

# Exhibit to Agenda Item #6

Approve staff recommendation to suspend funding for new projects in 2020, 2021, and 2022 under Strategic Direction SD-14, System Enhancement.

Special Board of Directors Meeting

Tuesday, June 9, 2020, scheduled to begin at 5:30 p.m.

# Financial Impacts from COVID-19 & Recession

- Decreased sales and likely recession through 2022
- Increased costs to respond to COVID-19
- Increased number of customers needing EAPR subsidy and having trouble paying their bill
- High degree of uncertainty
- Our goal is to prevent additional rate increases for our customers
- We are working to mitigate factors within our control and planning our work to achieve our new financial reality

# Requested Action

Approve Staff recommendations regarding SD-14, System Enhancement, in light of financial challenges from COVID-19 and recession impacts

- 1) Suspend funding of *new* projects under SD-14 for 2020, 2021 and 2022
- 2) Continue to fund previously committed projects under the Policy

# SD-14: Policy Key Elements

- Applies to power lines below 69kV
- Funding is for the relocation or underground placement of SMUD facilities
- SMUD commits up to  $\frac{1}{2}$  of 1% of annual gross electrical sales revenues pending meeting financial targets & annual budget approval process
  - *\$7 million annual budget allocation*
- Uncommitted funds from any given year are not carried over to future years

# Committed Projects Under SD-14

- Four committed projects in progress

– \$4.7 M total remaining spend

- 2020: \$648.8 K
- 2021: \$918 K
- 2022: \$3.1 M

Local Jurisdiction	Ward #	Project Title and Scope	SMUD Total Project Estimate	2020 Project Spend	2021 Project Spend	2022 Project Spend
Sacramento County	1	Hazel Avenue Phase 3 Sunset to Madison (0.7 mile)	\$1.3 M	\$350.4 K	\$872.7 K	\$0
Sacramento County	7	Fair Oaks Blvd Landis to Angelina (0.3 mile)	\$300 K	\$298.4 K	\$0	\$0
Citrus Heights	1	Auburn Blvd. Rusch Park to I-80 (0.75 mile)	\$2.5 M	\$0	\$0	\$2.4 M
City of Elk Grove	2	Elk Grove Blvd b/w Waterman & School Streets (~0.5 mile)	\$785 K	\$0	\$45.3	\$735 K

# Completed Projects Funded Through SD-14

- Nine projects completed since policy adoption
  - \$10.6 million
  - Approximately 3.7 miles placed underground

Local Agency	# of Projects	Total Cost
Sacramento County	3	\$4.6 M
Citrus Heights	1	\$2.6 M
City of Sacramento	5	\$3.4 M

# SD-14 Annual Spend

- \$7 million annual budget allocation
- Annual spend range:  
~ \$24,000 - \$2.2 million
- Annual spending varies significantly based on project scope, schedule, and cost

Year	SD-14 Annual Spend (direct + fringe)
2010	\$ 69,029
2011	\$ 2,185,711
2012	\$ 649,288
2013	\$ 1,120,890
2014	\$ 1,082,378
2015	\$ 46,374
2016	\$ 2,090,439
2017	\$ 497,767
2018	\$ 69,185
2019	\$ 23,731
2020 (YE Forecast)	\$ 648,934
<b>Total</b>	<b>\$ 8,483,726</b>

# Requested Action

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System Enhancement

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# Questions?

