

Exhibit to Agenda Item #1a

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

Wednesday, April 17, 2019 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

Supporting the
developer
community

Increasing
participation in
SEED

Maintaining
competitive and
economic
development rates

Attracting, retaining,
and growing
businesses

Providing incentives
and rebates

Fostering innovation
and
entrepreneurship

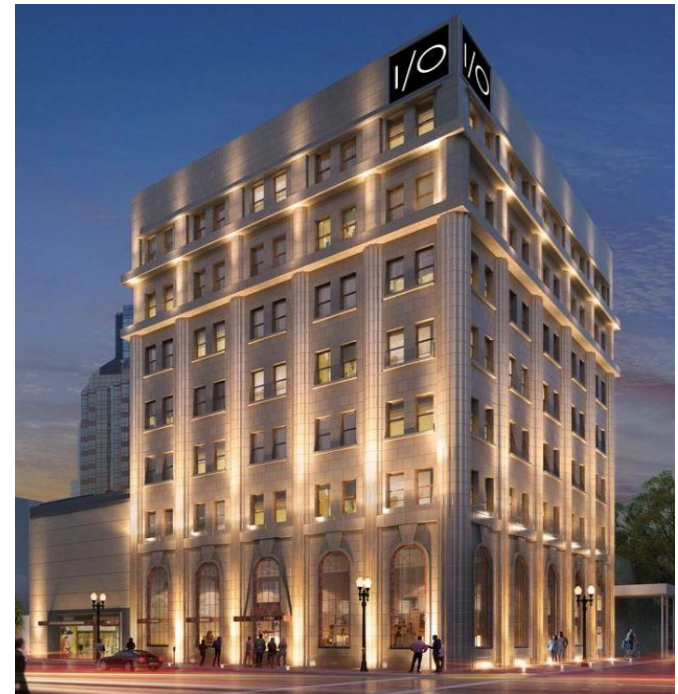
Partnering with local
agencies and non-
profits on community
development

Developing and
implementing a
Sustainable
Communities Plan

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

Innovation Ecosystem Engagement

- **Hacker Lab**
 - Entrepreneurial education
 - Business Accelerator
- **InnoGrove**
 - STEM education programming
 - Technology Camp
- **CleanStart**
 - Continued re-launch of SARTA programs
 - Clean Tech Entrepreneur training
- **Entrepreneurs Campus**
 - Global Venture Summit
 - Energy & Agriculture founders startup
- **Startup Sac**
 - Startup & Innovation Accelerator
 - Entrepreneur Training
- **The Urban Hive & I/O Labs**
 - Buildout of new coworking spaces
 - Management of the iHub



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

- Workforce & Equitable Economic & Community Development
 - Sustainable Communities Program, Promise Zone and Oak Park Promise Neighborhood, Powering Futures Scholarships and Shine Program
- Leadership in Economic Development Missions & Programs
 - Capital Region Executive Leadership Mission, Cap-to-Cap, Prosper, Brooklyn Study Mission and Internal Study Mission
- International Delegations

CAPITOL to **CAPITOL**



c) SMUD shall assist in retaining, recruiting and growing commercial and industrial rate-paying customers.

- **Project Successes:** 32 projects in 2018, resulting in 6 wins and an estimated 2,907 jobs
 - Centene
 - US Foods
 - Highland Power
 - MiRancho
 - Clear Prem
 - Faneuil
- **Business Attraction Missions:** 6 conferences and trade shows
- **Small Business Development Center:** 52 new business start ups, 59 jobs retained, 207 jobs created and \$15.7 million in loans
- **Small and Mid-Size Business (SMB) Team:** 2,538 customers provided personalized assistance and tailored advice and solutions
- **Commercial Development Team:** Actively engaged with more than 200 commercial, mixed-use and residential project developers
- **Indoor cultivation:** Point of contact and support for all customer inquiries

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

Economic Development Rate

	Size	Term	Industry Requirements	Job Requirements	Full Service Requirement	Discount
Old	300kW+	5 years	Limited to 14 industries	50 FTE jobs, 25 areas of high unemployment	Yes	Year 1 - 5%, Year 2 - 3%, Year 3 -1%, Years 4 & 5 - 0%
New	300kW+	10 years	No limitations	No minimum requirement	No	<p>Two options for customers to choose:</p> <p>Standard EDR <u>Opt A:</u> 6% for years 1-5, declining 1% per year for years 6-10 <u>Opt B:</u> 4.5% for 10 years</p> <p>Rate for Disadvantaged Communities <u>Opt A:</u> 8% for years 1-5, declining 1.5% per year for years 6-10 <u>Opt B:</u> 6% for 10 years</p>

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

- **Contracting Outcomes**
 - Exceeded 20% target: 30.58%
 - Total dollar amount \$109.2M
 - 238 contracts with SEED Participation
- **Targeted Small Business Outreach & Marketing**
 - Conducted 15 SEED informational workshops, orientations and panels
 - Participated in over 115 outreach events
 - Development and Launch of 3 E-Learning Webinars
- **Major Small Business Contracting Events**
 - Connecting Point
 - 7th Annual Meet the Buyers
 - Meet the Primes for SMUD's Station E Project
 - Capital Region Small Business Week – “Powered by” Sponsor
- **Business Advisory Council (BAC)**
 - Local Chamber, PBID and business association members
 - Raises local business awareness about SMUD's programs, services and contracting
 - Over 52 contracts for \$40M awarded to BAC members' vendors



Conclusion

- 2018 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