

Exhibit to Agenda Item #1c

Board Finance & Audit Committee Meeting and Special SMUD Board of Directors Meeting – Budget 2020

Thursday, November 7, 2019, scheduled to begin at 5:00 p.m.

Customer Service Center, Rubicon Room

Internal Services 2020 Proposed Budget & Initiatives

Gary King
Chief Workforce Officer

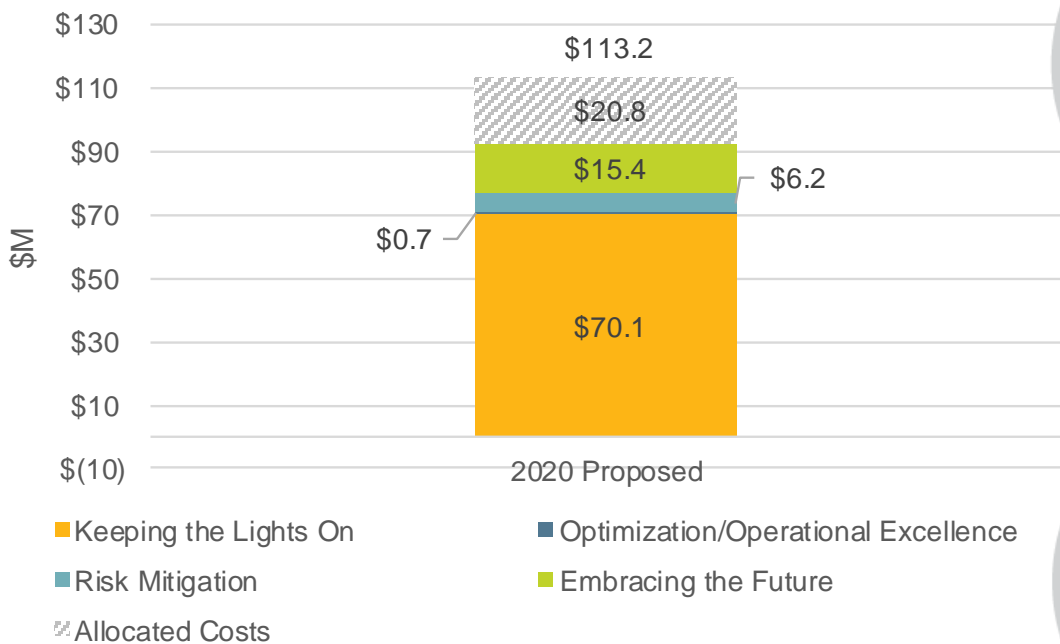


Internal Services Business Segment Functions

Business Segments				Supporting Work Functions
Facilities & Security Operations	Human Resources, Diversity & Inclusion	Environmental, Safety & Real Estate Services	Procurement, Warehouse & Fleet	Sustainable Communities CCS Workforce Grid Ops
Facilities Planning, Projects and Maintenance	Learning, Development & Culture	Employee Health & Safety	Supply Chain	SMUD Purpose Alignment
Physical Security	Talent Management	Environmental Services	Warehouse Operations	Partnership: Conveners Aligners Implementer
Enterprise Continuity Management & Emergency Preparedness	Total Rewards	Real Estate Services	Fleet Operations	Targeted/Need Based Implementation & Strategic Metrics
Image Production & Postal Services	Employee Relations			Promise Zone Development
				Community Impact: Triple Bottom Line



2020 Proposed Budget by Theme





Keeping the Lights On

■ Attract, Retain and Engage the Right Talent

(SD-8)

- Create desired culture (*Speed of Trust*)
- Drive employee engagement
- Fulfill commitment for diverse and inclusive work environment

■ Delivery of Core Work Processes

(SD-4, 5, 6)

- Procurement, Warehouse and Fleet
- Facilities and Security Operations
- Human Resources, Diversity and Inclusion
- Environmental, Safety and Real Estate Services





Optimization and Operational Excellence

▪ Supply Chain Technology Investment

(SD-2, 13)

- Move supplier sourcing and contracting online
- Improve supplier and employee experience
- Enable supplier performance and risk management

▪ Talent Technology Transformation

(SD-8)

- Create framework for future state of human resources technology ecosystem
- Resolve inefficiencies and enable SMUD's competitive edge for talent

▪ Safety Management System

(SD-6)

- Enable/improve data capture, data trending, data analytics and real-time visibility of key safety measures

Potential Savings of \$1.6M in 2020 and \$1.2M going forward



Optimization and Operational Excellence

- **Real Estate Services Data Management Improvements** (SD-2)
 - Process automation, workflow integration and streamlining

- **Facilities Maintenance – Benchmark Achievement** (SD-2)
 - Increased productivity and service level agreements established
 - Track core work functions
 - Cost per square foot results
 - BOMA benchmark = \$11.36 / SMUD 2019 forecast = \$10.75





Risk Mitigation

- **Safety for Life Roadmap** (SD-6, 8)
 - Integrate SMUD's zero injury culture into a Safety for Life Roadmap program
 - Strategy to reduce injuries for our employees and their families, contractors and the public

- **Enterprise Continuity Management Program** (SD-17)
 - Emergency Operations Center (EOC) improvements
 - Establish a virtual EOC
 - Train for and test EOC activation

- **Blue Forest Pilot** (SD-7, 17)
 - Strengthen National Forest resiliency in the face of climate change
 - Reduce risk of catastrophic wildfires in the Crystal Basin and increase protection of SMUD infrastructure of powerhouses, transmission, roads and recreational facilities



Embracing the Future

- **SMUD Fleet Electrification** (SD-7, 9)
 - Increase proportion of electric vehicles in fleet to 15%
 - Improve fuel economy and reduce Green House Gas emissions
 - Broaden fleet vehicle and workplace charging infrastructure

- **Sustainable Communities** (SD-7, 13)
 - Develop and implement regional sustainable communities' priorities
 - Publish Heat Map to guide and prioritize community-based programs

- **Carbon Disclosure Program** (SD-7)
 - Assess governance, strategy, risk/opportunity management, and carbon emissions management related to climate change
 - Benchmark SMUD's performance to reduce GHG emissions



Embracing the Future

■ Child Care Center

(SD-8)

- Deliver results of multi-party agreement between SMUD, University of California, Davis and California State University Sacramento
- Establish a 208-child capacity, 17,000 square foot state-of-the-art child care center

■ 59th Street Redevelopment

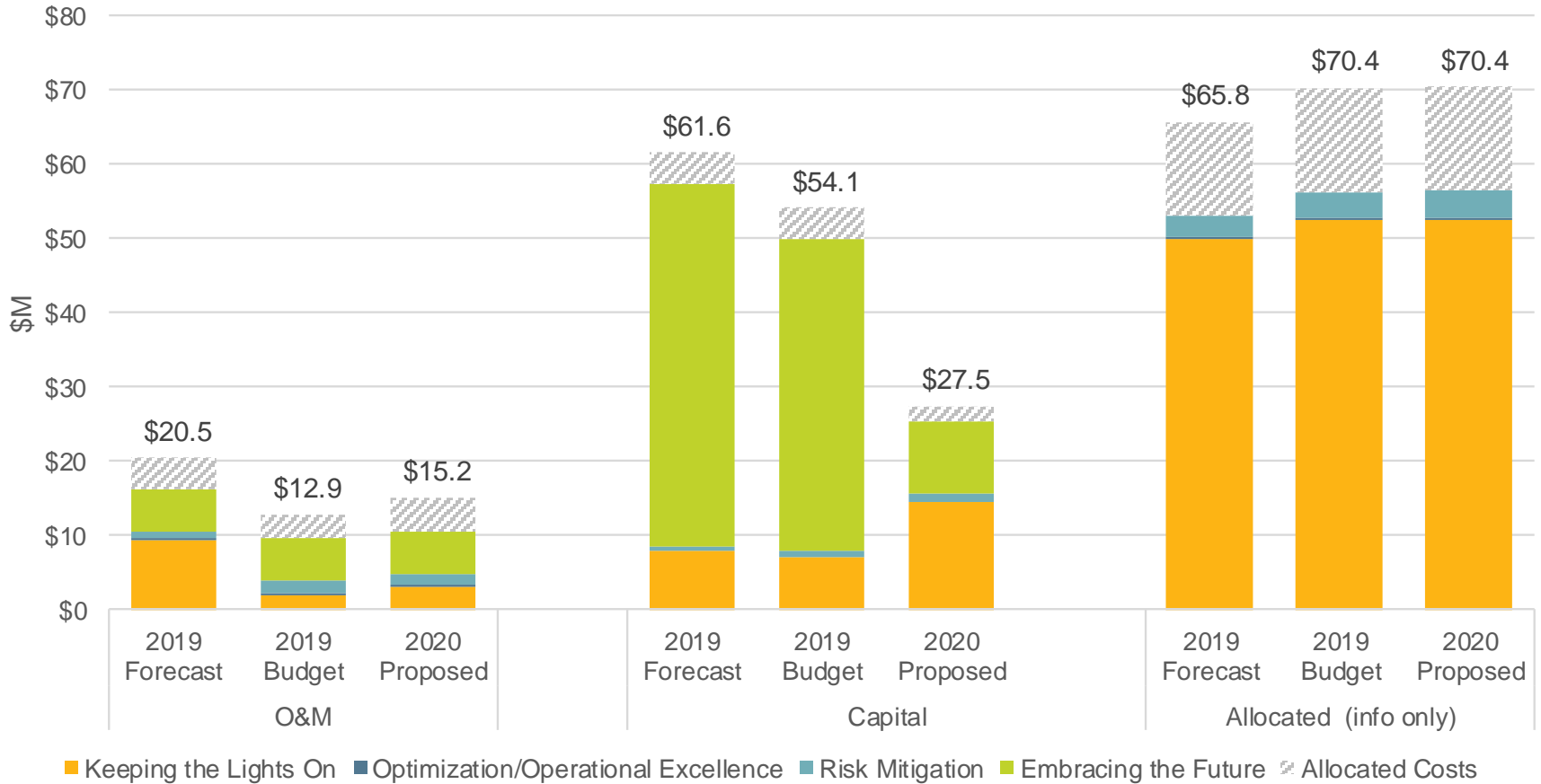
(SD-7, 13)

- Select developer partner
- Establish disposition and development agreement





Internal Services 2020 Proposed Budget





Benefits Summary

Summary (\$M)	2019 Forecast	2019 Budget	2020 Proposed	\$ Change vs Budget	% Change vs Budget
Retirement Contribution	\$110	\$78	\$85	\$6	8%
FICA Contribution	\$21	\$21	\$23	\$1	7%
Health & Welfare Benefits	\$45	\$49	\$49	(\$1)	-2%
Administer Benefits	\$2	\$2	\$3	\$0	13%
Subtotal	\$179	\$152	\$159	\$7	5%
OPEB – Current Year Contribution	\$9	\$10	\$10	(\$0)	-3%
OPEB – Unfunded Liability Contribution	(\$8)	\$27	\$28	\$1	4%
Total Employee Benefits	\$180	\$188	\$196	\$8	4%