

Exhibit to Agenda Item #4

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

Tuesday, September 4, scheduled to begin at 5:30 p.m.

Customer Service Center, Rubicon Room

Background

- The Lighthouse, SMUD's on-site child development center opened in 1991 to serve as a benefit to SMUD employees and attract and retain the highest qualified talent available.
 - Location chosen based on concentration of SMUD employees
 - Anticipated a joint facility with nearby employers and involvement from other agencies for funding
- The Lighthouse is operated by a contractor who holds the child care license and has responsibility for day-to-day operations. This is not a SMUD-owned or operated business.
- In exchange for reduced tuition (\$50/child) and preferential enrollment for SMUD employees, SMUD does not charge the operator for custodial services or leasing the facilities.

Background (continued)

- There was one other nearby child care option (at CSUS) when the Lighthouse opened.
- Capacity is 100 children.
- Currently a low number of SMUD employees participate (less than 1% of eligible employees due to cost and location considerations).
- Services utilized by community employers but without co-funding of center costs borne by SMUD.
- The building is approximately 40 years old and at the end of its useful life and condition of the facility are declining.

Streams of Effort



Short-term Site Exploration

2810 Redding Ave

Pros

- Previous child care center
- 0.6 mi from SMUD HQ campus
- Motivated property owner

Cons

- Smaller capacity (~60)
- Small outdoor play area
- Inconvenient parking
- Warehouse district



Relocation Assistance

- Offer to assist Operator with relocating within 5 miles of SMUD
- Relocation assistance offer:
 - Financial assistance for relocation & tenant improvements for new facility (up to \$20,000)
 - Financial assistance for rent & utilities for up to 3 years (place in escrow; not to exceed \$126,000)
 - Preferential enrollment for SMUD employees (at least 10% of enrolled children are family members of a SMUD employee)
 - Tuition discount for SMUD employees (\$50/child per month)
 - SMUD location to be vacated within five (5) business days of the completion of the tenant improvements
- At this time Operator declined relocation assistance, wishes to remain at site through contract expiration, but open to continuing collaboration.

Employer Partnerships

California State University, Sacramento

- Current on-site child care facility is at capacity
- CSUS site gives preference to students resulting in elevated need for faculty/staff
- Role for CSUS students studying child development
- Interested in partnering



SACRAMENTO
STATE

Employer Partnerships

University of California, Davis

- Long-term effort to provide child care at Sacramento campus
- UCD parents utilizing Lighthouse
 - ~25% Lighthouse families
- Interested in partnering
- Anticipate conducting needs assessment
- Real Estate researching existing vacant child care centers



Employer Partnerships

City of Sacramento

- Discussed current efforts underway
- City Staff have interest as employer, community support & as economic development opportunity
- Shared their efforts and challenges
- Expressed support for SMUD and potential partners as we continue to explore solutions



Research/Outreach to Child Care Providers

Primrose Schools

- National system of accredited private preschools (including infants)
- Ideal capacity is 200+ children

KinderCare Education

- Rebranded - nationally accredited early learning centers
- Average center is 160 children, some 100
- Flexible business models
- Site visit with CSUS

Local Providers

- Exploring interest from local providers

Next Steps

- Continue to work with operator on exploring relocation options
- Hosting employer partnership session
- Further engage Lighthouse community
- Identify decisions for critical path by year end

Questions