

Exhibit to Agenda Item #1

Board Policy Committee and Special SMUD Board of Directors Meeting
Wednesday, April 18, 2018, scheduled to begin at 5:30 p.m.
Customer Service Center, Rubicon Room

Economic Development Policy

SD-13:

“Promoting the economic vitality of our region and the growth of our customer base is a key value of SMUD. Therefore, SMUD shall exercise strategic leadership and actively participate in regional economic development.

Specifically:

- a) SMUD shall promote innovation while maintaining rate affordability and balancing the other strategic directions.
- b) SMUD shall align its economic development activities with regional economic development initiatives.
- c) SMUD shall assist in retaining, recruiting and growing commercial and industrial rate-paying customers.
- d) SMUD shall offer economic development rates and program incentives.
- e) SMUD shall offer a contracting program for certified small businesses who are rate-paying customers.”

General Strategy & Approach

Comprehensive strategy that includes:

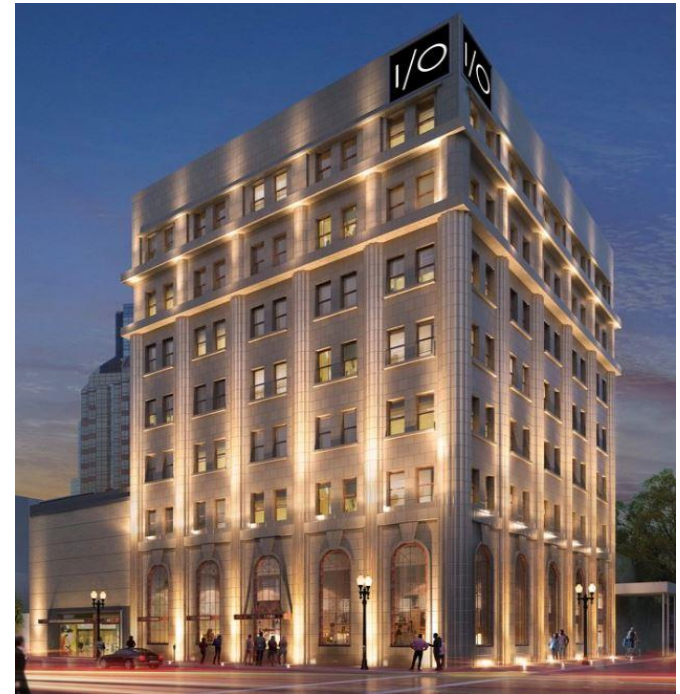
- Supporting business formation, attraction, retention and expansion efforts;
- Providing business development resources for entrepreneurs;
- Promoting the Supplier Education and Economic Development (SEED) contracting program for local small businesses;
- Continuing to offer economic development rates;
- Providing program incentives;
- Expanding partnerships with local agencies and non-profits to facilitate community development;
- Supporting the developer community;
- Broadening support of the region's emerging innovation ecosystem.

Numerous workgroups within SMUD support this SD.

- a) SMUD shall promote innovation while maintaining rate affordability and balancing the other strategic directions.
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Innovation Ecosystem Engagement

- **Hacker Lab**
 - Entrepreneurial education
 - Business Accelerator
- **InnoGrove**
 - STEM education programming
 - PodPi Camp
- **CleanStart**
 - Re-launch of programs
 - Clean Tech Entrepreneur training
- **iHub, I/O Labs & The Urban Hive**
 - Year of transition
 - Active participation in industry meetings



b) SMUD shall align its economic development activities with regional economic development initiatives.

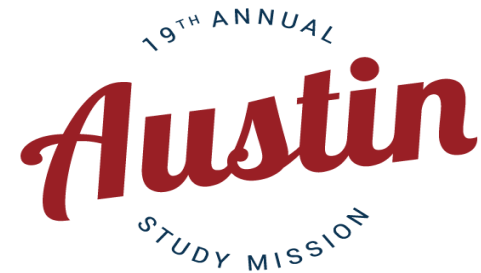
- Leadership in Economic Development Missions & Programs
 - Inaugural Capital Region Executive Leadership Mission, Cap-to-Cap, Prosper, Austin Study Mission and Internal Study Mission
- Community & Workforce Development
 - Shine Program, Powering Futures Scholarships and Promise Zone
- International Delegations



Prosper
Your Issues. Your Voice.



CAPITAL REGION
EXECUTIVE LEADERSHIP MISSION
Washington, D.C. | March 12 - 15, 2017
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c) SMUD shall assist in retaining, recruiting and growing commercial and industrial rate-paying customers.

- **Project Successes:** 29 projects in 2017, resulting in 5 wins and an estimated 1,130 jobs
 - Dome Printing
 - CSUN Solar
 - Mary Ann's Bakery
 - Inductive Automation
 - Redtail Technologies
- **Business Attraction Missions:** 8 conferences and trade shows
- **Small Business Development Center:** 41 new business start ups, 19 jobs retained, 83 jobs created and \$11.2 million in loans
- **Small and Mid-Size Business (SMB) Team:** 306 Express Energy Solutions customer projects completed, and 5.17 GWh combined energy savings and demand savings of 3.61 MW (\$17.5 million saved).
- **Commercial Development Team:** Actively engaged with more than 120 commercial, mixed-use and residential project developers
- **Cannabis:** Formed a dedicated team to support the intake process

d) SMUD shall offer economic development rates and program incentives.

Economic Development Rate

Eligibility Criteria:

- Full service customers with load in excess of 299 kW
- Operate in 1 of 14 eligible NAICS Codes
- Create or retain a minimum of 50 jobs in SMUD territory
- 25 jobs if in area high unemployment/poverty
- Add load at a new or expanded site
- Discount of 5%, 3%, 1%

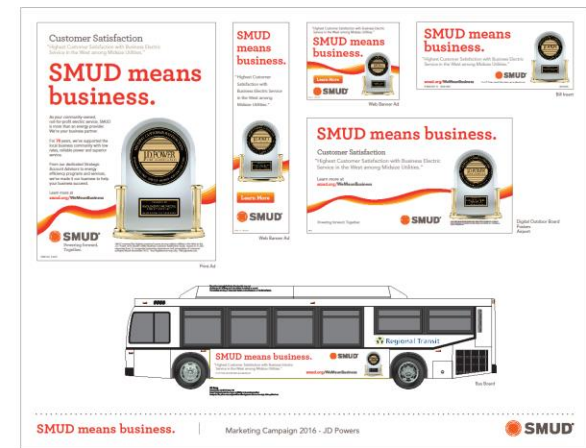
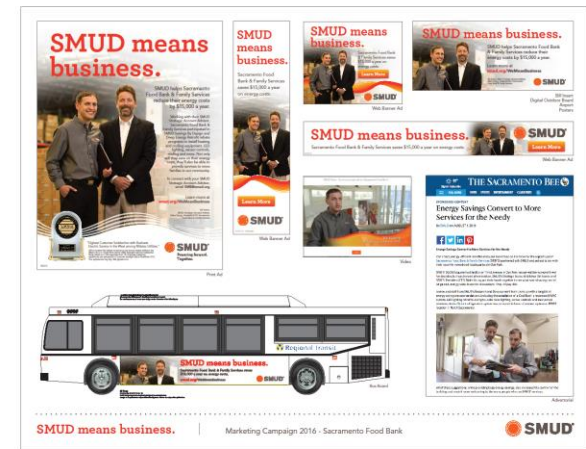
Customers on Rate:

- Mitsubishi Rayon
- CSUN Solar
- United States Cold Storage
- Mary Ann's Bakery

Program Incentives

Offerings:

- Savings by Design
- Complete Energy Solutions
- Express Energy Solutions



e) SMUD shall offer a contracting program for certified small businesses who are rate-paying customers.

- **Contracting Outcomes**
 - Exceeded 20% target: 22.9%
 - Total dollar amount \$58M
 - 195 contracts were SEED
- **Targeted Small Business Outreach & Marketing**
 - Conducted 14 SEED informational workshops
 - Participated in over 150 outreach events
- **Major Small Business Contracting Events**
 - Connecting Point
 - Meet the Buyers
 - Capital Region Small Business Week
- **Business Advisory Council (BAC)**
 - 36 chamber, PBID and business association members
 - Raises local business awareness about SMUD contracting
 - 2 ad-hoc committees addressing critical procurement matters
 - Quarterly meetings



Conclusion

- 2017 SMUD efforts were in compliance with SD-13
- Requested Action: Accept the monitoring report for Strategic Direction SD-13, Economic Development
- Place item on Board consent calendar for approval