

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

Date: Wednesday, January 20, 2021

Time: 5:30 p.m.

Location: Virtual Meeting (online)

Powering forward. Together.



AGENDA

BOARD FINANCE & AUDIT COMMITTEE MEETING AND SPECIAL SMUD BOARD OF DIRECTORS MEETING

Wednesday, January 20, 2021

Scheduled to begin at 5:30 p.m.

Zoom Webinar Link: [Join Finance & Audit Committee Meeting Here](#)

Webinar ID: 61 879 7881

Password: 328089

Phone Dial-in Number: 1-669-254-5252

In accordance with the Governor's Executive Order N-29-20 and the Emergency Board Meeting Procedures adopted by the SMUD Board of Directors, the regular Board meeting and other public meetings are closed to the public to align with state, local, and federal guidelines and social distancing recommendations for the containment of the coronavirus.

Live video streams and indexed archives of meetings are available at:

http://smud.granicus.com/ViewPublisher.php?view_id=16

Members of the public may register to provide verbal comments at an upcoming Board or Committee meeting by emailing a request to speak to PublicComment@smud.org. Please include the date of the meeting, name, and topic or agenda item the requestor wishes to speak on. The request may also be submitted while the meeting is in progress during the standard time for the agenda item or topic. **Pre-registration is strongly encouraged by no later than 3:00 p.m. on the day of the meeting.**

Members of the public may provide written public comments on a specific agenda item or on items not on the agenda (general public comment) by submitting comments via e-mail. Comments may be submitted to PublicComment@smud.org and will be placed into the record of the meeting.

Members of the public that are listening to or watching the live stream of a Committee meeting and wish to submit written comments on a specific agenda item as it is being heard may submit their comments, limited to 250 words or less, to PublicComment@smud.org, noting the agenda item number in the subject line. The Committee Chair may read comments for items on the agenda into the record, in her discretion, based upon such factors as the length of the agenda or the number of e-mail comments received. General public comment for items not on the agenda will not be read into the record but will be provided to the Board and placed into the record of the Board meeting if it is received within two hours after the meeting ends.

This Committee meeting is noticed as a joint meeting with the Board of Directors for the purpose of compliance with the Brown Act. In order to preserve the function of the Committee as advisory to the Board, members of the Board may attend and participate in the discussions, but no Board action will be taken. The Energy Resources and Customer Services Committee will review, discuss and provide the Committee's recommendation on the following:

DISCUSSION ITEM

1. Casey Fallon Authorize the Chief Executive Officer and General Manager to award a direct procurement contract to **Zeus Electric Chassis, LLC** for five all-electric work trucks for a two-year term for a not-to-exceed amount of \$1.2 million.
Presentation: 10 minutes
Discussion: 10 minutes

INFORMATIONAL ITEMS

2. Public Comment
3. Rosanna Herber Summary of Committee Direction.
Discussion: 1 minute

Pursuant to Resolution No. 20-06-08 adopted on June 18, 2020, Emergency Board Meeting Procedures are in effect:

Members of the public may make either a general public comment or comment on a specific agenda item by submitting comments via email. Comments may be submitted to PublicComment@smud.org. Comments will be provided to the Board and placed into the record of the Committee meeting if it is received within two hours after the meeting ends.

Members of the public that are listening or watching the live stream of a Board meeting and wish to comment on a specific agenda item as it is being heard, may submit their comments, limited to 250 words or less, to PublicComment@smud.org. The Board Chair may read the comments into the record, in her discretion, based upon such factors as the length of the agenda or the number of email comments received. Comments will be provided to the Board and placed into the record of the Committee meeting if it is received within two hours after the meeting ends.

*Members of the public may register to provide verbal comments at an upcoming Board or Committee meeting by emailing a request to speak to PublicComment@smud.org. Please include the date of the meeting, name, and topic or agenda item the requestor wishes to speak on. The request may also be submitted while the meeting is in progress during the standard time for the agenda item or topic. **Pre-registration is strongly encouraged by no later than 3:00 p.m. on the day of the meeting.***

ADA Accessibility Procedures: Upon request, SMUD will generally provide appropriate aids and services leading to effective communication for qualified persons with disabilities so that they can participate equally in this virtual meeting. If you need a reasonable auxiliary aid or service for effective communication to participate, please email Toni.Stelling@smud.org, or contact by phone at (916) 732-7143, no later than 48 hours before this virtual meeting.

SSS No. SCS 20-351

BOARD AGENDA ITEM

STAFFING SUMMARY SHEET

Committee Meeting & Date Finance & Audit - 01/20/21
Board Meeting Date January 21, 2021

TO		TO	
1.	Tasha Crawford	6.	Jennifer Davidson
2.	Robert Adams	7.	
3.	Jacob Berks	8.	
4.	Casey Fallon	9.	Legal
5.	Gary King	10.	CEO & General Manager

Consent Calendar	<input checked="" type="checkbox"/>	Yes	<i>No</i> If no, schedule a dry run presentation.	Budgeted	<input checked="" type="checkbox"/>	Yes	<i>No</i> (If no, explain in Cost/Budgeted section.)
FROM (IPR) Dejona Lopez			DEPARTMENT Procurement, Warehouse & Fleet	MAIL STOP B357		EXT. 5331	DATE SENT 12/31/20

NARRATIVE:

Requested Action: Authorize the Chief Executive Officer and General Manager to award a direct procurement contract to Zeus Electric Chassis, LLC (“Zeus”) for five all-electric work trucks for a two-year term for a not-to-exceed amount of \$1,200,000.

Summary: SMUD has invested in fleet electrification for over 10 years. These investments have been primarily in the light duty vehicle class and more recently include hybrid bucket trucks along with other medium duty work trucks with idle mitigation. The manufacturers that SMUD has competitively bid contracts with for medium and heavy duty vehicles (Altec, Terex, and ETI) do not offer an all-electric drive chassis. This offering is rare in today’s market and only provided by a few companies that primarily focus on conversion from internal combustion engine (“ICE”) platforms manufactured by Ford and other original equipment manufacturers (“OEMs”). The market for all-electric drive work trucks is beginning to develop and take shape mostly for light duty pickup trucks (less than 8,500 gross vehicle weight rating (“GVWR”) amongst the OEMs.

Given the limited market offerings, Zeus Electric Chassis, LLC, a startup based out of Lindstrom, MN, has developed an all-electric work truck chassis that is uniquely positioned in the class 4 and class 5, vehicle categories (GVWR of 14,001 to 19,500 pounds, similar to a Ford F450 or F550 platform). Zeus is currently the only complete custom upfit electric truck chassis manufacturer in North America. SMUD and Zeus were originally introduced by the California Mobility Center (“CMC”).

This action request seeks to finalize terms, conditions, and pricing with Zeus for the procurement of five all-electric work trucks for a two-year term for a not-to-exceed amount of \$1,200,000. Zeus is a designer and original manufacturer of electric chassis capable of being customized for multiple uses throughout the SMUD fleet.

The vehicle specifications for the five all-electric work trucks will be designed by SMUD’s Fleet Engineers in collaboration with Zeus and will be fabricated by Zeus in collaboration with the CMC and other upfitters. Manufacturing will begin in early 2021 with a nine-month lead-time enabling SMUD to put these vehicles in-service potentially before year end 2021.

Market pricing for equivalent vehicles that are not all-electric is of course a less expensive option for SMUD. However, this contract with Zeus presents a unique opportunity to accelerate fleet electrification at SMUD and in our region, which in turn will reduce greenhouse gas (“GHG”) emissions. The increase in purchase cost compared to the ICE market equivalent vehicles will more than likely be made up in funding available from the California Air Resources Board (“CARB”) Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (“HVIP”). This project intends to accelerate the adoption of cleaner, more-efficient trucks and buses, based on HVIP credits available in 2019-2020. SMUD estimates that each of the five equipment purchases from Zeus will have a voucher or credit of nearly \$100,000 or \$500,000 in total

for all five all-electric work trucks. Zeus has partnered with other organizations such as California Strategies through the CMC ecosystem to secure CARB and Air Quality Management District (“AQMD”) authorizations for market entry and incentives. In addition, Zeus has provided a breakdown of their pricing, including the electric chassis, which aligns with industry standards, and the battery system, which is the most expensive component of each vehicle. Given this information, pricing for these electric vehicles is considered fair and reasonable.

Based on these market dynamics and Zeus being the only custom upfit electric truck chassis manufacturer in North America, a direct procurement contract is in SMUD’s best interest because advertising a bid opportunity would not produce a competitive outcome for SMUD; and it would be practically impossible to obtain the specifications we are seeking through such a solicitation. Further, Zeus will price all equipment (parts, labor, technology, etc.) at cost to SMUD, and there will be no mark-up or profit.

Board Policy: BL-8; Delegation to the Chief Executive Officer and General Manager with respect to Procurement
(Number & Title)

Recommendation: Award a Direct Procurement Contract

Award to:
[Zeus Electric Chassis, LLC](#)
30345 Neal Avenue
Lindstrom, MN 55045

Comments: This will be a non-standard SMUD contract format. The terms and conditions that will govern this contract will be reviewed and approved by all parties prior to contract execution.

Benefits: The ability to accelerate the conversion of additional fossil fuel vehicles and equipment to electric, demonstrate the business case for fleet electrification, and further establish leadership in fleet electrification and environmental sustainability.

Cost/Budgeted: \$1,200,000; Budgeted for 2021-2023 by Procurement, Warehouse & Fleet.

Alternatives: Do not approve this direct procurement. This would not be in the best interest of SMUD, as this would hinder SMUD’s ability to increase the electric vehicle options available, which demonstrates leadership in fleet electrification and environmental sustainability.

Affected Parties: Procurement, Warehouse & Fleet, Supply Chain Services, and Zeus Electric Chassis, LLC.

Coordination: Procurement, Warehouse & Fleet, Jacob Berks (Contract Manager), and Supply Chain Services.

Presenter: Casey Fallon, Director of Procurement, Warehouse & Fleet

Additional Links:

SUBJECT	Direct Procurement Contract with Zeus Chassis, LLC.	ITEM NO. (FOR LEGAL USE ONLY)
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ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

SSS No. BOD 2021-006

BOARD AGENDA ITEM

STAFFING SUMMARY SHEET

Committee Meeting & Date Finance & Audit 2021
Board Meeting Date N/A

TO	TO
1. Gary King	6.
2. Jennifer Davidson	7.
3.	8.
4.	9. Legal
5.	10. CEO & General Manager

Consent Calendar		Yes	<input checked="" type="checkbox"/>	No <i>If no, schedule a dry run presentation.</i>	Budgeted		Yes	No <i>(If no, explain in Cost/Budgeted section.)</i>
FROM (IPR) Rosanna Herber / Donna Lofton	DEPARTMENT Board Office			MAIL STOP B307	EXT. 5079	DATE SENT 12/22/20		

NARRATIVE:

Requested Action: Provide a summary of committee direction from the Board to Staff.

Summary: During a Board discussion at the January 2017 Policy Committee, the Board requested having an on-going opportunity to do a wrap up period at the end of each committee meeting to summarize various Board member suggestions and requests that were made at the meeting in an effort to make clear the will of the Board. The Committee Chair will summarize Board member requests that come out of the committee presentations for this meeting.

Board Policy: GP-4 Agenda Planning states the Board will focus on the results the Board wants the organization to achieve.
(Number & Title)

Benefits: Having an agendaized opportunity to summarize the Board's requests and suggestions that arise during the committee meeting will help clarify what the will of the Board.

Cost/Budgeted: N/A

Alternatives: Not summarize the Board's requests at this meeting.

Affected Parties: Board of Directors and Executive Staff

Coordination: Donna Lofton, Special Assistant to the Board

Presenter: Rosanna Herber, Finance & Audit Committee Chair

Additional Links:

SUBJECT Summary of Committee Direction	ITEM NO. (FOR LEGAL USE ONLY)
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ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.