finance & Audit Committee Meeting and Special SMUD Board of Directors Meeting**

Date: Tuesday, February 17, 2026

Time: Scheduled to begin at 6:00 p.m.

Location: SMUD Headquarters Building, Auditorium  
6201 S Street, Sacramento, CA

Powering forward. Together.



# **AGENDA**

## **BOARD FINANCE & AUDIT COMMITTEE MEETING AND SPECIAL SMUD BOARD OF DIRECTORS MEETING**

**Tuesday, February 17, 2026**  
**SMUD Headquarters Building, Auditorium**  
**6201 S Street, Sacramento, California**  
**Scheduled to begin at 6:00 p.m.**

This Committee meeting is noticed as a joint meeting with the Board of Directors for the purpose of compliance with the Brown Act. In order to preserve the function of the Committee as advisory to the Board, members of the Board may attend and participate in the discussions, but no Board action will be taken. The Finance & Audit Committee will review, discuss and provide the Finance & Audit Committee's recommendation on the following agendized item(s):

### *Virtual Viewing or Attendance:*

Live video streams (view-only) and indexed archives of meetings are available at:  
<https://www.smud.org/Corporate/About-us/Company-Information/Board-Meetings/Watch-or-Listen-online>

**Zoom Webinar Link:** [Join Board Finance & Audit Committee Meeting Here](#)  
**Webinar/Meeting ID:** 160 232 8870  
**Passcode:** 676092  
**Phone Dial-in Number:** 1-669-254-5252 or 1-833-568-8864 (Toll Free)

### *Verbal Public Comment:*

Members of the public may provide verbal public comment by:

- Completing a sign-up form at the table outside of the meeting room and giving it to SMUD Security.
- Using the "Raise Hand" feature in Zoom (or pressing \*9 while dialed into the telephone/toll-free number) during the meeting at the time public comment is called. Microphones will be enabled for virtual or telephonic attendees when the commenter's name is announced.

### *Written Public Comment:*

Members of the public may provide written public comment on a specific agenda item or on items not on the agenda (general public comment) by submitting comments via email to [PublicComment@smud.org](mailto:PublicComment@smud.org) or by mailing or bringing physical copies to the meeting. Email is not monitored during the meeting. Comments will not be read into the record but will be provided to the Board and placed into the record of the meeting if received within two hours after the meeting ends.

## **DISCUSSION ITEM**

1. Matthew Powell      Discuss approving a **Memorandum of Understanding (MOU)** between the **Sacramento Municipal Utility District** and the **Organization of SMUD Employees (OSE)** for the period of January 1, 2026, through December 31, 2029.  
Presentation: 15 minutes  
Discussion: 5 minutes

## **INFORMATIONAL ITEMS**

2. Casey Fallon      Provide the Board the Quarterly Procurement Report for Fourth Quarter 2025.  
Presentation: 10 minutes  
Discussion: 10 minutes
3. Lisa Limcaco      Provide the Board with a summary of SMUD's current Power Supply Costs.  
Presentation: 3 minutes  
Discussion: 2 minutes
4. Claire Rogers      Internal Audit Services Report: 2025 Internal Compliance Program Assessment - SMUD.  
Discussion: 1 minute
5. Public Comment
6. Brandon D. Rose      Summary of Committee Direction.  
Discussion: 1 minute

*Members of the public shall have up to three (3) minutes to provide public comment on items on the agenda or items not on the agenda, but within the jurisdiction of SMUD. The total time allotted to any individual speaker shall not exceed nine (9) minutes.*

*Members of the public wishing to inspect public documents related to agenda items may click on the Information Packet link for this meeting on the [smud.org](http://smud.org) website or may call 1-916-732-7143 to arrange for inspection of the documents at the SMUD Headquarters Building, 6201 S Street, Sacramento, California.*

*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 meeting. If you need a reasonable auxiliary aid or service for effective communication to participate, please email [Toni.Stelling@smud.org](mailto:Toni.Stelling@smud.org), or contact by phone at 1-916-732-7143, no later than 48 hours before this meeting.*

*Members of the public shall have up to three (3) minutes to provide public comment on items on the agenda or items not on the agenda, but within the jurisdiction of SMUD. The total time allotted to any individual speaker shall not exceed nine (9) minutes.*

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SSS No. PSS 26-001	<h1 style="text-align: center;">BOARD AGENDA ITEM</h1> <h2 style="text-align: center;">STAFFING SUMMARY SHEET</h2>	Committee Meeting & Date Finance & Audit – 02/17/2026
		Board Meeting Date February 19, 2026

TO					TO							
1.	Matthew Powell				6.							
2.	Jose Bodipo-Memba				7.							
3.	Farres Everly				8.							
4.	Scott Martin				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
Matthew Powell					People Services & Strategies					B251	5371	02/02/2026

**NARRATIVE:**

**Requested Action:** Approve a Memorandum of Understanding (MOU) between the Sacramento Municipal Utility District and the Organization of SMUD Employees (OSE) for the period January 1, 2026, through December 31, 2029.

**Summary:** SMUD and the OSE reached Tentative Agreement on December 16, 2025, on provisions of a successor MOU to the one that expired on December 31, 2025. Key aspects of the 48-month agreement, which OSE members ratified on January 22, 2026, are below:

- Four- year contract (2026 through 2029)
- General Wage Increase: 2026 – 3.85%, 2027 – 3.85%, 2028 – 3.85%, 2029 – 3.85%
  - Equity Adjustments (inclusive of the entire job series): Engineering Designers – 4.7%, Graphic Designer – 4.0%, Information Technology Technician – 17.1%, Land Agent – 15.9%.
- Deferred Compensation Program:
  - SMUD will now match up to \$600 per year per eligible OSE employee each year, previous contract was \$400 per year.
  - SMUD will be increasing monthly direct contributions to eligible employees as follows:
    - 2026: no increase over 2025 amounts.
    - 2027: \$25 more than 2025 amounts.
    - 2028: \$50 more than 2025 amounts.
    - 2029: \$75 more than 2025 amounts.

**Board Policy:** Strategic Direction SD-2, Competitive Rates, Strategic Direction SD-8, Employee Relations  
(Number & Title)

**Benefits:** This agreement represents a total compensation package that has reasonable risk and cost sharing by both parties. The agreement successfully meets SMUD’s financial targets while maintaining competitive pay for OSE employees, safety in the workplace, employee engagement, and positive labor-management relationships.

**Cost/Budgeted:** Staff expects the cost of the agreement to be at or below budget projections.

**Alternatives:** Re-open negotiations with OSE.

**Affected Parties:** All work areas with OSE-represented employees and People Services & Strategies, Employee Relations

**Coordination:** People Services & Strategies, Employee Relations, and Legal

**Presenter:** Matthew Powell, Interim Director, People Services & Strategies

<b>Additional Links:</b>
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SUBJECT	<b>Memorandum of Understanding between SMUD and OSE</b>	ITEM NO. (FOR LEGAL USE ONLY)
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ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

**DRAFT**

# Memorandum of Understanding

Between

Sacramento Municipal Utility District

And

Organization of SMUD Employees

**2026 – 2029**

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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 Organization of SMUD Employees, hereinafter referred to as “the OSE”, 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 OSE as the exclusive representative of all employees of SMUD who are assigned to representation Unit 2, as defined in Board Resolution Number 6441. (A list of Unit 2 Classifications appears in Appendix B.) The provisions of this Agreement hereinafter set forth shall apply to those employees of SMUD for whom the OSE 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**

- 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.
- 4) Limited term employees are immediately covered by this Agreement.
- 5) 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. Non-Represented**

1) Contract Employee

A Contract Employee is a person working at SMUD who does not get paid through SMUD's employee timekeeping system. These workers are placed and paid by a temporary employment agency or contractor. A Contract Employee is "at will" and is bound by the service contract between SMUD and the Contract Employer. A Contract Employee has no entitlements under this Agreement.

2) Service Fee for Leased Employees

A Leased Employee is defined as a worker who is placed and paid by a third-party employment agency or contractor to do work for SMUD and SMUD controls who, when, and how the work is to be done. SMUD agrees to commence paying a service fee equal to a monthly OSE employee's membership dues while a Leased Employee is in an OSE position when the Leased Employee has worked continuously at SMUD more than three (3) months. The fee will be based on the fifth step of the Leased Employee's pay scale. SMUD will provide OSE with a list of Leased Employees who are in OSE positions on a monthly basis.

**3. TERM**

The term of this Agreement: January 1, 2026, through December 31, 2029.

## ARTICLE 2

### ORGANIZATION SECURITY

#### 1. DUES DEDUCTIONS

- A. Employees who voluntarily join the OSE may authorize individual payroll deductions for dues, initiation fees, and general assessments, as well as any other membership benefit program sponsored by the OSE (hereinafter collectively “dues deductions”).  
The OSE shall be responsible for maintaining records of bargaining unit employees who provide written consent to become OSE members and authorize dues deductions.  
The OSE shall certify to SMUD the identity of such members and the amount of the dues deductions to be withheld from their paychecks. The OSE is not required to provide a copy of an individual authorization to SMUD unless a dispute arises about the existence or terms of the authorization.
- B. SMUD shall deduct from the paychecks of each employee who voluntarily authorizes dues deductions as certified by the OSE, or pursuant to an authorization form tendered to SMUD by the OSE or employee, the total amount of dues certified by the OSE per month. SMUD shall promptly remit to the OSE the total amount deducted, together with a list identifying each bargaining unit employee from whom a deduction was made from their paychecks.
- C. SMUD will implement any start or change to the amount of a bargaining unit employee’s payroll deductions during the first full pay period following notification of such change by the OSE.
- D. If an employee desires to revoke, cancel or change their dues deduction authorization, SMUD shall direct the employee to the OSE. SMUD will rely on all reasonable representations from the OSE as to employee authorizations.
- E. Hold Harmless. The OSE shall indemnify, defend, and hold SMUD, its officers, agents and employees, harmless against any and all claims, demands, suits, orders, or judgments, or other forms of liability (including wages, fines, reasonable attorneys’ fees and costs associated therewith) that arise out of or by reason of action taken or not taken by SMUD for purposes of complying with any of the dues deduction provisions of this MOU.
- F. SMUD shall provide Employee Rosters for Unit 2 employees monthly at the pay cycle when union dues 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.
- G. SMUD shall notify the OSE 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 OSE may resume collection of OSE dues.

## **2. OSE RELEASE TIME**

- A. Officers and Directors. Once each calendar year during the month of January, the OSE shall provide SMUD with a list of the OSE Officers and Directors. In meeting both the organizational business needs and the employee representation obligations of the OSE, the OSE may allocate release time and OSE duties among these key individuals.
  - 1) SMUD shall make arrangements to accommodate requests from OSE 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) An OSE representative's time spent conducting OSE business should be charged to the appropriate Work Order Number.
- B. OSE Leave Bank. SMUD and the OSE agree to establish an OSE Leave benefit and create an OSE Leave Bank to support it.
  - 1) OSE Leave is paid leave that may be utilized by OSE members to conduct OSE business and/or to attend seminars, conferences, conventions, or other meetings at the local, state and national level. An OSE member who is designated by the OSE President or, in the President's absence, the Vice President, may take OSE Leave subject to the advance approval of the employee's immediate supervisor.
  - 2) To establish and maintain the OSE Leave Bank, a Unit 2 employee may contribute some or all of the employee's accumulated annual leave or compensatory time off to the OSE subject to the following conditions:
    - a) A Unit 2 employee may contribute to the OSE Leave Bank in one (1) hour increments consisting of one (1) or more hours;
    - b) When donated, leave shall be credited to the OSE Leave Bank at the current hourly rate of the donating employee;
    - c) When used, the OSE Leave Bank shall be debited at the current hourly rate of the employee using the leave;
    - d) The OSE Leave Bank account shall be designated by SMUD and OSE leave taken shall be charged to the appropriate Work Order Number.

## **3. USE OF SMUD FACILITIES**

- A. Bulletin Boards – The OSE shall be provided a reasonable amount of bulletin board space in specifically designated areas for posting organization bulletins. The OSE shall be responsible for removing out-of-date materials, but SMUD reserves the right to remove out-of-date or prohibited material.
  - 1) The OSE shall provide up to twenty-five (25) bulletin boards to be installed by SMUD at mutually agreeable locations.
- B. Inter-Office Mail – The OSE shall be allowed to use SMUD's inter-office mail to communicate with OSE represented employees. OSE mail shall be pre-sorted by mail stop.

C. Internal Email – The OSE shall be allowed to use SMUD’s internal email system to communicate with OSE represented employees.

- 1) The OSE President and Vice President are the only OSE members authorized to use SMUD's internal email systems (e.g., Outlook) to send no-reply notices to the OSE membership.
- 2) Email notices shall not contain any confidential information and shall be in the nature of announcements regarding OSE activities (i.e. OSE membership meetings, OSE election results, OSE meeting minutes and reports, OSE social events, and OSE 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 OSE membership.
- 5) A maximum of 52 no-reply notices may be sent to the OSE membership per calendar year, with the understanding that this allowance for OSE 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 OSE, subject only to SMUD’s established procedures for the reservation and use of such facilities by SMUD’s internal organizational units.
- 2) OSE representatives shall be granted reasonable access to work locations to engage in those activities necessary to the representation of employees assigned to Unit 2.

#### **4. UNION BUSINESS LEAVE**

SMUD and the OSE agree to establish an OSE Leave Benefit in addition to the OSE Leave Bank.

- A. OSE Leave is leave that may be utilized by OSE members to conduct OSE business and/or to attend training, seminars, conferences, conventions, or other meetings at the local, state and national level.
- B. Requests for OSE 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 OSE. Such requests shall be made by the OSE 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 OSE Leave.

- D. The OSE shall be reimbursed for any documented expenses and/or loss of money resulting from SMUD's action, provided the OSE informs SMUD of the pending loss at the time the OSE is requested to cancel the leave.
- E. Employees utilizing OSE Leave shall remain on SMUD's payroll and shall continue to receive CalPERS contributions and service credit. Employees on OSE Leave shall suffer no loss of compensation, benefits, or loss of seniority.
- F. The OSE shall reimburse SMUD for the employee's salary and fringe benefits at the then current activity rate for their position while the employee is on OSE Leave. The OSE shall provide such reimbursement within thirty (30) calendar days following receipt of invoice.
- G. The OSE 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. Where payments are made to SMUD employees under a workers' compensation or disability benefits law for bodily injury or death arising out of or in any way connected with the program described herein, the OSE shall make full and complete reimbursement to SMUD to the extent such payment increases SMUD's workers' compensation or disability benefit costs, whether such increase in cost occurs in the form of an increase in premiums or contributions, reduction in dividends or premium refunds, or otherwise.
  - 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 OSE shall indemnify and hold harmless SMUD under this Section, SMUD shall promptly notify the OSE thereof, and the OSE 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 OSE 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. OSE ACCESS TO NEW EMPLOYEE ORIENTATIONS**

SMUD shall notify the OSE 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 OSE shall be afforded thirty (30) minutes during the NEO to present information about the OSE to new OSE employees.

## **ARTICLE 3**

### **HOURS OF WORK**

#### **1. BASIC WORK WEEK**

The normal work week consists of seven (7) consecutive twenty-four (24) hour periods beginning at 12:00 a.m. on Saturday and ending the following Friday at 11:59 p.m. 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.

#### **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 an unpaid meal period approximately midway through the work day.

B. Alternate Work Schedules – Alternate work schedules may be made available to employees subject to the operational needs of SMUD. Alternate work schedules are as follows:

##### **1) 9/80 Work Schedule**

a) The biweekly work schedule shall consist of eight (8) work days of nine (9) hours per day and one (1) work day of eight (8) hours paid at the straight-time rate, with an unpaid meal period approximately midway through the work day. Each biweekly work period shall include five (5) days off.

b) Normal days off each biweekly work period are Saturdays, Sundays and one (1) alternate day off. SMUD shall determine which days of the week are acceptable for use as an alternate day off based on operational requirements.

(1) Initially, employees within a designated work group shall be allowed to request their preferred alternate day off schedule based upon their SMUD seniority and subject to SMUD approval.

(2) When a vacant position is being filled within a designated work group, the open alternate day off shall be offered to eligible employees based on their SMUD seniority pursuant to Section 2.B.1)b)(1) of this Article.

c) Work schedules and alternate days off may be changed subject to the following:

(1) SMUD may change work schedules and/or alternate days off as deemed necessary, provided that thirty (30) calendar days written notice is given to the affected employee(s).

(2) Employees may request to change their alternate day off or may request to change to a 4/10 work schedule subject to SMUD approval.

(3) Employees may revert to a 5 day/8 hour per day work schedule at any time during the year, provided they give thirty (30) calendar days written notice (unless this is waived by SMUD) and receive approval from SMUD.

- (4) Work schedule and/or alternate day off changes made in accordance with this Section shall be for no less than a pay period and shall be subject to the provisions of Section 4.C.2 of this Article.

## 2) 4/10 Work Schedule

- a) The biweekly work schedule shall consist of eight (8) work days of ten (10) hours per day, paid at the straight-time rate with an unpaid meal period approximately midway through the work day. Each biweekly work period shall include six (6) days off.
- b) Normal days off each biweekly work period are Saturdays, Sundays and one (1) alternate day off in each of the two (2) weeks. SMUD shall determine which days of the week are acceptable for use as alternate days off based on operational requirements.
  - (1) Initially, employees within a designated work group shall be allowed to request their preferred alternate day off schedule based upon their SMUD seniority.
  - (2) When a vacant position is being filled within a designated work group, the open alternate day off shall be offered to eligible employees based on their SMUD seniority subject to Section 2.B.2)b)(1) of this Article.
- c) Work schedules and alternate days off may be changed subject to the following:
  - (1) SMUD may change work schedules and/or alternate days off as deemed necessary, provided that thirty (30) calendar days written notice is given to the affected employee(s).
  - (2) Employees may request to change their alternate day off or may request to change to a 9/80 work schedule subject to SMUD approval.
  - (3) Employees may revert to a 5 day/8 hour per day work schedule at any time during the year, provided they give thirty (30) calendar days written notice (unless this is waived by SMUD) and receive approval from SMUD.
  - (4) Work schedule and/or alternate day off changes made in accordance with this section shall be for no less than a pay period and shall be subject to the provisions of Section 4.C.2) of this Article.

## 3) Participation in Alternate Work Schedules

- a) An employee's eligibility for participation in an alternate work schedule shall be determined by SMUD based on operational requirements.
- b) An employee's participation in an alternate work schedule is voluntary.

## 4) Continuation of Alternate Work Schedules

It is the intent of SMUD and the OSE to work together to resolve any unforeseen problems that may arise regarding the administration of alternate work schedules. The 9/80 and/or 4/10 alternate work schedule program shall be continued only with mutual agreement between SMUD and the OSE. Either party may request in writing to discontinue an alternate work schedule. Absent an agreement to do otherwise, the

alternate work schedule shall be terminated thirty (30) calendar days following receipt of the written request.

C. Special Work Schedules – Special work schedules are different from normal or alternate work schedules. They include the following:

- 1) A schedule that requires employees to work Tuesday through Saturday.
- 2) A schedule that requires employees to work one-half day on Saturday with an equivalent number of hours off during the same work week.
- 3) Other special work schedules may be established by mutual agreement between SMUD and the OSE when the work schedules identified in Sections 2.A and 2.B of this Article are insufficient to meet established business needs.

D. Service Dispatchers

- 1) Employees assigned to this classification within DSO receive a wage premium, equal to 10% of the hourly rate assigned to the top step of the Computer Operator Specialist II pay range, applied to all hours worked.
- 2) Employees working the relief week can be assigned for the relief of any shift with or without advance notice.
- 3) These sections do not apply to employees covered in this section: Article 3, Section 4.C.4, Article 6, Section B, and Article 7, Section 1.

### **3. MEAL PERIODS**

Employees shall receive either a one-half (½) hour or one (1) hour meal period approximately midway through their regular workday. Except as provided in Section 4.B.3) of this Article, meal periods shall be unpaid.

Employees who are scheduled to work six (6) hours or less are not required to take a meal break.

### **4. SHIFTS AND START TIMES**

A. Shifts are as follows:

- 1) First Shift – Regularly scheduled to begin between the hours of 4:00 a.m. and 11:59 a.m.
- 2) Second Shift – Regularly scheduled to begin between the hours of 12:00 noon and 7:59 p.m.
- 3) Third Shift – Regularly scheduled to begin between the hours of 8:00 p.m. and 3:59 a.m.

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), or ten (10) hour work day during which employees are permitted to eat a meal on SMUD time.

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. MAKE-UP TIME FOR PERSONAL BUSINESS**

The following Make-Up Time for Personal Business Policy shall apply for full-time and part-time Unit 2 employees:

- A. Make-up time is a mechanism for full-time and part-time employees to take four (4) hours or less time off to attend to the occasional personal obligation or medical appointment that the employee is generally not able to complete outside of normal business hours. Make-up time is not intended to substitute for tardiness, to be used in conjunction with vacation time off, or to create a permanent work schedule change. The daily overtime provisions of this MOU do not apply to approved make-up time worked.
- B. Make-up time must be worked and used in fifteen (15) minute increments and is limited to no more than four (4) hours in a work week. Employees working make-up time are not authorized to work more than twelve (12) total hours in a day, including regular and make-up hours. (Example: 8 regular hours + 4 make-up hours; 9 regular hours + 3 make-up hours; and 10 regular hours + 2 make-up hour).
- C. Request Procedure: Employees must provide a signed written request to their supervisor for each occasion they want to work make-up time using the Make-Up Time for Personal Business Request Form (SMUD-3503). The request must be made prior to the performance of the make-up work. The request must also include the date and hours the employee wants to take off. Both the make-up hours and time off must be in the same work week. The supervisor may then choose to grant or deny any request to work make-up time.

## **ARTICLE 4**

### **WAGES**

#### **1. PAY PERIODS/PAYDAYS**

##### **A. Pay Periods**

- 1) A pay period for 5/8 and 4/10 work schedules is fourteen (14) consecutive days beginning at 12:00 a.m. on Saturday and ending at 11:59 p.m. on Friday.
- 2) The pay period for the 9/80 work schedule set forth in Article 3, Section 2.B.1) is the fourteen (14) consecutive-day period applicable to the specific 9/80 work schedule pattern of an employee. Refer to Appendix A for examples of 9/80 work schedule patterns.

##### **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. WAGE SCHEDULE PROGRESSION FOR SLANT LINE/FLEX CLASSIFICATIONS**

When pay grades are designated as Slant Line/Flex classifications, movement to the next higher classification within the series is based upon a specified amount of time, as reflected in the classification specification, in the lower classification and satisfactory job performance as reflected in a completed performance evaluation.

OSE Slant Line/Flex classifications that existed prior to the 2010 revision of the Civil Service Rules are as follows:

COMPUTER OPERS SPCLST (E)  
COMPUTER OPERS SPCLST (J)

CONSTR MGMT INSPCTR I  
CONSTR MGMT INSPCTR II  
DRAFTING TECH I  
DRAFTING TECH II  
DOC RECORDS SPCLST I  
DOC RECORDS SPCLST II  
ENERGY SPECIALIST (E)  
ENERGY SPECIALIST (J)  
ENGINEERING DES I  
ENGINEERING DES II  
ENGINEERING DES III  
ENGINEERING TECH (E)  
ENGINEERING TECH (J)  
GENERATION DES I  
GENERATION DES II  
GENERATION DES III  
LAND AGENT – A  
LAND AGENT – B  
LAND AGENT – C

OSE Slant Line/Flex classifications created after the 2010 revision of the Civil Service Rules are as follows:

IPPS SPCLST I  
IPPS SPCLST II  
GIS DATA TECH (E)  
GIS DATA TECH (J)

#### **4. 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, limited-term full-time and part-time employees assigned to a classification with established pay steps shall be considered for merit increases at every twenty-six (26) weeks.
- 2) 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.
- 3) Leaves of Absence without Pay – A leave of absence without pay in excess of thirty (30) calendar 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 action in Employee Central 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.

**5. WAGE ADJUSTMENTS**

- A. Effective the first pay period for the 2026 payroll year, SMUD shall provide a wage increase of **3.85%** for all Unit 2 classifications.
- B. Effective the first pay period for the 2027 payroll year, SMUD shall provide a wage increase of **3.85%** for all Unit 2 classifications.
- C. Effective the first pay period for the 2028 payroll year, SMUD shall provide a wage increase of **3.85%** for all Unit 2 classifications.
- D. Effective the first pay period for the 2029 payroll year, SMUD shall provide a wage increase of **3.85%** for all Unit 2 classifications.

#### E. Equity Adjustments

1. Effective the first pay period for the 2026 payroll year, and prior to any general wage adjustments, the wage rates for employees in the following job classifications, and all classifications related or tied to these classifications (e.g. classification series) will be increased to the median as specified below:

Job Classification	2026 Equity Adjustment
Engineering Designer	4.7%
Graphic Designer	4.0%
Information Technology Technician	17.1%
Land Agent	15.9%

2. SMUD and OSE agree to review the following classifications beginning no later than June 30, 2026, to determine whether the duties performed by employees are sufficiently distinct or unique to warrant the splitting and/or creation of new classifications and/or differentiation for purposes of compensation:
  - Customer Services Representative
  - Service Dispatcher
3. Upon request of OSE the parties agree to meet and confer to determine the comparable classifications that will be used in any future salary surveys.

#### 6. FUTURE SALARY SURVEYS

SMUD and the OSE agree that the list of agencies/companies contained in Appendix C shall be used for Classification and Pay Studies of Unit 2 positions conducted during the term of this Agreement, unless the parties mutually agree to modify the list in writing.

## **ARTICLE 5**

### **OVERTIME**

#### **1. DEFINITION**

Overtime is time worked in excess of the regularly scheduled eight (8), nine (9), or ten (10) hour work day or beyond the regularly scheduled work week or time worked on a holiday. For purposes of determining overtime compensation, all paid leave hours shall count as hours worked. Overtime work requires prior SMUD approval.

#### **2. 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 is 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 as follows:
  - 1. Each department that assigns overtime will maintain a list of employees within each classification identifying the total number of overtime hours worked and turned down by each employee. The list will be ordered from lowest amount of overtime worked or turned down to the highest amount of overtime worked or turned down. The list will be updated every pay period.
  - 2. When noticing employees to work overtime, the employee with the lowest amount of overtime worked or turned down will be offered the first opportunity to work the overtime.
  - 3. Employees who work or turn down an overtime assignment will be credited with the number of overtime hours associated with the assignment.
  - 4. Subsequent overtime assignments will be offered to the employee with the next lowest amount of overtime worked or turned down.
  - 5. Employees who are off work on leave will not be asked or required to work overtime while on leave and will not be credited with turned down overtime hours while on leave.
  - 6. If overtime is needed on a paid holiday, employees who turn down the overtime will not be credited with the turned down hours.
  - 7. Employees who are already scheduled for pre-arranged overtime will not be called.

In the absence of qualified volunteers, the supervisor may either assign employees within the applicable work group/division or may seek other volunteers pursuant to Sections 2.B and 2.C of this Article.

- B. Overtime is next allocated to qualified volunteers within the classification assigned to other work groups/divisions.
- C. Overtime is next allocated to other qualified volunteers.

### **3. ELIGIBILITY**

A. Employees are entitled to overtime compensation as follows:

- 1) All full-time employees are eligible to work overtime pursuant to Section 1 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), nine (9), or ten (10) 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.

### **4. CASH COMPENSATION/COMPENSATORY TIME OFF**

A. Except as otherwise provided herein, all overtime shall be paid in cash at two times (2x) the straight time hourly rate of pay. The double time rate of pay also shall apply to overtime worked on holidays and is payable in addition to normal holiday pay.

B. Employees may elect to earn compensatory time off (CTO) in lieu of cash solely at the employee's option.

- 1) CTO shall be earned at the rate of two (2) hours accrued for each hour of overtime worked. Accumulated CTO may not exceed forty (40) hours. CTO credits that have not been used by the end of payroll period 21 shall be paid to the employee on payroll period 22 at the employee's current effective base pay.

For purposes of this provision, the CTO year shall be the beginning of payroll period 22 through the end of payroll period 21 of the following year.

- 2) CTO may be used in fifteen (15) minute increments and must be exhausted before annual leave may be used. Use of CTO shall be at a time approved by SMUD and shall not be unreasonably denied.

### **5. MINIMUM OVERTIME GUARANTEES**

A. Emergency Call-Out – When employees are called for an emergency, 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 overtime rate for the actual overtime hours worked, but shall receive a minimum of two (2) hours overtime compensation.
- 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.
- 3) When an employee is called out to work more than once in a 24-hour period from midnight to midnight, the two (2) hour minimum shall be paid only for the first call-out. For subsequent call-outs, the employee shall 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 overtime

compensation whether or not they are actually needed. Prearranged overtime may be cancelled with one (1) hour advance notice to the employee.

- C. Early Call-In – Employees who are called into work early shall be paid at the overtime rate for the actual hours worked during the early call-in.

## **6. MAXIMUM OVERTIME ALLOWED**

Employees normally are not allowed to work more than sixteen (16) consecutive hours or any combination of sixteen (16) 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 following completion of their regularly scheduled work day (i.e., overtime worked back-to-back with regularly scheduled hours) are entitled to an 8.5 consecutive hour rest period prior to the start of their next regularly scheduled work day. Employees who do not receive 8.5 hour rest period prior to the start of their next regularly scheduled work day will delay the start time of their next regularly scheduled work day by the number of hours necessary to equal an 8.5 hour rest period.
- B. Special Rest Periods – SMUD may approve a special four (4) hour rest period for an employee who has worked four (4) or more overtime hours in the eight (8) hours immediately preceding their regular start time due to an emergency call-out and the timing of the call-out has prevented the employee from getting sufficient rest.
- C. 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) Employees shall not be compensated for lunch periods that fall within designated rest periods.
  - 3) 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 overtime rate of pay until the rest period is provided.
- D. 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 CTO, annual leave, or leave without pay.

## **8. CHANGES IN MEAL PERIODS**

- A. SMUD may alter an employee's normal meal period for the following reasons:
  - 1) When work must be performed during a time convenient to the customer;
  - 2) When work must be performed because of an interruption of utility service or other emergency; or,
  - 3) When work must be performed to eliminate a hazard to life or property.

- B. If an employee's normal meal period is altered, but the employee can be given a meal period within one (1) hour or less of the normal time, the employee shall not receive overtime compensation for the meal period.
- C. If an employee is unable to take a meal period within one (1) hour of their normal meal period, the employee shall be paid at the overtime rate for the time worked during the employee's normal meal period. The employee also shall be allowed reasonable time to eat a meal on SMUD time.

## **ARTICLE 6**

### **WAGE PREMIUMS**

#### **1. SHIFT DIFFERENTIAL**

##### **A. Eligibility**

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

##### **B. Shift Differential Wage Premiums**

###### **1) Second Shift**

Employees who are assigned to work the second shift shall receive a shift differential wage premium equal to 6% of the hourly rate assigned to the top step of the Computer Operator Specialist II pay range.

###### **2) Third Shift**

Employees who are assigned to work the third shift shall receive a shift differential wage premium equal to 8% of the hourly rate assigned to the top step of the Computer Operator Specialist II pay range.

###### **3) Relief/Rotating Shift**

Employees who are assigned to work relief/rotating shifts shall receive a shift differential wage premium equal to 10% of the hourly rate assigned to the top step of the Computer Operator Specialist II pay range.

##### **C. Shift Differential Wage Premium Payments**

- 1) Any shift differential payable to an employee based upon their regularly scheduled hours of work also shall be paid for any time worked immediately before or following the employee's regular work hours.

Example: If the employee's regularly scheduled work hours are 3:30 p.m. to 11:30 p.m. and they work from 3:30 p.m. to 1:30 a.m., the second-shift differential wage premium shall be paid for the entire work period.

- 2) When an employee is required to work a full, regularly established shift other than their own regularly established shift, the employee shall be paid the shift differential wage premium that is applicable to the shift in progress at the start of such work.

Example: If the employee's regularly scheduled work hours are 3:30 p.m. to 11:30 p.m. and their hours are changed for one (1) day to the established 1 a.m. to 9 a.m. shift, the employee shall be paid the third-shift differential wage premium for the entire work period.

- 3) 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 2 employee when such an employee is directed to assume duties and responsibilities of a higher classification.

Assignments to higher classifications exceeding fifteen (15) working days from the first day of the assignment require a temporary upgrade action. 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 2 classification, such employee shall be paid at the first step within the higher classification that provides a minimum of 2.5% above their current effective base 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 effective base pay.

## **3. FINANCIAL AND SAFETY INCENTIVES**

- A. SMUD may periodically institute a financial and/or safety incentive program. SMUD shall determine incentive payment amounts and the goals that must be achieved in order to qualify for an incentive payment.
- B. An employee shall be eligible to receive financial and safety incentive payments if the employee was in a paid status for at least 50% of the period covered by the program.
- C. An employee shall be eligible for a financial incentive payment if SMUD attains its financial goals for the period covered by the program.
- D. An employee shall be eligible to receive a safety incentive payment when SMUD attains its safety goals and the employee meets the following requirements during the period covered by the program:
  - 1) The employee did not have a lost time accident; and,
  - 2) The employee has not had a preventable vehicle accident.
- E. SMUD may grant periodic safety recognition and/or safety getaway awards. An employee shall be eligible to receive such awards if they meet the following requirements during the period covered by the program:
  - 1) The employee is a permanent employee;
  - 2) The employee has attended all scheduled safety meetings, or has been excused from attending some or all scheduled safety meetings;
  - 3) The employee has had no preventable vehicle accident or any other accident due to a work rule safety violation;
  - 4) The employee is not on a follow-up drug/alcohol testing program as a result of a “for cause” initial screening; and,
  - 5) The employee is in compliance with any Substance Abuse Rehabilitation Program requirements, if applicable.

#### **4. NOTIFICATION OF INCENTIVE PROGRAMS**

SMUD shall notify the OSE 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 2 employees. All rewards recognition and incentive program payments shall comply with the provisions of 29 C.F.R. § 778.331.

## **ARTICLE 7**

### **ON-CALL PAY**

#### **1. REGULAR ON-CALL STATUS**

- A. Regular On-Call status is defined as a status whereby an employee is required to remain fit for duty, be reachable, and readily available to report for work in an emergency situation twenty-four (24) hours per day for a specified time period. Regular On-Call status will typically span a period of seven (7) consecutive days.
- B. Employees assigned to Regular On-Call status shall be compensated as follows:
  - 1) An employee who is required to serve in an on-call status shall be compensated at the rate of two (2) hours of straight time pay for each day on call.
  - 2) On-Call compensation shall be paid in addition to any overtime compensation for time worked.

#### **2. SHORT NOTICE ON-CALL STATUS**

- A. Short Notice On-Call status is defined as an assignment that is intended to meet short term staffing needs during storms, earthquakes and other emergency situations when SMUD has determined that the Regular On-Call staffing is inadequate to meet the operational (power restoration) needs of SMUD. Short Notice On-Call assignments are not expected to last more than six (6) consecutive days.
- B. Employees may be assigned to Short Notice On-Call status as follows:
  - 1) Employees shall be notified that they are being placed on Short Notice On-Call as early as possible but no later than the end of their regular workday. Such assignments shall be for one (1) day unless otherwise indicated.
  - 2) Employees so assigned must provide telephone and/or pager numbers at which they may be reached. SMUD shall provide telephones/pagers as needed.
  - 3) Employees assigned to Short Notice On-Call status shall be expected to remain fit for duty, be reachable by telephone or pager, and be available to respond to a call-out in a reasonable (i.e., typically within thirty (30) minutes of call-out) amount of time.
- C. Employees assigned to Short Notice On-Call status shall be compensated as follows:
  - 1) An employee who is required to serve in a Short Notice On-Call status shall be compensated for two (2) hours of pay at the regular straight time rate of pay for each day so assigned.
  - 2) Short Notice On-Call compensation shall be paid in addition to any overtime compensation for time worked.

## **ARTICLE 8**

### **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 and Part-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 annual leave for Full-Time employees and four (4) additional hours of annual leave for Part-Time employees and may be carried over from year to year in the same manner and with the same limits as accumulated annual leave.

SMUD shall approve the use of a floating holiday, or a day of annual leave for any Unit 2 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 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.

##### **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**

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.

###### **2) Part-Time Employees**

Part-time employees who are regularly scheduled to work twenty (20) or more hours and less than forty (40) hours per week (including overtime) are eligible for holiday pay as follows:

- a) On each holiday, four (4) hours of holiday pay shall be credited to the employee, whether or not they are scheduled to work that day.

#### B. Regular Holiday Pay

- 1) When a holiday falls on an employee's regularly scheduled workday, the employee will be given the day off and will be compensated for the number of hours the employee is regularly scheduled to work on that day. When a holiday is observed on an employee's regular day off, the employee is credited with 8 hours of annual leave.
- 2) When an employee is assigned to an Alternate Work Schedule and a regular holiday falls on their regularly scheduled work day, the employee shall be given the day off and shall be compensated for the number of hours (8, 9, or 10) they were regularly scheduled to work. If the holiday is observed on an employee's alternate day off, the employee shall be credited with eight (8) hours of annual leave.
- 3) When an employee is assigned to a Special Work Schedule and the holiday is observed on their regular day off, SMUD shall have the option to either grant the employee another work day off with pay or pay the employee one (1) day of additional pay at the straight time rate of pay.
  - a) If an employee is regularly assigned to a schedule in which Monday is a non-work day (not a rotating shift employee), holidays are treated as follows:
    - (1) When the holiday falls on a Monday, the affected employee shall observe the holiday on the following Tuesday.
    - (2) When the holiday falls on a Sunday, the affected employee shall observe the holiday on the preceding Saturday.
  - b) In the event an employee is simultaneously assigned to a Special Work Schedule and an Alternate Work Schedule, such employee shall be compensated for the number of hours (8, 9, or 10) they were regularly scheduled to work on the holiday. If the holiday is observed on the employee's alternate day off, the employee shall be credited with eight (8) hours of annual leave.
- 4) Employees who work on a holiday shall be paid at the overtime rate of pay for the hours worked in addition to holiday pay as specified above.

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

- 1) When granted by the CEO/General Manager, full-time and limited-term employees are eligible for four (4) hours of leave and part-time employees are eligible for two (2) hours of leave. Casual employees are not entitled to special holiday pay.
- 2) 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.
- 3) 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.
- 4) In lieu of additional Special Holiday Pay, an employee may choose to be credited with the equivalent amount of annual leave.

- 5) 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 annual leave.

## **ARTICLE 9**

### **BENEFITS**

#### **A. ELIGIBILITY**

A. Full-Time and Part-Time Unit 2 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. Benefits for Limited Term employees are listed in Appendix E of this Agreement.

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 who add dependents. Employee contributions for registered domestic partners and their dependent children may be deducted on an "after-tax" basis subject to all applicable federal and state statutes and Internal Revenue Code requirements.
- 3) All participants and eligible dependents must meet the same eligibility requirements as other eligible participants and dependents as stipulated in SMUD's policies and in accordance with SMUD's health plan contracts.

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

#### **B. HEALTH INSURANCE**

A. SMUD will provide the following medical plan options to all eligible Unit 2 employees:

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

Eligible Fresh Pond Unit 2 employees may use the EC-OC (zip code 95827) as their primary place of work when enrolling in a SMUD HMO medical plan option if needed.

The maximum medical co-payments under the High Premium HMO plans will be as follows:

Services	Co-payment Maximums
Physician's Office	\$45
Vision and Hearing	\$45
Surgery Outpatient	\$45
Emergency Room	\$155
Hospitalization	\$250
Chiropractic Service	\$45
Mandatory Generic	\$25
Brand Name	\$65
Mail Order	100 day supply- 2 co-payments

Employees should refer to the OSE 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, 2022, Unit 2 Full-Time employees enrolled in SMUD medical plans will contribute a premium cost share as follows:
  - HMO plans: **12.5%**
  - High Deductible Health Plan (HDHP) plans: **6%**
  - PPO plan (closed to new enrollees): **30%**
- 2) SMUD will provide Unit 2 employees enrolled in the HDHP medical plan with an annual contribution to a Health Savings Account (HSA) on January 1 of each year, as follows:

\$1200 (employee only) or \$2,400 (employee with covered dependent{s}).

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 2 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.
- 3) Limited-Term and Part-Time employees enrolled in SMUD HMO medical plans will contribute **17.5%** as the employee premium cost share and for those enrolled in a PPO plan, they will contribute **30%** as the employee premium cost share.
- 4) All Unit 2 employee premium contributions shall be as pre-tax payroll deductions.

- 5) Employees who participate in SMUD's Health Assessment Program (HAP) and fulfill the program requirements will receive a lump-sum payment of \$180 paid in the last period of the payroll year. 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.
- 6) These contributions shall not change during the life of the contract unless the parties mutually agree to do so in writing.
- 7) SMUD and the OSE shall establish and participate in a Health & Welfare Advisory Committee for the purpose of cooperatively discussing and exploring various insurance providers, insurance plans, and creative designs to maximize optimal use of healthcare resources

The Health & Welfare Advisory Committee memberships all consist of a minimum of two (2) and a maximum of four (4) representatives each from SMUD and the OSE. By mutual agreement, the Health & Welfare Advisory Committee may also include an equal number of representatives from the IBEW.

The Health & Welfare Advisory Committee will meet on at least a quarterly basis (more often by mutual consent). The Committee may participate in the Request for Proposal ("RFP") processes involving healthcare. The Committee may also review current healthcare benefits and submit a recommendation regarding such benefits when a majority of the Committee membership agrees on a recommendation. The recommendation shall be presented directly to either the Director, People Services & Strategies or the Chief Workforce Officer, as appropriate.

Each party shall designate one representative to be its Chair. The respective Chairs are responsible for the conduct and decorum of meetings. The respective Chairs shall jointly determine the date, time, anticipated duration and location of Health & Welfare Advisory Committee meetings. They will exchange and discuss prospective agenda items at least two weeks in advance of a committee meeting and set the order of the agenda topics at that time. Additional topics for discussion may be added to the agenda later by mutual consent of the Chairs. Meetings will follow the agenda developed in advance. The parties may also mutually agree upon additional meetings. In addition, the respective Chairs are responsible for maintaining open lines of communication between Committee meetings to exchange information on new or developing issues, discuss the progress of Committee business, and plan for forthcoming meetings.

The respective Chairs shall determine the method and person responsible for the recording of the minutes of the meeting. The minutes of meetings will summarize the discussion that occurred and any recommendations to which a majority of the committee members agree and be signed by the respective Chairs of the Health & Welfare Advisory Committee meetings. The minutes of the meetings will not be introduced into any grievance hearing.

The parties agree that when an issue is unresolvable or unable to be redirected to another forum, and that, after a minimum of three attempts, there is no purpose to be gained by further discussion, the parties will agree to disagree and cease discussion of the issue.

#### 8) Medical/Dental/Vision Opt-Out

Employees who opt out of SMUD medical insurance will receive a monthly cash payment of \$200 (reportable as taxable income). To be eligible the employee must provide evidence of other medical insurance outside of SMUD. Employees who previously opted out of SMUD medical insurance, and are covered under a SMUD plan, will continue to be eligible for the opt-out payment, so long as there is no break in receiving the opt-out payment. Employees who opt out of dental and/or vision coverage will receive a monthly cash payment of \$15 for dental and \$5 for vision (reportable as taxable income).

#### C. Agreement to Meet and Confer

Either SMUD or OSE may request to meet and confer regarding health care coverage during the term of this agreement. SMUD may re-open negotiations on the subject of the Affordable Care Act (ACA) or its impacts. If, during the term of the MOU, the legal requirements of the ACA have an impact on SMUD rights and obligations regarding health benefits for OSE employees (e.g. the Cadillac Tax), SMUD and the Union agree to re-open Article 9 Benefits, in order to meet and confer over such impacts.

#### D. Retiree Medical Plan Contributions

Employees who retire 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. Employees who are terminated for cause are not eligible to participate in SMUD-sponsored medical plans (except to the extent permitted by COBRA or similar state or federal law) and shall not be entitled to SMUD premium contributions.

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 July 1, 1991, 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 July 1, 1991, and before January 1, 2006, 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, 2006, 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

### **C. DENTAL PLAN**

A. 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. The maximum benefit per year remains at \$1,500 per person.

- 1) SMUD shall cover 100% of the premium for the SMUD Traditional Plan for each Full-Time employee.
- 2) Eligible OSE Part-Time (regularly scheduled to work 20 or more hours and less than 40 hours per week {including overtime}) and Limited-Term employees enrolled in the SMUD Traditional Plan shall contribute a premium cost share of 15%.
- 3) Eligible OSE employees have the ability to select a buy-up plan with the additional cost being borne by the OSE employee.

B. SMUD contributions for retirees:

Employees who retire 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 and receive the same dental benefits provided to active employees at SMUD's expense. Employees who are terminated for cause are not eligible to participate in SMUD-sponsored dental plans (except to the extent permitted by COBRA or similar state or federal law) and shall not be entitled to SMUD premium contributions.

### **D. VISION PLAN**

- A. SMUD shall provide vision coverage to eligible employees and their dependents pursuant to SMUD's existing contract with Vision Service Plan.
  - 1) SMUD shall cover 100% of the premium for the SMUD Traditional Plan for each eligible Full-Time employee.
  - 2) Eligible OSE Part-Time (regularly scheduled to work 20 or more hours and less than 40 hours per week {including overtime}) and Limited-Term employees enrolled in the SMUD Traditional Plan shall contribute a premium cost share of 15%.
  - 3) Eligible OSE employees have the ability select a buy-up plan with the additional cost being borne by the OSE employee.

#### **E. LIFE INSURANCE PLAN**

- A. SMUD shall continue to 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.
  - 3) For Part-Time employees, the base pay for computing life insurance cost and coverage amounts is 50% of the equivalent salary (rounded up to the nearest \$5,000) for a Full-Time employee.
- 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.

#### **6. 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 2 employee.
  - 2) Eligible employees may purchase additional long-term disability coverage pursuant to the provisions of SMUD's Long-Term Disability Plan.

- 3) For eligible part-time employees, both costs and benefits are calculated pursuant to the provisions of SMUD's Long-Term Disability Plan, as described in the flexible benefit plan documents.

## **7. 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.

## **8. FLEXIBLE BENEFITS PLAN**

- A. SMUD shall provide eligible employees a flexible benefits plan pursuant to Section 125, of the Internal Revenue Code. The flexible benefits plan shall, at a minimum, include the following pre-tax dollar accounts: medical; dental; vision; long-term disability (high option); short-term disability; employee life insurance; dependent care reimbursement account; and, health care reimbursement account.
  - 1) Employees enrolled in the dependent care reimbursement account and/or health care reimbursement account shall be charged a monthly administration fee as determined by the plan administrator.
- B. All contributions made by SMUD on behalf of eligible employees and their dependents pursuant to Sections 1 through 7 of this Article shall be deposited into the employee's flexible benefits account as flex credits.
  - 1) Each employee may allocate their flex credits subject to the following:
    - a) Except as provided below, employees must purchase medical, dental, vision, and basic long-term disability plan coverage.
    - b) Employees who can provide proof of alternative medical, dental or vision coverage will be given their flex credits in cash. For the purpose of this paragraph, one (1) flex credit is equal to one (1) dollar.
- C. If the monthly total of the pre-tax options selected by an employee exceeds their available flex credits, the difference shall be paid by the employee on a monthly basis in the form of a pre-tax payroll deduction.
- D. If the monthly total of the pre-tax options selected by an employee is less than their available flex credits, the difference shall be paid to the employee on a monthly basis as additional taxable income.

## **9. EXTENDED COMPENSATION**

- A. If an employee is temporarily disabled due to an on-the-job injury or illness, SMUD shall offer extended compensation to supplement their temporary disability payments, in lieu of sick/annual leave supplement pursuant to Article 11, Section 2, Sick Leave Usage, of this Agreement, based upon the employee's request.
  - 1) Such extended compensation shall be sufficient to ensure that the employee shall receive 85% of their basic wage, less the amount of any temporary disability payment.

- 2) Extended compensation is paid as an advance against any future permanent disability award.

## **10. 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

- 1) SMUD shall make direct contributions to the 401(k) accounts of all eligible Unit 2 employees' 401(k) accounts according to the following schedule:

<b>Years of Service</b>	<b>2026 Monthly Contribution</b>	<b>2027 Monthly Contribution</b>	<b>2028 Monthly Contribution</b>	<b>2029 Monthly Contribution</b>
1-5 years	\$150	\$175	\$200	\$225
6-10 years	\$175	\$200	\$225	\$250
11-15 years	\$200	\$225	\$250	\$275
16+ years	\$225	\$250	\$275	\$300

- 2) Employees qualify for their years of service based on the 2080-hour standard as the equivalent of a year. Employees qualify for monthly payments based on their hours worked as measured by the 173.33-hour standard as the equivalent of a month.

C. Deferred Compensation Matching Program

- 1) SMUD shall match each eligible employee's voluntary contributions to their 401(k) account up to \$600 each calendar year.
- 2) Employee participation in the matching contribution program is voluntary. In order to be eligible to receive matching funds, an employee must meet all criteria below:
  - a. Have made contributions into their 401(k) account during the calendar year. SMUD's direct contributions will not be considered an employee's contributions.
  - b. Occupy an OSE-represented classification in a full-time, part-time or limited-term capacity, even if on a temporary upgrade to a different unit.
- 3) In the January following the year the funds are made available, the funds will be distributed to the active accounts of employees who are: 1) still employed by SMUD, or, 2) retired as of December 31 of the year prior to the payout. The employee/retiree must have an active account as of the day of distribution in order to be eligible to receive matching funds. The funds will be distributed on a dollar-for-dollar basis (\$1 SMUD contribution for each \$1 employee contribution during the previous year) until the entire amount has been disbursed or all employees contributions have been matched.
- 4) The monies will be dispersed equally to all employees up to the full amount available for matching or to the full amount of the individual employee contribution if it is less than the maximum available per employee. In the event employee contributions total

less than the amount allocated for matching, the balance will not be carried over into future years.

## **11. 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 2 employee membership in SMUD's Wellness Center will be \$4.60 per pay period. SMUD shall reimburse membership fees paid by those employees who use the facility an average of eight (8) times per month annually. Reimbursement shall be made through payroll within ninety (90) calendar days following the end of the year. Only those employees still on SMUD's payroll at the time of reimbursement shall be eligible to receive such payment.

## **12. CONTINUED ELIGIBILITY IN LIMITED TERM OSE ASSIGNMENTS**

OSE-represented Part-Time employees who accept Limited Term assignments in OSE bargaining unit positions retain their eligibility for the following benefits, subject to compliance with State, Federal, and local laws and regulations:

- A. Floating Holidays
- B. FSA Healthcare/Dependent Reimbursement Accounts
- C. Short-term and Long-term Disability Insurance
- D. Deferred Compensation Plans
- E. Extended Compensation
- F. Childcare Financial Assistance
- G. Educational Assistance and Tuition Reimbursement
- H. Professional Organizational Membership Reimbursement
- I. Technology Loan Program
- J. Paid Family Leave

## **13. 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. Employees receiving this pension benefit formula 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 those otherwise 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) 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 10**

### **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**

1. 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.
2. 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.
3. 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.
4. 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.
5. 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. BACK COUNTRY TRAVEL**

- A. When employees are required to travel into SMUD's Upper American River Project (UARP) and elect to furnish their own lodging facilities, a lodging payment of \$50.00 per day will be paid for each day of the assignment (including weekend days).
- B. The reporting headquarters will be the employees' lodging site for the assignment.

#### **3. TEMPORARY CHANGE OF HEADQUARTERS**

Employees shall report for work at their designated work headquarters. Travel time between the employee's designated work headquarters and the actual job site normally shall be considered as time worked, unless mutually agreed otherwise in advance or as excepted below:

- A. An employee's designated work headquarters may be temporarily changed for less than twelve (12) months with nineteen (19) hours advance notice. When so assigned, the employee shall be compensated for their additional driving time and shall be paid mileage for any additional miles driven.
- B. When an employee's designated work headquarters is temporarily changed for less than twelve (12) months for formal training purposes, they shall not receive additional compensation or mileage payments unless their commute distance has increased more than ten (10) miles.

#### **4. 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.

#### **5. ORGANIZATIONAL MEMBERSHIP FEES**

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

#### **6. 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.

#### **7. 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.

#### **8. MISCELLANEOUS EXPENSES**

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

#### **9. 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.

#### **10. RELOCATION EXPENSES**

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

#### **11. EDUCATIONAL ASSISTANCE**

Effective July 1, 2009, SMUD and the OSE agree that Unit 2 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 11**

### **SICK LEAVE**

#### **1. ELIGIBILITY**

- A. Unit 2 employees who do not accrue annual leave may utilize sick leave in accordance with SMUD's Sick Leave Policy AP 04.05.15.
- B. Employees with sick leave balances accrued prior to September 21, 2002, may use their accrued sick leave in accordance with the provisions of this Article.

#### **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, 9, or 10 hours) and shall be paid at the employee's current effective base pay.
- D. If an employee becomes ill while on annual 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 RETIRMENT**

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 12

### ANNUAL LEAVE PROGRAM

#### 1. INTRODUCTION

Annual Leave is to be used to meet an employee's need for paid time off for any approved absence. Under this leave program, previously accrued sick leave balances are retained and may be used by the employee in accordance with the provisions of Article 11, Sick Leave, of this Agreement.

- A. SMUD must approve all requests for annual leave in advance of the time the leave is taken. Unapproved absences may be charged as unauthorized leave without pay.
- B. Under the Annual Leave Program employees do not earn sick or personal leave.

#### 2. ELIGIBILITY

All Unit 2 employees except the following are eligible to accrue annual leave:

- A. Part-time employees scheduled to work less than twenty (20) hours per week.
- B. Student Employment Program participants.
- C. Rehired CalPERS Annuitants.
- D. Contract employees.

#### 3. ACCRUAL OF ANNUAL LEAVE CREDITS

- A. Eligible employees earn annual leave credits based on 80 straight time hours paid.
- B. The table below reflects the annual leave accrual rate for eligible employees based on the length of the most recent continuous SMUD service:

<u>Length of Service</u>	<u>Annual Leave Credits</u>
Beginning 1 <sup>st</sup> year through 4 <sup>th</sup> year	156 hours per payroll year (6 hours per pay period)
Beginning 5 <sup>th</sup> through 14 <sup>th</sup> year	195 hours per payroll year (7.5 hours per pay period)
Beginning 15 <sup>th</sup> through 22 <sup>nd</sup> year	234 hours per payroll year (9 hours per pay period)
Beginning 23 <sup>rd</sup> through 29 <sup>th</sup> year	273 hours per payroll year (10.5 hours per pay period)
Beginning 30 or more years	312 hours per payroll year (12 hours per pay period)

10<sup>th</sup> Anniversary bonus – Employee shall be credited with 40 hours of annual leave on the tenth anniversary date of continuous SMUD service.

20<sup>th</sup> Anniversary bonus – Employee shall be credited with 20 hours of annual leave on the twentieth anniversary date of continuous SMUD service.

#### 4. MAXIMUM ACCUMULATION OF ANNUAL LEAVE

Employees may accumulate annual leave throughout the payroll year and carry over a maximum of 2000 hours into the subsequent payroll year. At the close of the payroll year, annual leave credits accumulated in excess of 2000 hours shall be paid at the employee's current effective base pay.

## **5. USE OF ANNUAL LEAVE CREDITS**

- A. Employees may use their annual leave credits as soon as they are earned and posted to the employee's annual leave account balance.
- B. Employees who are off work for a full work day on annual leave shall be charged the number of hours they are regularly scheduled to work on the day the annual leave is used.
- C. Employees approved for annual leave due to non-FMLA medical reasons shall record the time as follows: LPIA – Employee Annual Leave Medical; LPIF – Family Annual Leave Medical. Annual leave used for FMLA medical reasons shall be recorded as LFPL – Personal Leave-FMLA. Annual leave used for pregnancy shall be recorded as LFP1 – Pregnancy-Personal Leave.
- 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 annual leave credits at the time of their choice. Annual leave normally will be taken each calendar year. An annual leave request in weekly increments of up to three (3) consecutive calendar weeks shall be given preference over split leave periods. Leave requests equal to an employee's annual accrual rate shall be given special consideration.
- B. Employees shall provide advance notice when requesting leave, and should communicate to their supervisor, as appropriate, to ensure the request is understood. Supervisors shall provide approvals/denials in a timely manner.
- C. Unless compelled by law or SMUD policy, supervisors 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.
- D. Short notice leave use is of special concern and should be avoided because of the potential adverse effect on a work unit's ability to meet the business needs of SMUD. Short notice leave is defined as leave not approved in advance of the absence, especially for "same day" absences from work. Usual reasons for requesting short notice leave include:
  - 1) Unanticipated illness or injury of the employee or immediate family member;
  - 2) A situation of such serious nature as to justify the employee's decision to not report to work;
  - 3) A situation arising during duty hours that necessitates the employee's immediate absence from duty.
- E. Reliability is a valued trait, and attendance issues will be resolved on a case-by-case basis using SMUD's Positive Discipline program. All previous leave administrative policies

(i.e., attendance metrics, attendance control policies, etc.) are superseded and replaced with the philosophy on leave administration set forth in this MOU.

## **7. CANCELLATION OF ANNUAL LEAVE**

- A. In an emergency, employees may be asked to forego all or a part of their scheduled annual leave. Employees who are already on annual 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 annual leave.

## **8. ANNUAL LEAVE SELL-BACK**

- A. Full-Time employees may elect to sell back up to one hundred-twenty (120) hours (up to 60 hours for Part-Time employees) of accumulated annual leave credits per year, provided the employee schedules and uses at least the equivalent of one (1) work week of annual leave in the same year.
- B. Annual Leave Sell-Back Agreements, which are irrevocable, must be submitted to the HRS Payroll unit no later than December 31 of the year prior to the year in which the annual leave will be accrued and paid out. 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 Annual Leave accrued in that year at the time of the payout.
- C. 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.
- D. All annual leave payments are computed at the straight-time rate of pay for the employee's current effective base pay in the classification at the time annual leave credits are paid.

## **9. PAYMENT FOR UNUSED ANNUAL LEAVE**

- A. Separation of Employment
  - 1) When an employee separates from SMUD employment for any reason, they shall be paid for any accumulated annual leave credits at their current effective base pay.
  - 2) Employees who are separating from SMUD employment for any reason other than retirement may not use their accumulated annual leave credits 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

A retiring employee may take a lump-sum payment for their accumulated annual leave. If the employee has an equivalent of five (5) years of full-time uninterrupted service with SMUD, they may choose to take a portion or all of their accumulated annual leave prior to the effective date of their retirement.

## **ARTICLE 13**

### **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 2 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**

- 1) Bereavement Leave will be administered in accordance with the applicable Management Procedure (MP 04.05.13.100). Bereavement leave may be taken intermittently or consecutively.

##### **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, as defined in Section 2.A of this Article, 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 annual 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.

**E. Professional Leave**

- 1) Eligible employees will be granted up to 80 hours of paid time off (Professional Leave) per calendar year to participate in professional activities as follows:
  - a) Professional Organizations: Upon approval of SMUD employees who hold office in a recognized professional association may be granted paid time off for performance of their duties on behalf of such organization. SMUD shall also reimburse such employees for travel or other expenses incurred when SMUD determines that it receives a direct benefit from these activities.
  - b) Professional Development: Out the 80 hours of Professional Leave allotted each year, eligible employees may choose to use up to two (2) hours of paid time off per month to attend or participate in professional development opportunities at SMUD, including training (for example, LMS optional training, LinkedIn Learning, Brown Bags) or other activities (e.g., ERG meetings, DEI Council, Leadership Programs).
  - c) Except when operational needs require otherwise, employees shall be entitled to use their Professional Leave at the time of their choice. Employees shall provide advance notice when requesting leave, and should communicate to their supervisor, as appropriate, to ensure the request is understood. Supervisors shall provide approvals/denials in a timely manner.
  - d) In an emergency, employees may be asked to forgo their scheduled Professional Leave.
  - e) Employees shall be reimbursed for any documented expenses and/or loss of money resulting from SMUD's actions pursuant to Section E.1.d., provided the employee informs SMUD of the pending loss at the time the employee is requested to either cancel or reschedule their professional leave.

**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 CTO and/or annual leave balances. When using this option in conjunction with paid annual leave, paid annual leave must be taken first.
- 2) 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 CTO and annual leave.

- 3) 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 annual leave before going on an unpaid medical leave of absence in accordance with SMUD's Family Care and Medical Leave Policy (AP 04.05.05).

**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 annual leave credits during their absence.
- 2) Intermittent Leave Without Pay – Employees who are in an unpaid status intermittently during the payroll year shall not earn annual 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 annual leave.

B. Workers' Compensation

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

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 14

### 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 an OSE 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) 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 People Services & Strategies and governed by the Civil Service Rule provision pertaining to eligibility lists.

Additionally, SMUD may, at its discretion, post to fill a vacancy using a "Transfer/Eligible List" announcement. When filling a vacancy identified by a "Transfer/Eligible List" announcement, the hiring supervisor may choose a qualified candidate from an existing eligible list or transfer a qualified employee in the same classification who has applied for the job in response to the "Transfer/Eligible List" announcement. Applicants not on an eligible list or eligible for transfer or who have not applied for the job in response to the "Transfer/Eligible List" announcement will not be considered for positions posted in this manner.

- 3) The Transfer/Eligible Job Announcement for an OSE position shall be posted for a minimum of five (5) working days.

- ##### B. Whenever SMUD determines that it is necessary to fill vacancies without first posting the vacancy due to the existence of "special circumstances" (Civil Service Rule 5), PS&S shall notify the OSE President, by letter or email, of that determination within 24 hours and before any person is selected to fill a vacancy. The notification will include (1) a description of the "special circumstances" that prevent SMUD from posting the vacancy, (2) a list of the job titles and positions sought to be filled, (3) the

department(s) where the vacancies exist, (4) the method and/or procedure SMUD will use to fill the vacancy, (5) the starting date, and (6) a description of how SMUD intends to notify employees of the vacancies without posting.

### C. 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 2 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 2 employee who is temporarily promoted to an IBEW classification shall be placed at the wage that provides a minimum of a 2.5% pay increase and shall retain their existing Unit 2 benefits.
  - c) Unless stated otherwise in this Agreement, a Unit 2 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 2 benefits.
  - d) Promoted employees may be considered for placement at a pay step higher than that provided in Sections 2.B.3)a), 2.B.3)b) and 2.B.3)c) of this Article, based on their qualifications and experience, subject to the recommendation and approval of SMUD.
  - e) 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.
  - f) 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:

- Integrated Disability Management (IDM) Placement List
- Transfer/Eligible or Transfer/Promotion Lists
- Voluntary Demotion List
- Rehire
- 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 OSE of the cancellation of the list(s). This is to ensure the OSE 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, or who have completed 6 months of service in their current non-civil service classification, whichever is greater, 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 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. However, incumbents hired prior to December 31, 2017, in the OSE Slant-Line/Flex classifications (which existed prior to 2010) identified in Article 4, Section 3, shall serve position probation only upon initial entry into the Slant-Line/Flex classification series.
- 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 15**

### **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 (3<sup>rd</sup>) and fifth (5<sup>th</sup>) 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 (5<sup>th</sup>) and the eleventh (11<sup>th</sup>) 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 People Service & Strategies Department to be included in their personnel file.

## **ARTICLE 16**

### **POSITIVE DISCIPLINE**

#### **1. INTRODUCTION**

Unit 2 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 2 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 OSE of all discipline issued to Unit 2 employees.

## **ARTICLE 17**

### **LAYOFF PROCEDURE**

#### **1. INTRODUCTION**

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.

#### **2. WORKSITE AGREEMENT**

- A. When a reassignment of work becomes necessary due to a reduction in force at a SMUD work site, employees at the work site with the least amount of SMUD seniority, who are in the classification to be reduced, shall be impacted first; provided however, that a more senior employee at that work site has not voluntarily accepted an offer to change work sites (any such offer would be extended for two (2) work days only). SMUD work sites are Sacramento/Headquarters, East Campus-Operations Center, Rancho Seco, Elk Grove Yard, and Fresh Pond.
- B. The impacted employee shall have the opportunity to move to the least senior position in the same classification SMUD-wide; provided however, that their SMUD seniority is greater. For this purpose, vacancies shall be considered to be the least senior positions within the classification.
- C. Where multiple positions are involved, impacted employees shall choose their placement from among the equivalent number of least senior positions in order of their seniority; i.e., the most senior impacted employee shall have first choice of placement. Where multiple placements are possible at a single work site, SMUD shall determine the placements at that work site.
- D. In the event no placement is possible within the same classification or the employee refuses a placement within the same classification, that employee shall be laid off unless the employee exercises their bumping rights under the Civil Service Rules.
- E. Should a vacancy occur in the same classification at the work site of an employee who was transferred pursuant to Section 2.A of this Article, within twelve (12) months of their displacement, said employee(s) shall have a right of return to the former work site in order of seniority.

## **ARTICLE 18**

### **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 OSE 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 OSE, in writing, of an employee's request to return from automatic resignation, and shall evaluate the request and may rescind the resignation.

## **ARTICLE 19**

### **GRIEVANCE PROCEDURE**

#### **1. DEFINITIONS**

- A. Grievance: A dispute that involves the interpretation or application of this Agreement, a disciplinary action taken against a Unit 2 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 2 employee or the OSE.  
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 OSE 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 OSE or SMUD.

#### **2. APPLICATION**

- A. A grievance may be filed by a Unit 2 employee or by the OSE. By mutual agreement between SMUD and the OSE, concurrent grievances alleging violations of the same provisions may be consolidated into a single grievance.
- B. The OSE may file a grievance directly at Step 2. SMUD and the OSE 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 the OSE 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 11:59 p.m. 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 5:00 p.m. on the 20<sup>th</sup> working day. If not resolved at Step 1 of the grievance procedure, the grievance must be advanced by 11:59 p.m. on the 15<sup>th</sup> 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, the OSE 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 OSE agrees to do so.
- B. Unit 2 employees who are grievants, representatives, or witnesses shall be given time off with pay during their regular work hours to attend hearings. Unit 2 employees shall be reimbursed for personal expenses (excluding legal fees) incurred in connection with such hearings.
- C. Unit 2 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 2 employees and/or the OSE may attempt to resolve workplace issues informally.

#### **6. GRIEVANCE PROCEDURE**

A formal grievance shall be submitted on the SMUD and OSE Grievance Form (SMUD Form 2377) using the following procedure:

- A. Step 1 – Department Manager
  - 1) A completed grievance form (SMUD Form 2377) must be filed with the Department Manager within twenty (20) working days following the date of occurrence.
  - 2) Immediately upon receipt of the grievance, the Department Manager shall contact the Labor Relations Department 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 2 employee, upon receipt of the grievance, the Labor Relations Department shall forward a copy of the grievance to the OSE.
  - 4) Within five (5) working days following the date the grievance was filed, the Department 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 Department Manager shall provide the grievant, Labor Relations, and the OSE a written response setting forth the basis for their decision regarding the grievance, including all supporting documentation.
- 7) If the grievant or the OSE is not satisfied with the Department Manager's decision, the OSE may advance the grievance to Step 2.

D. Step 2 – Manager, Employee Relations

- 1) If the grievance is not resolved at Step 1, the OSE may advance the written grievance, including all supporting documentation, to the Manager, Employee Relations, within fifteen (15) working days of receipt of the Department Manager's response.
- 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 OSE 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 the OSE 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, the OSE 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.
- 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 fifteen (15) working days of the conclusion of the Grievance Review Committee meeting. A draft of the decision shall be issued by Labor Relations simultaneously to all committee members within five (5) working days, upon conclusion of the GRC 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.
- 5) If the Grievance Review Committee does not reach a unanimous agreement, either SMUD or the OSE may submit the grievance to arbitration by serving written notice on the other party in accordance with Step 4 of the grievance procedure in Section D of this article.

#### D. Step 4 – Arbitration

- 1) If the Grievance Review Committee does not reach a unanimous agreement, either SMUD or the OSE may submit the grievance to binding arbitration by serving written notice on the other party 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 the OSE.

### 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 the OSE, 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 OSE President and two (2) representatives appointed by the OSE. At least one (1) of the SMUD representatives will be an Executive/Chief Officer or equivalent, in a rotational capacity. At least one (1) of the OSE representatives shall be a member of the OSE Board of Directors.
- 2) The Committee will be co-chaired by one (1) OSE Representative appointed by the OSE President, and the Manager, Employee Relations.

- 3) The Grievance Review Committee shall schedule meetings as needed. When a grievance is advanced to the Grievance Review Committee level, the Grievance Review Committee shall convene a meeting as soon as possible and no later than 30 calendar days after the grievance is advanced to the Grievance Review Committee level.
- 4) The established procedural guidelines for the conduct of Grievance Review Committee hearings may be updated periodically, as needed, by mutual agreement of the parties.
- 5) Labor Relations shall prepare and distribute an agenda (including a section for Action Items), along with the appropriate supporting documents.
- 6) If the Committee is unable to reach a settlement during the first discussion, the grievance may be tabled until the next meeting or until further information is available.
- 7) 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 2 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. The OSE shall be advised of the initiation of such an investigation.
- B. The Unit 2 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 the OSE 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 20

### MISCELLANEOUS

#### 1. WORK CLOTHING

##### A. Flame Resistant (FR) Clothing

SMUD shall provide FR clothing in accordance with OSHA Standard CFR 1910.269, using the services of an outside vendor. The following employees are eligible for the below allotment:

Field Services Technicians

Utility Service Field Investigators

Construction Management Inspectors

Survey Engineering Technicians

The initial allotment of FR clothing for new hires is six (6) shirts, six (6) pairs of pants, one (1) sweatshirt, and one (1) jacket. FR raingear will be included as appropriate. Employees are responsible for the care and maintenance of FR clothing. Each employee is allotted up to \$600 each calendar year for replacement items.

SMUD shall provide FR clothing outside of the above referenced OSHA standard for Substation Designers, Drafting Technicians and Senior Designers Drafters. FR clothing must be worn at all times while working in Substations.

The initial allotment of FR clothing for the above referenced classifications is (2) shirts, (2) pairs of pants. Employees are responsible for the care and maintenance of FR clothing. SMUD shall not provide an annual allotment for replacement items; employees should work with their supervisor and Safety if replacement items are needed.

##### B. Non Flame Resistant Clothing

SMUD shall provide Engineering Technicians with an initial allotment of clothing for new hires and existing employees in the classification who have not yet received an initial allotment comprised of two (2) shirts (short and/or long sleeve), two (2) pairs of pants, and one (1) jacket or one (1) sweatshirt. Each employee is allotted up to \$300 every two (2) years for replacement items.

##### C. Footwear

- 1) All OSE-represented employees who are assigned to the following classifications series: Field Service Technician, Energy Specialist, Trade Show Coordinator, and Utility Service Field Investigator, will be reimbursed up to \$300.00 per calendar year for the purchase of and/or repair of appropriate footwear and the purchase of insoles/inserts approved by SMUD.

Proper foot protection shall be worn at all times while on duty. Foot protection is defined as shoes or boots that are constructed of quality leather uppers or similar material (i.e., canvas or woven mesh) with sturdy sole and heel, made of durable slip resistant and/or oil resistant material. For definition purposes, no athletic type shoe

(i.e., tennis shoes, jogging shoes or basketball shoes, etc.) will meet the definition of proper foot protection.

- 2) All OSE-represented employees who are assigned to the following classifications series: Construction Management Inspector, ~~Drafting Technician, Engineering Designer, Engineering Technician, Generation Designer,~~ and Survey Engineering Technician, shall be reimbursed up to \$300.00 per calendar year for the purchase of and/or repair of appropriate footwear and the purchase of insoles/inserts approved by SMUD.

Proper foot protection shall be worn at all times while on duty. Foot protection is defined as boots that are constructed of quality leather uppers with a sturdy sole and heel, made of durable slip resistant and/or oil resistant material. Leather uppers shall be six (6) inches minimum to provide ankle support for walking on uneven surfaces and through gravel. Boot outsoles shall be puncture resistant to provide protection from nails and sharp objects. For definition purposes, no athletic type shoe (i.e., tennis shoes, jogging shoes or basketball shoes, etc.) will meet the definition of proper foot protection.

- 3) All OSE-represented employees who are assigned to the following classifications series: Engineering Designer, Engineering Technician and Generation Designer, shall be reimbursed up to \$300.00 every 2 years for the purchase of and/or repair of appropriate footwear and the purchase of insoles/inserts approved by SMUD.

Proper foot protection shall be worn at all times while on duty. Foot protection is defined as boots that are constructed of quality leather uppers with a sturdy sole and heel, made of durable slip resistant and/or oil resistant material. Leather uppers shall be six (6) inches minimum to provide ankle support for walking on uneven surfaces and through gravel. Boot outsoles shall be puncture resistant to provide protection from nails and sharp objects. For definition purposes, no athletic type shoe (i.e., tennis shoes, jogging shoes or basketball shoes, etc.) will meet the definition of proper foot protection.

- 4) All OSE-represented employees who are assigned to the Drafting Technician classification series and Senior Designer/Drafter job classification shall receive a one-time reimbursement of up to \$300.00 for the purchase of appropriate footwear and the purchase of insoles/inserts approved by SMUD. Due to limited use of based on time in the field, and every two (2) year reimbursement is not deemed necessary. Management maintains the right to provide additional reimbursement for purchase or repair of footwear as they see fit.

Proper foot protection shall be worn at all times while working in substations. Foot protection is defined as boots that are constructed of quality leather uppers with a sturdy sole and heel, make of durable slip resistant and/or oil resistant material. Leather uppers shall be six (6) inches minimum to provide ankle support for walking on uneven surfaces and through gravel. Boot outsoles shall be puncture resistant to provide protection from nails and sharp objects. For definition purposes, no athletic type shoe (i.e., tennis shoe, jogging shoe, or basketball shoe, etc.) will meet the definition of proper foot protection.

- 5) All OSE-represented employees who are assigned to the IPPS Specialist series shall receive a one-time reimbursement of up to \$300 for the purchase of footwear insoles/inserts (orthotics). Management maintains the right to provide additional reimbursement for purchase of footwear insoles/inserts (orthotics) as they see fit.
- 6) After the purchase and/or repair of the appropriate footwear, employees will submit the proper receipt(s) to their supervisor for reimbursement.
- 7) SMUD acknowledges that additional OSE classifications/positions may require special footwear to perform work safely. When an additional classification/position is identified as needing special footwear, employees will be considered eligible for reimbursement commensurate with the footwear required and frequency of use. SMUD agrees to meet and confer with OSE to establish footwear requirements and reasonable reimbursements for these classifications/positions.

## **2. CONTRACTING OUT**

SMUD shall not contract for any work normally performed by classifications assigned to Unit 2 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 OSE represented employees, affected Unit 2 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 rules concerning bumping and selection shall apply.

For the purpose of this Agreement, contracting out occurs when a Unit 2 position is filled temporarily by a non-OSE represented employee or by an outside contractor for any reason. SMUD agrees to notify the OSE in each instance of its intent to contract OSE bargaining unit work.

## **3. NO STRIKES/NO LOCKOUTS**

During the term of this Agreement, SMUD agrees that there shall be no lockout. The OSE agrees that there shall be no authorized, concerted failure to report to work, cessation or interruption of work, slowdown, strike (including, but not limited to, 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 OSE 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 the OSE with as much advance notice as practical of any technological changes that may have an impact on Unit 2 employees. In such circumstances, SMUD and the OSE 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 22, Full Understanding/Non-Nullification, of this Agreement.

## **5. MEDICALLY RESTRICTED 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 2 employees have priority when assigning Unit 2 limited duty work. SMUD will inform the OSE when assigning non-Unit 2 employees to perform limited duty work in Unit 2 positions.

## **6. JOB SHARING**

For the purpose of this Section, job sharing is defined as the joint performance of the functions of a single position by two (2) employees. Unit 2 employees may voluntarily job share subject to SMUD's approval. SMUD reserves the right to cancel a job-sharing arrangement at any time with thirty (30) calendar day's written notice to employees. Employees who are job sharing are eligible for the benefits afforded to part-time employees who are regularly scheduled to work twenty (20) or more hours and less than 40 hours (including overtime) per week. In all other respects, job sharing employees shall be treated consistent with their Civil Service status.

## **7. SENIORITY**

Except as provided elsewhere in this Agreement or any side letter agreement between SMUD and the OSE, 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.

## **8. TELECOMMUTING**

For the purpose of this Section, telecommuting is defined as the performance of some or all of an employee's duties from a remote location. Unit 2 employees may volunteer to telecommute subject to the prior approval of SMUD. Telecommuting agreements shall be in writing. The terms of the telecommuting agreements shall be consistent with this Agreement. The telecommuting agreements also will contain a definition of a termination notice. SMUD shall forward a copy of the telecommuting agreement to the OSE President.

## **9. DONATION OF LEAVE**

SMUD and the OSE agree that SMUD's Donation of Leave Program shall be modified to eliminate the donation of sick leave except as provided below:

In extraordinary circumstances only, the OSE may petition the Grievance Review Committee to authorize the donation of sick leave. The decision of the Grievance Review Committee is final.

## **10. CONSTRUCTION MANAGEMENT INSPECTORS**

### **A. Take-Home Vehicles**

Construction Management Inspectors (CMIs) may, with prior approval from their supervisor, take home their assigned SMUD vehicle on a temporary, case-by-case basis for the purpose of traveling directly from the employee's place of residence to a designated project or job site without first reporting to their regular headquarters. The supervisor's decision regarding authorization of take-home use is final and is not subject to appeal or the grievance procedure.

Employees are responsible for ensuring the assigned vehicle is secure at all times while parked at their residence and that all electronic devices, equipment, and personal belongings are removed and stored inside the employee's home.

Travel time between the employee's place of residence and the designated project or job site is not considered compensable work time unless the travel distance exceeds the employee's normal commute to their regular headquarters. Any travel time in excess of the employee's normal commute is considered time worked.

Take-home SMUD vehicles may not be used for personal business or for any purpose other than authorized District business.

**B. Meal Payments During Overtime**

When CMIs are required to work overtime, CMIs who are unable to take a meal break are eligible for a meal payment of thirty dollars and forty cents (\$30.40). The normal practice is for CMIs to have meals every five (5) hours worked. All work hours apply towards overtime meal eligibility.

## **ARTICLE 21**

### **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 the OSE at least thirty (30) calendar days prior to the proposed implementation. At the request of the OSE, 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

### REQUEST FOR WORK WEEK PATTERN

(See SMUD Form 3803, 6/24)

#### Hourly Work Week Schedule Request

Employee name: \_\_\_\_\_ Employee ID no: \_\_\_\_\_

Supervisor name: \_\_\_\_\_ Cost center: \_\_\_\_\_

Schedule change effective date (First day of the pay period): \_\_\_\_\_

**Directions:** Enter bi-weekly work week schedule requested with the days and times, including scheduled lunch break.

**Note for timekeeper:** If schedule template doesn't exist, please email this request to [Time@smud.org](mailto:Time@smud.org) and include the employee group the schedule will be applied to (OSE, IBEW, CONF or PSOA).

##### Week 1: Payroll week

	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
Start time							
End time							
Meal break (duration)							
Total daily hours							
Total weekly hours							

##### Week 2: Non-payroll processing week

	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
Start time							
End time							
Meal break (duration)							
Total daily hours							
Total weekly hours							

Supervisor approval: \_\_\_\_\_ Date: \_\_\_\_\_

##### For Time & Attendance use only

Schedule ID: \_\_\_\_\_ Schedule description: \_\_\_\_\_

Entered by: \_\_\_\_\_ Date entered in WFS: \_\_\_\_\_

Policy sets: \_\_\_\_\_



© SMUD-3803 6/24 Forms Management

## **APPENDIX B**

### **LIST OF UNIT 2 REPRESENTED JOB CLASSIFICATIONS**

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

ACCOUNTING TECH	GENERATION DES III	SCHEDULING TECH
COMPUTER OPERS SPCLST (E)	GENERATION DES IV	SECRETARY
COMPUTER OPERS SPCLST (J)	GIS DATA TECH (E)	SERVICE DISPATCHER
CONSTR MGMT INSPCTR I	GIS DATA TECH (J)	SR CUST SVCS REP
CONSTR MGMT INSPCTR II	GRAPHIC DESIGNER	SR DESIGNER/DRAFTER
CONSTR MGMT INSPCTR III	HYDROGRAPHY SPCLST	SR DOC RECORDS SPCLST
CUST SVC REP I	I/T TECHNICIAN	SR ENERGY SPCLST
CUST SVC REP II	INVENTORY TECH	SR ENGINEERING TECH
DOC RECORDS SPCLST I	IPPS SPCLST I	SR FIELD SERVICE TECH
DOC RECORDS SPCLST II	IPPS SPCLST II	SR GIS DATA TECH
DRAFTING TECH I	IPPS SPCLST III	SR GRAPHIC DESIGNER
DRAFTING TECH II	LAND AGENT - A	SR MAPPER
ENERGY SPECIALIST (E)	LAND AGENT - B	SR OFFICE SPCLST
ENERGY SPECIALIST (J)	LAND AGENT - C	SR PRESS OPERATOR
ENGINEERING DES I	LEAD OFFICE TECH	SR STAFF SECRETARY
ENGINEERING DES II	MAPPER	SR SURV ENGRG TECH-COP
ENGINEERING DES III	MATERIAL PARTS CLERK	SR SURV ENGRG TECH-OFF
ENGINEERING DES IV	METER & SERVICE DESIGNER	STAFF SECRETARY
ENGINEERING TECH (E)	OFFICE ASST A	STEM CO-OP STUDENT ASST
ENGINEERING TECH (J)	OFFICE ASST B	STEM STUDENT ASST
EQUIP TESTING REP	OFFICE ASST C	STUDENT STAFF ASST
EQUIP TESTING REP ASST	OFFICE SPCLST I	SURVEY ENGRG TECH (J)
FIELD SERVICES TECH	OFFICE SPCLST II	TRADE SHOW COORD
FORMS ASSISTANT	OFFICE TECH	UTILITY SERV FIELD INVES
FORMS TECH	POWER QUALITY TECH	VEHICLE PARTS CLERK
GENERATION DES I	PRESS OPERATOR	
GENERATION DES II	PRIN ENGINEERING TECH	

## **APPENDIX C**

### **LIST OF AGENCIES/COMPANIES TO BE SURVEYED**

(For Classification and Pay Studies of Unit 2 positions during the term of this Agreement)

1. City of Alameda
2. City of Fairfield
3. City of Lodi
4. City of Palo Alto
5. City of Redding
6. City of Roseville
7. City of Sacramento
8. City of Santa Clara
9. City of Stockton
10. County of Sacramento
11. East Bay Municipal Utility District
12. Kaiser Permanente
13. Los Angeles Department of Water & Power
14. Modesto Irrigation District
15. Office of Personnel Management/US
16. Pacific Gas & Electric
17. Nevada Energy
18. State of California

## **APPENDIX D**

### **SUPPLEMENTAL SIDE LETTERS OF AGREEMENT**

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

August 30, 1999 – Subject: Classification and Pay Studies setting forth procedures for an employee who wishes to request a classification and pay study of their desk.

May 28, 2010 – Subject: Contact Center Bidding Process, LR 10-022.

March 8, 2012 – Subject: Personal Computer Purchase Plan, LR 12-017.

November 14, 2012 – Subject: Contact Center – Voluntary Time Off (VTO), LR 12-042.

November 21, 2012 – Subject: Contact Center – Vacation Bid, LR 12-043.

November 27, 2012 – Subject: Contact Center – Distribution of Overtime, LR 12-045.

October 1, 2013 – Subject: Field Services Credit and Collections' Vacation Scheduling Process, LR 13-031.

October 7, 2013 – Subject: Customer Operations' Vacation Scheduling Process, LR 13-035.

March 4, 2015 (revised) – Subject: Contact Center Customer Service Representative (CSR) Progression, LR 15-007.

October 13, 2017 – Subject: Change to Retiree COLA and Enhancement to the Survivor Continuance Benefit, LR 17-021 (combines LR 13-006A & LR 14-002 {not executed}).

May 19, 2020 – Subject: Side Letter Agreement – Impacts of Discipline for Nondiscrimination Policy Violations, LR 20-008.

November 16, 2021 – Subject: Side Letter Agreement – Engineering Designer Progression, LR 21-012

June 28, 2023 – Subject: Side Letter Agreement – Inclement Weather 2 for 1, LR 22-009.

## **APPENDIX E**

### **BENEFITS FOR UNIT 2 LIMITED-TERM, FULL-TIME EMPLOYEES**

#### **1. Dental, Medical, Vision, and Life Insurance Programs**

- A. SMUD provides a number of plans from which eligible Unit 2 employees can choose. Eligibility for coverage and co-payment for each plan is the same for all eligible employees. The employee's coverage becomes effective the first month after employment as a limited-term employee. The employee must sign-up for the following coverages within thirty (30) calendar days of employment. Subsequent enrollment opportunities occur during the Annual Open Enrollment period or for allowable changes in status.
- 1) Medical Benefits
  - 2) Dental Benefits
  - 3) Vision Benefits
  - 4) Life Insurance - an age-based amount that equals 50% of the equivalent salary for a full-time employee rounded up to the nearest \$5,000.
- B. If an employee selects higher-cost medical plans or additional coverage for life insurance plans, the employee shall pay the additional premiums on a "pre-tax" basis. Please contact the People Services & Strategies Department for monthly premiums.

#### **2. Flexible Benefits Program**

- A. 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.
- B. SMUD issues flex credits that give the employee purchasing power to "pay for" the benefits of their choice. Limited-Term employees receive a percentage of the flex credits allotted to Full-Time employees, as follows: 82.5% for 2022-2025. 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.
- C. 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.

- D. Under the Flexible Benefits Program, base pay is the employee's annual earnings as of a certain date, excluding bonuses, commissions, overtime pay and other special compensation. Base pay for computing life insurance costs and coverage amounts is 50% of the equivalent salary for a regular employee.
- E. Contact the People Services & Strategies Department for the latest OSE Benefit Guide or individual plan documents for a more detailed explanation of the benefit options.

### **3. Supplemental Benefits**

- A. Limited-Term, full-time employees may supplement their temporary disability payments with sick or annual leave credits. The employee cannot exceed 100% of their base salary.
- B. The following are not available to Limited-Term employees:
  - 1) Extended Compensation
  - 2) Short-term Disability
  - 3) Long-term Disability
  - 4) Medical or Dependent Reimbursement Flexible Spending Accounts (FSAs) under the flexible benefits program

## Signature Page

Dated: \_\_\_\_\_

### Organization of SMUD Employees

By: \_\_\_\_\_

Timothy K. Talbot  
Lead Negotiator

### OSE Team Members:

\_\_\_\_\_  
Danette Shipley

\_\_\_\_\_  
Aaron Cager

\_\_\_\_\_  
Tamara Hill

\_\_\_\_\_  
Jennifer Harris-Evans

\_\_\_\_\_  
Kevin Lopez

\_\_\_\_\_  
Anna O'Brien

\_\_\_\_\_  
Ana Jimenez-Chavez

### Sacramento Municipal Utility District

By: \_\_\_\_\_

Michael Jarvis  
Lead Negotiator

### SMUD Team Members:

\_\_\_\_\_  
Christopher Martin

\_\_\_\_\_  
Alcides Hernandez

\_\_\_\_\_  
Regina Hobie

\_\_\_\_\_  
Jason Cameron

\_\_\_\_\_  
Mackenzie Shea

Approved as to form:

\_\_\_\_\_  
Laura Lewis  
General Counsel

**Approved:**

\_\_\_\_\_  
Paul Lau  
General Manager & CEO

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SSS No. SCS 26-012

# BOARD AGENDA ITEM

## STAFFING SUMMARY SHEET

Committee Meeting & Date  
Finance & Audit – 02/17/26

Board Meeting Date  
N/A

TO				TO						
1.	Casey Fallon			6.						
2.	Jose Bodipo-Memba			7.						
3.	Farres Everly			8.						
4.	Scott Martin			9.	<b>Legal</b>					
5.				10.	<b>CEO &amp; General Manager</b>					
<b>Consent Calendar</b>		<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	<i>If no, schedule a dry run presentation.</i>		<b>Budgeted</b>	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<i>(If no, explain in Cost/Budgeted section.)</i>	
FROM (IPR) Jaimee Lutz				DEPARTMENT Procurement Operations				MAIL STOP EA404	EXT. 6407	DATE SENT 01/22/26

**NARRATIVE:**

**Requested Action:** Quarterly Procurement Report for Fourth Quarter 2025.

**Summary:** In August 2003, the Board of Directors approved the SMUD Procurement Policy which included a commitment for staff to report on the SMUD Procurement Activities on a quarterly basis.

**Board Policy:** This report is provided to demonstrate compliance with Board-Staff Linkage BL-8, Delegation to the CEO  
(Number & Title) with Respect to Procurement, and the following Policy Elements:

- |                                  |                                          |
|----------------------------------|------------------------------------------|
| a) Competition                   | h) Contractor Code of Conduct            |
| b) Direct Procurement            | i) Best Value Procurement                |
| c) Sole Source Procurement       | j) Leveraged Procurement Agreement (LPA) |
| d) Inclusiveness (participation) | k) Strategic Alliances                   |
| e) Economic Development          | l) Supply Chain Risk                     |
| f) Environmental Procurement     | m) Protest Policy                        |
| g) Responsible Bidder            | n) Delegation of Authority to the CEO    |

**Benefits:** Ensures compliance with public contracting and best value procurement principles.

**Cost/Budgeted:** Contained in budget for internal labor.

**Alternatives:** Provide quarterly procurement report to Board members via written memo from the Chief Executive Officer & General Manager.

**Affected Parties:** SMUD

**Coordination:** Procurement Operations

**Presenter:** Casey Fallon, Director, Procurement, Warehouse & Fleet

**Additional Links:**

SUBJECT

**2025 Fourth Quarter Procurement Report**

ITEM NO. (FOR LEGAL USE ONLY)

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.



SSS No. CFO 26-002

# BOARD AGENDA ITEM

## STAFFING SUMMARY SHEET

Committee Meeting & Date  
Finance & Audit – 02/17/26

Board Meeting Date  
N/A

TO				TO					
1.	Scott Martin			6.					
2.	Farres Everly			7.					
3.	Jose Bodipo-Memba			8.					
4.				9.	Legal				
5.				10.	CEO & General Manager				
Consent Calendar		Yes	<input checked="" type="checkbox"/>	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) Lisa Limcaco				DEPARTMENT Accounting				MAIL STOP B352	EXT. 7045
								DATE SENT 01/16/26	
<b>NARRATIVE:</b>									
<p><b>Requested Action:</b> Provide the Board with a summary of SMUD's current Power Supply Costs.</p> <p><b>Summary:</b> Staff will present a summary of SMUD's current Power Supply Costs to the Board of Directors.</p> <p><b>Board Policy:</b> Governance Process GP-3, Board Job Description <i>(Number &amp; Title)</i></p> <p><b>Benefits:</b> Allows Board members to receive information and monitor SMUD's power supply costs.</p> <p><b>Cost/Budgeted:</b> Included in budget for internal labor.</p> <p><b>Alternatives:</b> Provide information via written memo/report to the Board.</p> <p><b>Affected Parties:</b> Accounting</p> <p><b>Coordination:</b> Accounting</p> <p><b>Presenter:</b> Lisa Limcaco, Finance Transformation Leader</p>									

**Additional Links:**

SUBJECT

SMUD's Power Supply Costs

ITEM NO. (FOR LEGAL USE ONLY)

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.



SSS No. IAS 2026-3

# BOARD AGENDA ITEM

## STAFFING SUMMARY SHEET

Committee Meeting & Date  
Finance & Audit – 02/17/26

Board Meeting Date  
N/A

TO				TO						
1.	Scott Martin			6.						
2.	Farres Everly			7.						
3.	Jose Bodipo-Memba			8.						
4.				9.	Legal					
5.				10.	CEO & General Manager					
Consent Calendar		Yes	X	No If no, schedule a dry run presentation.		Budgeted	X	Yes	No (If no, explain in Cost/Budgeted section.)	
FROM (IPR) Claire Rogers				DEPARTMENT Internal Audit Services				MAIL STOP B409	EXT. 7122	DATE SENT 01/23/26

**NARRATIVE:**

**Requested Action:** Informational agenda item to provide Board Members with the opportunity to ask questions and/or discuss recent reports issued by Internal Audit Services.

**Summary:** Reports issued by Internal Audit Services:

Title Report Number

- 2025 Internal Compliance Program Assessment – SMUD ..... 28007782

**Board Policy:** Board-Staff Linkage BL-3, Board-Internal Auditor Relationship  
(Number & Title)

**Benefits:** N/A

**Cost/Budgeted:** N/A

**Alternatives:** N/A

**Affected Parties:** Board of Directors and Internal Auditor

**Coordination:** Internal Audit Services

**Presenter:** Claire Rogers, Director, Internal Audit Services

**Additional Links:**

SUBJECT

Internal Audit Services Report

ITEM NO. (FOR LEGAL USE ONLY)

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

# 2025 Internal Compliance Program Assessment - SMUD

## Executive Summary

Internal Audit Services (IAS) has completed a review of the SMUD Internal Compliance Program (ICP). This audit is included in IAS's 2025 audit plan. The purpose of the audit was to review SMUD's compliance program used to meet the requirements of the North American Electric Reliability Corporation (NERC) Reliability Standards. The Western Electricity Coordinating Council (WECC) developed an Internal Compliance Program Assessment (ICPA) tool to help organizations assess their ICPs. This tool, which was last updated in 2019, assisted WECC in its review and understanding of the programs that organizations have implemented to ensure compliance with NERC Reliability Standards.

SMUD has a well-designed, independent, comprehensive, and completely executed ICP. SMUD's Reliability Compliance & Coordination (RC&C) team has developed an ICP that incorporates all components of the ICPA, including compliance training, risk assessment, and self-reporting procedures. RC&C consistently updates the SMUD Reliability ICP Charter and the SMUD Reliability ICP Components Manual annually and has developed a tracking list for all ICP-related documents. However, the tracking list should be updated, and a process implemented to regularly review and update the list following a violation or changes to the NERC Reliability Standards. Establishing a process for regular review and revision of this list will help to ensure that all ICP-related documents are updated in response to violations or changes to the NERC Reliability Standards.

IAS would like to thank RC&C for their cooperation and support in conducting this audit.

**ERM Dashboard**

**Reliability Compliance**



# Internal Audit Services

---

## 2025 Internal Compliance Program Assessment - SMUD

Audit Report #28007782

# 2025 Internal Compliance Program Assessment - SMUD

## Internal Audit Services Report

### **Background:**

Internal Audit Services (IAS) completed an audit of the SMUD Internal Compliance Program (ICP). This audit is included in IAS's 2025 audit plan. The purpose of the audit was to review SMUD's compliance program used to meet the requirements of the North American Electric Reliability Corporation (NERC) Reliability Standards.

SMUD has developed an ICP that establishes the overall framework for the governance and management of reliability standard compliance responsibilities related to SMUD's NERC registered reliability functions. The SMUD Reliability ICP Charter (Charter) outlines SMUD's ICP structure and roles regarding NERC Reliability Standards and the Western Electricity Coordinating Council (WECC) Regional Reliability Standards compliance. The individual ICP components and implementation strategies are outlined in separate documents, including the SMUD Reliability Internal Compliance Program Components Manual (Manual).

The Manual describes the processes and procedures associated with SMUD's ICP. It describes each of the components and the associated expectations that comprise the ICP elements. The procedures and activities that support implementation of the program are listed in the Manual.

Reliability Compliance & Coordination (RC&C) is tasked with implementing an independent and systematic process to ensure that SMUD and its employees fully comply with applicable laws, regulations, and standards that have become mandatory and enforceable by the Federal Energy Regulatory Commission (FERC), NERC, and WECC. The primary function of RC&C is to administer a program and establish validation mechanisms to review, communicate, and document actions taken to correct any potential violations of a NERC reliability standard. In addition, RC&C ensures that all regulatory reporting requirements and Compliance Monitoring and Enforcement Program elements, such as audits, investigations, self-certifications, periodic data submittals, and spot-checks, are coordinated between the external agencies and the responsible business units.

WECC developed an Internal Compliance Program Assessment (ICPA) tool to help organizations assess their ICPs. This tool, which was last updated in 2019, assisted WECC in its review and understanding of the programs that organizations have implemented to ensure compliance with NERC Reliability Standards. The ICPA is:

- Based on relevant FERC orders, FERC direction, and WECC and NERC experience related to robust internal compliance programs.
- Composed of questions designed to focus on various aspects of an entity's program.
- Designed to prompt an entity to identify and gather specific, relevant information related to its internal compliance program.

- Adaptable to allow for the unique constraints of smaller entities, as well as flexible enough to recognize distinct characteristics across the variety of programs.

**Scope:**

Our audit scope included all policies, procedures, processes, and supporting documentation of the ICP used to ensure that SMUD meets the NERC Reliability Standards for the calendar year 2025.

**Objective:**

Our audit objective was to evaluate the implementation of policies, procedures and processes of the ICP used to ensure SMUD meets NERC Reliability Standards.

**Summary:**

IAS interviewed staff from RC&C to gain an understanding of SMUD's processes related to the ICP. IAS completed an evaluation of the implementation of policies, procedures, and processes of the ICP that are used to ensure SMUD meets NERC reliability standards. IAS accomplished this by using WECC's ICPA tool which includes ten areas that SMUD should address to demonstrate a well-established, robust ICP.

We noted that the ICP is well documented and widely disseminated, that SMUD has identified and assigned responsibility and accountability for the ICP, and that the responsible person has independent access to the CEO and Board of Directors. IAS noted that the ICP is managed and operated independently of workgroups responsible for complying with NERC Reliability Standards, and that there is a reasonable level of staffing to support the ICP. We noted that senior management actively supports and participates in the ICP, and that policies and procedures for the compliance training program are adequate. The current processes for internal self-auditing and reporting for the ICP are adequate. Additionally, procedures for disciplinary action, effectiveness of the ICP internal controls, and ICP risk assessment are adequate. While a formally documented risk assessment did not occur in 2023 or 2024, RC&C has continued to assess risk, including after instances of noncompliance. In addition, they are currently piloting a revised risk assessment process that incorporates inherent and residual risk.

SMUD's self-review process periodically evaluates the ICP's relevance and effectiveness and identifies updates as needed. Assurance of ongoing reliability compliance is further supported by independent periodic ICP reviews conducted by IAS. The most recent assessments include RC&C's review in 2020 through the ICPA survey submitted to WECC and a mock audit conducted in 2024.

**Conclusion:**

SMUD has implemented policies, procedures, and processes for the ICP to ensure it meets NERC Reliability Standards. RC&C consistently updates the Charter and the Manual annually and has developed a tracking list for all ICP-related documents. However, the tracking list should be updated, and a process implemented to regularly review and update the list following a violation or changes to the NERC Reliability Standards.

IAS would like to thank RC&C for their cooperation and support in conducting this audit.

# 2025 Internal Compliance Program Assessment - SMUD

## Observations

Observation 1 Tracking for ICP Documents Review			
Risk Ranking	Category	Department(s) Responsible	Planned Completion Date
Low	Process Improvement	RC&C	2/15/2026
<b>Criteria:</b> The Program Evaluation and Modification section of the 2019 WECC ICPA assesses whether the entity has a process to trigger a review of the ICP either following a violation or following changes to the NERC Reliability Standards and modifying the IPC if necessary.			
<b>Conditions:</b> RC&C consistently updates the SMUD Reliability ICP Charter and the SMUD Reliability Internal Compliance Program Components Manual annually and has developed a tracking list for all ICP-related documents. However, the tracking list is not updated, and a process has not been implemented to regularly review and update the list following a violation or changes to the NERC Reliability Standards.			
<b>Causes:</b> In response to IAS's recommendation in the prior audit, RC&C developed a list of their core documents, including the ICP, that are to be reviewed and updated on a periodic basis and/or based on triggering events. However, staffing changes led to the tracking list not being fully implemented, and as a result, it has not been updated since 2022.			
<b>Effects:</b> Not using a centralized tracking list may lead to lapses in reviewing and updating ICP-related documents, potentially resulting in misalignment with the latest NERC Reliability Standards, FERC orders, and regulatory requirements.			
<b>Recommendations:</b> RC&C should update the tracking list to accurately reflect current ICP-related documents. Additionally, they should establish a process for regular review and revision of this list, ensuring that all ICP related documents are updated in response to violations or changes to the NERC Reliability Standards.			
<b>Management Responses:</b> RC&C agrees with IAS's recommendation. RC&C will update the tracking list to accurately reflect current ICP-related documents. In addition, they will establish a process for regular review and revision of the list. RC&C anticipates that all corrective actions will be implemented by February 15, 2026.			

## Appendix A - Observation Definitions

**Observation:** Audit observations are risk ranked using the guidance below and focused on policy, compliance and operational improvement opportunities of the audited area.

### Risk Rankings:

#### Extremely High

- Material loss of assets or financial impact; or
- Severe legal, regulatory or compliance sanctions; or
- Cessation of business services for the foreseeable future; or
- Critical impact in achieving SMUD's goals and objectives; or
- Major deterioration in customer metrics and surveys. Irreparable negative media coverage and damage to SMUD's reputation; or
- Widespread loss of confidence from employees. Unable to fill critical positions for a long period of time

#### High

- Significant loss of assets or financial impact; or
- Significant legal, regulatory or compliance sanctions; or
- Widespread disruption of service levels and interruption of business functions; or
- Significant delays or modification of operational goals and objectives; or
- Significant deterioration in customer metrics and surveys; Significant negative media and erosion of trust; or
- Significant loss of confidence from employees. Significant increase in unanticipated employee separations. Slight impact to fill critical positions

#### Medium

- Moderate loss of assets or financial impact; or
- Moderate legal, regulatory or compliance sanctions; or
- Moderate operational impact to service levels or business disruption; or
- Moderate delays or modification to goals and objectives; or
- Moderate decline in customer metrics and surveys. Modest negative media; or
- Moderate loss of confidence from employees. Moderate increase in unanticipated employee separations. Little to no impact to critical positions

#### Low

- Minor loss of assets or financial impact; or
- Minor legal, regulatory or compliance sanctions; or
- Minor operational impact to service levels and business activity; or
- Minor delays or modifications to goals and objectives; or
- Slight decline in customer metrics and surveys. Limited public criticism; or
- Minor loss of confidence from employees. Slight increase in unanticipated employee separations. No impact to critical positions

### Components:

Criteria – The standards, measures, or expectations used in making an evaluation and/or verification (the correct state)

Conditions – The situation that you found, supported by evidence and characterized by facts, measurements, examples, etc. (the current state)

Causes – The reasons for the difference between expected and actual conditions

Effects – The actual or potential risks or exposure the organization faces if the causes and the conditions continue.





# BOARD AGENDA ITEM

## STAFFING SUMMARY SHEET

Committee Meeting & Date  
FINANCE & AUDIT - 2026  
Board Meeting Date  
N/A

TO				TO			
1.	Farres Everly			6.			
2.	Jose Bodipo-Memba			7.			
3.	Scott Martin			8.			
4.				9.	Legal		
5.				10.	CEO & General Manager		
Consent Calendar		Yes	<input checked="" type="checkbox"/>	No		If no, schedule a dry run presentation.	
Budgeted		<input checked="" type="checkbox"/>	Yes	No		If no, explain in Cost/Budgeted section.)	
FROM (IPR) Marythony Sohl / Crystal Henderson				DEPARTMENT Board Office		MAIL STOP B304	EXT. 5424
						DATE SENT 12/18/25	

**NARRATIVE:**

**Requested Action:** A summary of directives is provided to staff during the committee meeting.

**Summary:** The Board requested an ongoing opportunity to do a wrap up period at the end of each committee meeting to summarize various Board member suggestions and requests that were made at the meeting to make clear the will of the Board. The Finance & Audit Committee Chair will summarize Board member requests that come out of the committee presentations for this meeting.

**Board Policy:** Governance Process GP-4, Board/Committee Work Plan and Agenda Planning, states the Board will focus on the results the Board wants the organization to achieve.

(Number & Title)

**Benefits:** Having an agenized opportunity to summarize the Board's requests and suggestions that arise during the committee meeting will help clarify what the will of the Board.

**Cost/Budgeted:** Included in budget.

**Alternatives:** Not to summarize the Board's requests at this meeting.

**Affected Parties:** Board of Directors and Executive Office

**Coordination:** Board Office

**Presenter:** Brandon Rose, Finance & Audit Committee Chair

**Additional Links:**

SUBJECT

Summary of Committee Direction – Finance &amp; Audit Committee

ITEM NO. (FOR LEGAL USE ONLY)

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.