

Board Policy Committee Meeting and Special SMUD Board of Directors Meeting

Date: Wednesday, July 14, 2021

Time: Scheduled to begin at 5:30 p.m.

Location: Virtual Meeting (online)

AGENDA BOARD POLICY COMMITTEE MEETING AND SPECIAL SMUD BOARD OF DIRECTORS MEETING

Wednesday, July 14, 2021

Scheduled to begin at 5:30 p.m.

Zoom Webinar Link: [Join SMUD Policy Committee Meeting Here](#)

Webinar ID: 160 143 5906

Password: 985582

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 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, 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 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 Policy Committee will review, discuss and provide the Committee's recommendation on the following:

DISCUSSION ITEMS

1. Jose Bodipo-Memba Accept the monitoring report for **Strategic Direction SD-13, Economic Development Policy.**
Presentation: 15 minutes
Discussion: 10 minutes
2. Maria Veloso Koenig Accept the monitoring report for **Strategic Direction SD-14, System Enhancement.**
Presentation: 10 minutes
Discussion: 10 minutes
3. Eric Douglas
LEADING RESOURCES, INC. Discuss proposed revisions to **Governance Process GP-1, Purpose of Board; Governance Process GP-2, Governance Focus; Governance Process GP-3, Board Job Description; and Governance Process GP-7, Guidelines for Board Member Behavior.**
Presentation: 40 minutes
Discussion: 40 minutes

INFORMATIONAL ITEMS

4. Nancy Bui-Thompson Board Work Plan.
Discussion: 5 minutes
5. Public Comment
6. Heidi Sanborn 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.

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*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.

BOARD AGENDA ITEM

STAFFING SUMMARY SHEET

Committee Meeting & Date
Policy July 14, 2021Board Meeting Date
July 15, 2021

TO				TO							
1.	Claire Rogers			6.							
2.	Brandy Bolden			7.							
3.	Jennifer Davidson			8.							
4.	Stephen Clemons			9.	Legal						
5.	Jose Bodipo-Memba			10.	CEO & General Manager						
Consent Calendar		x	Yes	No If no, schedule a dry run presentation.		Budgeted		x	Yes	No (If no, explain in Cost/Budgeted section.)	
FROM (IPR)				DEPARTMENT				MAIL STOP		EXT.	
Jose Bodipo-Memba				Sustainable Communities				A354		6493	
DATE SENT				6/24/2021							

NARRATIVE:

Requested Action: Accept the monitoring report for Strategic Direction SD-13, Economic Development Policy.

Summary: The annual Economic Development Report summarizes accomplishments and status of SD-13 performance by SMUD for the period of January 1 – December 31, 2020.

Board Policy: Strategic Direction SD-13, Economic Development policy states: “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.”
(Number & Title)

Benefits: Provides information on SMUD’s overall compliance with Economic Development to the Board of Directors and Executive Teams so they can evaluate compliance with specific Board Policy. Also, provides an opportunity to make recommendations or policy revisions, as necessary.

Cost/Budgeted: N/A

Alternatives: Provide the Board with written reports and communication through the CEO & General Manager.

Affected Parties: Board of Directors, Executive Team & staff.

Coordination: Economic Development develops the report with information from SEED, Sustainable Communities, New Business Development, Commercial Development, Pricing and Commercial Delivery.

Presenter: Jose Bodipo-Memba, Director, Sustainable Communities

Additional Links:

SUBJECT

Annual Monitoring Report for SD-13, Economic Development Policy

ITEM NO. (FOR LEGAL USE ONLY)

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

SACRAMENTO MUNICIPAL UTILITY DISTRICT

OFFICE MEMORANDUM

TO: Board of Directors

DATE: July 6, 2021

FROM: Claire Rogers *CR 7/6/21*

**SUBJECT: Audit Report No. 28007405
Board Monitoring Report; SD-13, Board Monitoring Report**

Audit and Quality Services (AQS) received the SD-13 *Board Monitoring Report* 2020 Annual Board Monitoring Report and performed the following:

- A review of the information presented in the report to determine the possible existence of material misstatements;
- Interviews with report contributors and verification of the methodology used to prepare the monitoring report; and
- Validation of the reasonableness of a selection of the report's statements and assertions.

During the review, nothing came to AQS' attention that would suggest the SD Board Monitoring report did not fairly represent the source data available at the time of the review.

CC:

Paul Lau

Board Monitoring Report 2020 SD-13, Economic Development



1. Purpose & Background

Strategic Direction 13 (SD-13) Economic Development states that:

“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.

2. Executive summary

SMUD is in compliance with SD-13, Economic Development.

SMUD continues to be a nationally recognized leader in corporate citizenship for our long-standing commitment to the economic health of the greater Sacramento region. In 2020, we enhanced our support for and engagement with the business community to support their needs during the COVID-19 pandemic. As our business community partners struggled, we pivoted and adapted our support to meet their evolving needs. We leveraged key partnerships to support a shared vision of economic recovery, deliver greater collective impact and advance an inclusive economy. Additionally, we aligned our economic development efforts with SMUD’s vision to be a trusted and powerful partner in achieving an inclusive, zero carbon economy. We leveraged our relationships to accelerate innovation, ensure energy affordability and reliability, protect the environment, eliminate greenhouse gas emissions, catalyze economic and workforce development, promote environmental justice, and enhance community vitality for all.

Our strategy to enhance the economic vitality of the Sacramento region is comprehensive. Key tactics to engage, inform and support the regional business community include:

- Advancing SMUD’s 2030 Zero Carbon Goal in regional economic development efforts
- Broadening support of the region’s emerging innovation ecosystem, including the California Mobility Center
- Supporting business formation, attraction, retention and expansion efforts
- Providing business development resources for entrepreneurs
- Improving the Supplier Education and Economic Development (SEED) contracting program for local small businesses
- Continuing to offer and enhance economic development rates
- Providing program energy efficiency and electrification incentives and rebates

- Expanding partnerships with local agencies and non-profits to facilitate community development
- Deploying significant resources to support a Sustainable Communities plan that can be replicated and measured for effectiveness and impact
- Ensuring our commercial and industrial service connection costs are in-line with other West Coast electric utilities
- Supporting the developer community

With the global pandemic of 2020, business innovation and development are even more critical for the sustainability and vitality of our region. This is why SMUD continues to invest in and support key organizations that promote new business creation, innovative technologies, and knowledge transfer with our higher-level institutions. SMUD has identified CleanStart, Hacker Lab, InnoGrove, and Startup Sac as leaders in this space and are proud to work with them to showcase our efforts and drive new business initiatives. This year, the Sacramento Urban Technology Lab (SUTL) showcased SMUD's efforts to drive innovations in Future Mobility via the CA Mobility Center (CMC), Internet of Things (IoT) and CyberSecurity. This work creates continued opportunities to leverage SMUD's research and development and New Business Development efforts to advance strategic goals and objectives of the company.

Through outreach and education, SMUD's Supplier Education and Economic Development (SEED) team teaches local small businesses how to contract with SMUD and positively impact their bottom line. SEED offers incentives to local small businesses that participate in SMUD's competitive bid process. It also helps prime contractors find local sub-contractors, which helps them gain a competitive edge when developing their bids or proposals. In 2020, the SEED program partnered with Supply Chain Services, conducting a variety of outreach and education events and awarding 24.01% of SMUD's contracts to SEED-certified small businesses, exceeding the Board-established goal of 20%. One hundred twenty-two (122) SEED contracts were awarded in 2020, totaling \$74,658,580.

SMUD works with over 50 local economic development organizations to enhance regional economic vitality. Our leadership roles in the Greater Sacramento Economic Council (GSEC), Valley Vision, Sacramento Metro Chamber, Urban Land Institute, Downtown Sacramento Partnership, Sacramento Black Chamber, Sacramento Asian Pacific Chamber, SACOG, SacPAC and many others help ensure our activities support the region's efforts to attract, retain and expand companies in our service area. It also means SMUD has a seat at the table early on in economic development conversations. Other major tactics to encourage regional economic development include our dedicated Commercial Development team and participation in business walks.

Business attraction was a key economic development focus in 2020. We participated in 12 new business attraction, retention and expansion projects, supporting four wins and the creation of an estimated 420 jobs within our service area. Projects included a sales and service center for electric school buses, another two arms of Amazon, and the expansion of an industrial machine manufacturer.

3. Information about our 2020 efforts to achieve the specific elements outlined in SD-13 is provided in the following section.

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

As SMUD continued to strategically invest in electrification and transportation, we focused on opportunities to promote awareness, innovation and job creation with local startups in these critical areas. The California Mobility Center (CMC) is a catalyzing investment in the region, which was woven into all of our collaborations, from keynote addresses with our CleanStart partner, to showcases with Startup Sacramento, to career pathway and entrepreneurship programs with Hacker Lab. All of these efforts are increasing investments to develop new solutions in these areas.

The New Business Development (NBD) Team planned, incorporated and launched a new nonprofit corporation, the CMC. The CMC applied for and received IRS tax exempt 501(c)(3) status. Additionally, the CMC rebranded itself and launched a new website. It secured a lease for its initial 25,000 square foot manufacturing and prototyping facility at Depot Park and procured its initial baseline equipment that will be commissioned by Q1 2021. Numerous service provider contracts were executed with additional contractors and consultants that will support the CMC and CMC clients. An affiliated venture capital fund was established to support CMC clients needing investment support. Lastly, the CMC workforce training program was launched in Q4 in partnership with community-based organizations, adult learning centers, Los Rios Community College District and Sacramento State University. The Workforce Pathways Partnerships Program was partly funded by a \$1.4 million CARES Act grant from the City of Sacramento designed to get people back to work who have been displaced from various industries due to the impact of COVID 19.

SMUD's growth and deeper focus on its Sustainable Communities program and the existing synergy with Economic Development resulted in a merging of efforts as Economic Development was re-organized into the Sustainable Communities team this year. Our co-investment with Hacker Lab continued into its second year, with SMUD's funding helping Hacker Lab secure CARES relief dollars to drive further innovation in our underserved communities. Detailed information about our 2020 partnerships that promote innovation is provided in Appendix A.

SMUD continues to effectively balance our goal of fostering innovation with our commitment to keeping rates low. SMUD's average rates will remain competitive even after the adopted rate increases for 2020 and 2021. In 2020, SMUD's system average rate was 35.7% below PG&E. PG&E's 2020 General Rate Case Phase I that was approved by the CPUC included revenue requirement increases for calendar year 2020 through 2022. The annual revenue requirement increase that would have taken effect on January 1, 2020 has been amortized over 3-years and is being put into PG&E's electric rates starting March 1, 2021. A detailed summary of SMUD's rate competitiveness is provided in Appendix A.

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

Supporting the local economy through the COVID-19 pandemic was a regional priority in 2020. SMUD engaged at the highest levels in regional economic recovery initiatives and took direct action to reach our commercial customers. SMUD partnered with the Sacramento Metro Chamber to underwrite/launch its COVID-19 Business and Economic Task Force briefings, which were initially daily virtual convenings of more than 50 local representatives across all level of government, industry and community leadership. The Task Force transitioned to weekly calls and served as the go-to source of information for the latest COVID-19 relief and support efforts for businesses in Sacramento County. SMUD leveraged the opportunity to share information about our programs and services to support impacted businesses and gather information to share directly with our customers. SMUD played a key

role in the development and execution of the State Sprint effort to develop a prioritized list of resources needed to advance the regional economy during and after the pandemic. Through our engagement, we were able to position the CMC as a key priority for investment and showcase SMUD's Sustainable Communities Resource Priorities Map. That effort was organized by the Sacramento Asian Pacific Chamber of Commerce in partnership with GSEC, SACOG, Valley Vision, the Sacramento Metro Chamber and City of Sacramento. SMUD also joined forces with Sac State, Los Rios Community College District, UC Davis, UC Davis Health System and Aggie Square to form an Anchor Institution Coalition to explore workforce and economic development pathways to support the greater Sacramento Region. The economic, intellectual, and human capital places an anchor institution in a unique position to improve and enrich the surrounding community in partnership with other key place-based stakeholders from sectors such as government, business, and faith, as well as community-based organizations and local residents. We provided resources to implement the Capital Region Prosperity Strategy and served as the program chair of the Internal Study Mission. Also, we remained in constant contact with all our business community partners to lend support.

SMUD launched an overarching awareness campaign focused on delivering actionable information and resources to our business customers. The main objective of our SMUD "Here to Help" campaign was to maximize the use of direct and targeted digital tools to provide support to small and midsize business customers. Our small and midsize businesses were significantly impacted by the COVID-19 global pandemic and state-enforced closure mandates. For a detailed description of SMUD's "Here to Help" campaign, see Appendix B.

SMUD plays a critical role in GSEC with SMUD's CEO serving on its Executive Committee and staff members serving as active members of its Economic Development Directors' Task Force. Through these roles, SMUD provided indirect support in the attraction of four companies that will create 420 jobs in SMUD's service territory. Detailed information about SMUD's role in key regional economic development organizations is provided in Appendix C.

To promote workforce and equitable economic and community development, SMUD continues targeting economic development, community/environmental health, and neighborhood outreach activities in vulnerable and under-resourced communities through its Sustainable Communities program. SMUD has invested over \$5 million into this effort, leveraging partnerships to increase impact in these areas of need. Additional information regarding Sustainable Communities can be found in Appendix B.

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

The Commercial Development team actively engaged with 220 commercial, mixed-use and residential project developers throughout our service territory.

Staff from numerous departments partnered with the Sacramento Metro Chamber and the Capital Region Small Business Development Center (SBDC). To support the creation and growth of small businesses, the SBDC helped 21 businesses start up, retained 9,080 jobs, created 470 new jobs and helped businesses access \$85.9 million in capital during 2020.

d) SMUD shall offer economic development rates and program incentives

In 2020, SMUD offered an Economic Development Rate (EDR) to incentivize the attraction, retention and expansion of businesses within our service area. A description of the current EDR can be found in Appendix D.

SMUD conducted strategic outreach and engagement to developers and builders of residential subdivisions and multifamily developments about its Smart Homes program offerings and incentives for All Electric, SolarShares as well as discussing newer technologies such as battery storage.

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

Our SEED program offered certified small businesses incentives to participate in SMUD's competitive bid process. It also helped prime contractors find local subcontractors to gain an advantage in developing their bids or proposals.

Our SEED team held 31 workshops, orientations or panel discussions and coordinated participation in over 62 outreach events, reaching approximately 9,237 people with information about SEED.

SMUD's annual goal is to award 20% of all contracts to certified small businesses. We exceeded that goal in 2020, awarding 24.01% of contracts to SEED qualified vendors, totaling \$74,658,580.

The SEED team also coordinated the Business Advisory Council (BAC). The BAC raises local business awareness about contracting with SMUD and makes recommendations for improvements to our contracting process. SMUD hosts quarterly meetings for over 35 member agencies, including regional Chambers of Commerce and Property and Business Improvement Districts.

For more information about our 2020 efforts to promote our SEED program, and the achievement of our SEED goals, please see Appendix E.

- 4. Challenges:** The regulatory climate in California, particularly the costs of doing business and regulatory compliance, are often cited as reasons why companies choose to locate in other states. Additionally, the Sacramento Area saw a very low vacancy rate for industrial real estate in 2020, which hindered our ability to attract large employers. SMUD is actively working with regional and state partners, such as GSEC, GO-Biz and the California Association of Local Economic Development, to address the state and local regulatory challenges that limit our ability to attract or develop new businesses.

The COVID-19 pandemic also continues to pose a significant economic challenge for the Sacramento region and the full effect is yet to be realized. The percentage of employees that will remain working from home will impact the demand for office space and traditional business attraction efforts. We may also need to reevaluate the way we support the existing business community as it recovers from the pandemic.

- 5. Recommendation:** It is recommended that the Board accept the Monitoring Report for SD-13, Economic Development.

APPENDIX A

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

SMUD's approach to innovation includes investments in the knowledge economy that complement business development efforts.

For corporations and startups alike, achieving success and growth depends on a support network and ecosystem in which to collaborate. SMUD's approach is to continue to identify the problem solvers within our community, and strategically invest in their programs that will grow our region's knowledge economy. Key 2020 developments in the partnerships Economic Development and Partnerships supports in the innovative entrepreneurship ecosystem include:

CleanStart Inc. focuses on building a clean tech hub in the Sacramento region. COVID-19 forced CleanStart to make a drastic change in programming. In 2020, instead of holding their Clean Tech Showcase, they focused their first CleanTech monthly meetup program on clean mobility with then-CEO Arlen Orchard as a panelist speaker. CleanStart hosted over 60 virtual events, impacting almost 2,000 attendees and covering topics such as solar, energy efficiency, and the future of ratepayer's interactions with utility companies. Five of these events featured presentations by SMUD senior leadership and subject matter experts. Also, four clean tech companies that received support from CleanStart received CalSEED funding in 2020.

Hacker Lab is an all-in-one makerspace, coworking facility and workforce incubator that has come to be one of the most recognized centers for innovation in the region. SMUD continues to invest in their programs end-to-end, including their maker education programs, entrepreneurship business accelerator, and their career pathway development program, to support the dreams of underserved Sacramentans. Leveraging SMUD's investment, the organization secured CARES funding from the City of Sacramento and expanded their Pathways program to create a 2-month program supporting 75 participants who had lost their income due to COVID-19.

Despite COVID-19 forcing the organization to close down their two remote campuses in Rancho Cordova and Rocklin to focus on programming at the main campus in midtown Sacramento, the organization made an amazing impact within our region, providing 1:1 mentorship for over 120 small business owners and supporting 860 participants with free, online classes for the community on topics including soft skill development, resume and job hunting, entrepreneurship, CAD design, website development, and digital marketing.

InnoGrove was one of the hardest-hit by the global pandemic. This partner was unable to hold their traditional STEM-related summer camps or game design workshops due to COVID restrictions. However, due to their unique configuration, SMUD's investment was able to ensure their doors remained open for essential businesses that operated out of their co-working space. InnoGrove pivoted further by focusing on activities that support startup companies as well as those that support women in tech. SMUD funding supported "I Am Remarkable," a curriculum to help minorities and women learn self-promotion and overcome "imposter syndrome." The organization conducted workshops for approximately 50 participants and plans to aggressively expand the program in 2021. InnoGrove's ongoing sponsorship includes a seat on their Board of Directors, as well as access to their co-working facilities and other visibility and recognition benefits.

Our partnership with **Startup Sac** expanded in 2020, providing additional opportunities to showcase SMUD's investment in the innovation community. Startup Sac is engaged in the acceleration of Sacramento's startup and innovation ecosystem through educating, empowering and connecting startups to founders and innovators. This year, the organization collaborated with

the City of Sacramento to host its Sacramento Urban Technology Lab (SUTL). This virtual event included speakers, panels of industry experts and thought leaders, and showcased companies who are advancing technology in the areas of focus: 1) CyberSecurity and IoT; 2) Future Mobility; and 3) Digital Health and Life Science. SMUD was heavily showcased in the technology and mobility events, with SME and senior leaders speaking or leading panel discussions.

In addition to the SUTL showcase, Startup Sac held a total of 24 events, supporting 613 businesses, including nine Startup Sac Happy Hour Events featuring 10 veteran founders and 409 attendees and holding eight Startup Sac Office Hours with a total of 211 attendees.

Commitment to Low Rates:

SMUD continues to maintain rates that are below PG&E's, both at a system level and by rate class.

Figure 1: Compares SMUD and PG&E system average rates for the past two years. On a system average basis, SMUD's system average rates have averaged 29% below PG&E's since 2011.

Figure 1 – Summary of SMUD and PG&E Rate Comparison in \$/kWh

				Average Annual Rate		Difference	Difference
Customer		Rate Categories		PG&E	SMUD	Below PG&E*	Below PG&E*
Class	Description	PG&E	SMUD	2020	2020	2020	2019
Residential	Standard	E-1	R-TOD	\$0.2631	\$0.1645	-37.5%	-39.8%
	Low Income	CARE***	EAPR & EAPRMED**	\$0.1593	\$0.1134	-28.8%	-32.2%
All Residential				\$0.2297	\$0.1584	-31.0%	-34.7%
Small Commercial****	<= 20 kW	A-1	GFN/GSN_T	\$0.2694	\$0.1567	-41.8%	-41.6%
	21 - 299 kW	A-6	GSS_T	\$0.2558	\$0.1451	-43.3%	-43.4%
Medium Commercial****	300 - 499 kW	A-10	TOU-3	\$0.2378	\$0.1342	-43.6%	-42.4%
	500 - 999 kW	E-19	TOU-2	\$0.2075	\$0.1259	-39.4%	-38.8%
Large Commercial****	=> 1 MW	E-20	TOU-1	\$0.1672	\$0.1074	-35.8%	-35.1%
Lighting	Traffic Signals	TC-1	TS	\$0.2559	\$0.1231	-51.9%	-52.0%
	Street Lighting	various	SLS,NLGT	\$0.3052	\$0.1490	-51.2%	-50.2%
Agriculture	Ag & Pumping	AG	ASN/D,AON/D	\$0.2517	\$0.1388	-44.8%	-38.4%
System Average				\$0.2223	\$0.1429	-35.7%	-36.5%

* Projected 2020 average prices for SMUD with rates effective 10-01-20. PG&E average prices in 2020 reflect rates effective 10/01/20, per Advice Letter 5958-E. The rate difference in year 2019 reflects PG&E average rates as of 10-01-19, per Advice Letter 5644-E dated 09-23-19, and SMUD rates effective 01-01-19.

** CARE vs EAPR includes EAPR & EAPRMED customers.

*** There is no indication from PG&E that their CARE rates include customers who have a medical allowance only.

**** Commercial rates include WAPA credits. The revenue forecast does not consider economic development discounts for year 2020.

As shown in Figure 1, the rate competitiveness by class varies for the different customer classes and is at least 28.8% below comparable PG&E class average rates. Since the creation of the annual rate monitoring report in 2007, SMUD has consistently maintained rates that were more than 18% below PG&E.

APPENDIX B

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

Leadership Roles: Throughout 2020, SMUD staff held visible leadership roles in regional economic development initiatives and organizations, helping ensure regional stakeholders are working in concert on business development, attraction, retention and expansion efforts and that

our efforts are aligned with regional priorities. SMUD's leadership roles in regional economic development organizations included:

- Business Environmental Resource Center, Advisory Committee
- California Capital, Loan Advisory Committee
- Capital Region Prosperity Plan, Steering Committee
- Carmichael Chamber of Commerce, Board President
- Capital Region Small Business Development Center, Advisory Board
- Cleaner Air Partnership, Executive Committee
- Downtown Sacramento Partnership, Board of Directors
- Folsom Tourism and Economic Development Corporation, Board of Directors
- Greater Sacramento Economic Council, Board of Directors
- Greater Sacramento Economic Council, Economic Development Directors Taskforce
- Greater Sacramento Urban League, Board of Directors
- Grow Sacramento Fund, Loan Advisory Committee
- Hacker Lab, Board of Directors
- Internal Study Mission, Program Chair
- Metro EDGE, Leadership Council
- Midtown Business Association, Board of Directors
- North State Building Industry Association, Board of Directors
- North Sacramento Chamber of Commerce, Board of Directors
- Power Inn Alliance, Board President
- Project Attain, Board of Directors
- R Street Sacramento Partnership, Board of Directors
- Sacramento Construction Management Education Foundation, Executive Committee
- Sacramento Asian Pacific Chamber of Commerce, Board of Directors
- Sacramento Black Chamber of Commerce, Board of Directors
- Sacramento Employment and Training Agency (SETA)/Sac Works, Board of Directors
- Sacramento Employment and Training Agency, Board of Directors
- Sacramento Metro Chamber of Commerce, Executive Committee
- Sacramento Metro Chamber, Economic Development Policy Committee Co-Chair
- State Sprint, Steering Committee
- The River District, Board of Directors
- Urban Land Institute, Board President
- Valley Vision, Executive Committee

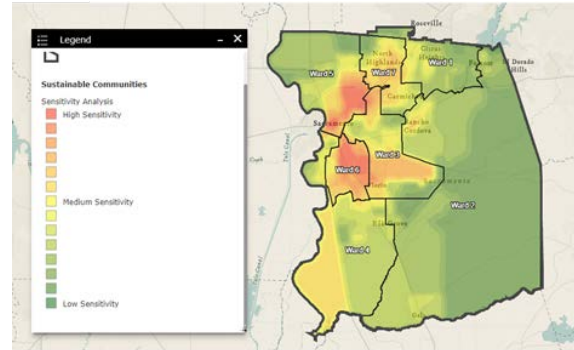
Sustainable Communities Program: With our Sustainable Communities program, SMUD fully embraces the notion that we are more than a utility – that we can and will play an active role in improving the quality of life in our region and in all our neighborhoods.

An important corollary to Sustainable Communities is our Board-adopted Climate Emergency Resolution requiring SMUD to work toward our most ambitious goal — 2030 Zero Carbon. A few years ago, a Brookings Institute Report–Charting a Course to the Sacramento Region's Future Economic Prosperity– found that between 2006 and 2016, the Sacramento metropolitan statistical area (MSA) ranked in the bottom-third of the 100 largest metro areas in composite rankings measuring improvements in growth, prosperity, and inclusion, three critical elements of regional economies that work for everybody. These long-term trends reflect the downturn during the Great Recession and suggest it was deeper and more sustained in the Sacramento MSA than in other parts of the nation.

Through Sustainable Communities, we're partnering with policy makers, transit, technology companies, health care providers and community-based organizations to leverage our investments to create collective impact to enhance workforce training, transportation access, clean energy, job creation and inclusive economic development in under-resourced neighborhoods.

SMUD's Sustainable Communities Priority Map

To deploy comprehensive resources for our communities most in need, we must align our region's investments toward the goal of creating and supporting healthy, vibrant, and economically sustainable neighborhoods. Our Sustainable Communities Resource Priorities Map helps analyze current data to indicate the local areas most likely to be underserved or in distress by lack of community development, income, housing, employment opportunities, transportation, medical treatment, nutrition, education, and clean environment. The data sets highlighted in the Resource Priorities Map include key indicators that would best aid in identifying and targeting communities with a greater sensitivity to social, economic, and environmental vulnerabilities.



SMUD is partnering with the California Mobility Center (CMC) and Community Based Organizations (La Familia Counseling Center, Inc., Asian Resources, Inc., and Greater Sacramento Urban League) to provide job readiness and technical training to over 300 community participants to prepare them for careers in the clean mobility sector. The goal of the CMC is to develop an innovation hub for clean mobility, creating an environment and support system for start-ups and established mobility companies to collaborate on advanced techniques that will accelerate the adoption of clean mobility technology. The CMC provides an atmosphere where clean mobility start-ups can grow and drive new business opportunities and economic development to communities that have been left out of the technology boom. These new business opportunities will also require a trained workforce; the infrastructure that is used to design and manufacture clean mobility vehicles will also be used to train priority populations.

SMUD and its Promise Zone partners graduated 25 students from the inaugural "Energy Career Pathways" solar training class. The class recruited participants from underserved communities and helped them access high-paying solar jobs by demonstrating proficiency in the areas of energy industry knowledge, solar installation and the social, teamwork, and safety skills needed to be successful in the workforce. Despite the challenges presented by the onset of the COVID-19 pandemic, several students were hired-on by solar companies immediately upon graduating. SMUD and its partners continue to work with graduates on job placement, with a total of 12 placements to date. As part of the program, trainees installed two solar trees each at The Greater Sacramento Urban League and the Simmons Community Center. The installation of these solar trees not only serves to beautify our community and help to promote renewable energy, but they also provide class participants with hands-on experience building solar structures. After a short hiatus due to COVID-19 restrictions, SMUD restarted an expanded program in 2021 with a new partner, Grid Alternatives.

In its third year, the Shine program, which is now aligned with our Sustainable Communities program, invests in projects that support community development, neighborhood beautification, encourages regional collaboration, and provides more comprehensive support for local nonprofits supporting our historically under-resourced neighborhoods. In 2020, 124 organizations submitted applications, compared to 94 in 2019. We received requests for over

\$4.4 million in funding for projects ranging from education to neighborhood revitalization to energy efficiency. Shine will support 29 projects totaling \$620,000 for implementation of program services in 2021. This reflects an increase in funding from the prior year and will help support our non-profit partners. For example, the River District is receiving \$30,000 to provide a safer and more sanitary environment to encourage pedestrian and bicycle use in the District as a main artery serving commuters to and from the Downtown Sacramento area. By improving the lighting to the pedestrian and bike tunnels, adding a mural to the underpass and securing cleaning equipment and supplies for the area, the community traveling along these pathways will increase as will accessibility to the businesses and services nearby.

In order to assist our economic development partners impacted by lost revenue from COVID-19, SMUD advanced \$2.1 million in the form of a 3-year pre-payment to stabilize and ensure their continued operations.

Our Community Resource Liaison (CRL) program, previously referred to as the Loaned Executive program, is designed for SMUD employees to spend up to a year working for our nonprofit or chamber of commerce partners while remaining a SMUD employee. CRLs are responsible for managing and implementing innovative strategies to promote and improve business, increase membership participation and community relationships by creating opportunities that promote the organization's programs as well as SMUD's programs and services. There were five community partners participating in the Program in 2020: the Sacramento Hispanic Chamber of Commerce, the Sacramento Black Chamber of Commerce, the Sacramento Rainbow Chamber of Commerce, the Rancho Cordova Chamber of Commerce and The City of Refuge. The commitment of the CRL Program enhanced these organizations' ability to implement new services, design and develop new programs, extend and increase current program offerings and gain more community engagement by expanding their reach. Additionally, SMUD provided direct staff technical, marketing/communications, and administrative support to the Carmichael Chamber of Commerce and GSEC.

COVID-19 Small and Midsize Business Support: In the early months of 2020 our Small and Midsize Business (SMB) Team continued their "normal" business practices, actively engaging with customers in-person and on the phone, providing personalized assistance and tailored energy advice and solutions to meet individual customer needs. Surprisingly, throughout 2020, SMB customers took advantage of a variety of SMUD incentive programs, including Express Energy Solutions, Complete Energy Solutions and the Custom Incentive Program.

However, as the year progressed and COVID-19 global pandemic spread, SMUD issued stay at home/remote work orders. The SMB team pivoted its messaging under the marketing campaign of "Here to Help." Our SMUD "Here to Help" campaign was an overarching awareness campaign focused on delivering actionable information and resources to our business customers during the national pandemic. The main objective of the campaign was to maximize the use of direct and targeted digital tools to provide support to the small and midsize business customers. Our small and midsize businesses were significantly impacted by the COVID-19 global pandemic and state-enforced closure mandates. Key executions under the "Here to Help" campaign were:

- SMUD.org/BizResources – landing page featuring local, state and national business resources
- Business Re-invented social media – customer highlight features to give hope to businesses by providing examples of those who had pivoted and were successful
- SMB Strategic Account Advisor awareness campaign - targeted digital, audio + streaming to alert small & midsize businesses they had a personal contact at SMUD to assist them
- Virtual Energy Assessment – business shift from in-person to online energy assessments

- Meet the Buyers & Business Resource Expo – first ever SMUD virtual expo expanded not only to promote doing business with SMUD but also to educate our customers on new technologies and programs offered by SMUD
- Business Bill Tips video - FAQs explainer video, as more customers were taking a closer look at their bill and wondering how they could save money

The “Here to Help” Campaign addressed the following:

- Proactively informing our business community about COVID-19 support resources and related information
- Raising customer awareness that their business primary point of contact, their Strategic Account Advisor (i.e., account manager), is available to support and assist
- Development of new business customer digital tools
- Enhancing awareness of availability of digital tools
- For the safety of our employees and our community, shifted education and advisory services from in-person to digital platforms
- Reinforcing our mission that “we are all in this together”

APPENDIX C

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

Projects announced in 2020 include four new companies creating 420 new jobs:

- **Lion Electric** – The opening of this company at McClellan created 20 new jobs.
- **Inductive Automation** – An expansion creating 100 new Sacramento jobs.
- **Amazon** – Another arm of this company opened a division at McClellan for food distribution creating 200 jobs.
- **Amazon** – A new facility in Elk Grove creating 100 jobs.

Business Walks: Early in 2020 the SMUD Small and Midsize Business Team (SMB) supported the following business walks:

- 2.12.2020 – Mack Road Partnership
- 2.19.2020 – Stockton Blvd Partnership
- 2.24.2020 – Florin Road Partnership

With the onset of the COVID-19 global pandemic in March 2020, a number of businesses had to significantly alter their standard practices, and local Chambers had to pivot to a virtual space. Along that vein, the business walks were halted due to safety concerns.

In lieu of the business walks, the SMB Team continued their proactive outreach efforts through a series of bi-weekly emails to over 5,000 small and midsize business customers. The emails focused on energy saving tips, local assistance programs, Federal and State loans, available grants and links to informative webinars focused on the struggles of small and midsize businesses. These outreach emails not only resulted in positive feedback from customers but led to customers reaching out for assistance in other ways, thereby strengthening their relationship with their Strategic Account Advisor and developing more of a “partnership” relationship with SMUD.

Commercial Development: Over the course of 2020, our Commercial Development team actively engaged with approximately 220 commercial, mixed-use and residential project developers throughout our service area. Some highlights include:

- Strategic outreach on SMUD bundled programs to developers and builders.
- Managing the Statewide Community Infrastructure Program (SCIP) which allows development projects to levy property taxes to finance eligible infrastructure expenses. In 2020, SMUD processed two acquisition agreements for SMUD Fees and Infrastructure. SMUD anticipates an uptick in projects gaining SCIP approval in 2021.
- Distribution of “Developer Connections” e-newsletters. The open and read rate is consistently at 30% or higher.
- Commencement of SMUD’s Central City 21kV extension plan to support future development projects currently under construction with an estimated completion of 2022.

Central City Growth: The Central City continued to see sustained growth in 2020, especially focused on single- and multi-family development. Development projects located in the Central City face unique challenges based on space constraints and increases in high density development and finding room for SMUD facilities is site-specific. 17Central located at the former Sacramento Ballet building kicked off construction by D&S Development, which consists of 107 units and ground floor retail. The California Fruit Building is scheduled to finish construction of a boutique hotel in a historic building close to the Golden 1 Center, and is expected to begin taking reservations in 2021. The Mansion Inn project began construction adjacent to the California Governor’s Mansion, consisting of 190 units and ground floor retail. The project is anticipated to be completed in late 2021. 1430 Q Street, the mixed-use project adjacent to the lively R Street corridor, completed construction and began occupying rental units. The Fort Sutter Hotel completed construction of their midtown hotel in 2020, near the Sutter Medical Complex in midtown and began formally taking reservations in early 2021. New construction and significant building renovations continued to be robust in 2020; at the close of the year, over 92 development projects or significant building renovation projects were being coordinated by SMUD’s Commercial Development team within the central city zone, which covers roughly seven square miles.

SMUD also formally kicked off its coordination efforts with UC Davis’ Medical Center Campus expansion. The proposed development includes Aggie Square, the region’s first innovation hub with over 1 million square feet of research, wet labs, commercial space and housing. The development models Atlanta’s Tech Square aimed at attracting top talent, innovation and companies.

2020 continued the substantial growth for development north of downtown. At Metro Air Park, NorthPoint Development LLC, based out of Kansas City, Missouri, completed construction of two buildings. The first building, a 1.13 million square foot Walmart Distribution Center, was completed in late 2020 as well as a 600,000 square foot SC Johnson warehouse. NorthPoint began construction of a 1.3 million square foot Amazon distribution facility, slated for completion in mid-2021. Buzz Oates completed construction of their first phase at Metro Air Park, a 500,000-square foot building at the intersection of Elverta at Metro Air Parkway. SMUD has received eight new SMUD Rule 16 applications for new buildings that are anticipated to begin construction in 2021 at Metro Air Park. North Lake master plan at Hwy 99 and W. Elkhorn Blvd (formerly Greenbriar) began construction of site improvements and models homes. First home sales are anticipated in 2021. At buildout, North Lake will have over 2,100 residential units. SMUD has significant infrastructure planned for North Lake and Metro Air Park and is working to extend 69kV facilities in the area to support four new substations. At completion, the substations will equate to 250MW of new capacity in the area to accommodate future growth.

In addition, the Commercial Development team worked closely in numerous, high-profile developments, the Railyards, the Department of General Services’ Richards Boulevard Office Complex, Folsom South, California Military HQ Campus and on additional infrastructure

coordination to support development in Rio del Oro, the Sunridge Specific Plan Area along Douglas Road and Sunrise Blvd in Rancho Cordova.

The Revenue Operations, DG Interconnection team turned to technology during 2020 to realize another successful year supporting SMUD's existing and future indoor cultivation customers. As an essential business, the cannabis industry continued to grow its presence in SMUD's territory as evidenced by an 83% increase in revenue directly correlated to the increase in facilities coming online exceeding \$1M in December 2020.

The first "mixed light" or greenhouse facility is ramping up its operations and is expected to reach full scale in Q2 2021. This innovative approach to controlled environment horticulture and its large footprint of over 180,000 square feet of plants was a new, exciting opportunity for SMUD.

2020 marked the second year of SMUD's partnership with the Greater Sacramento Urban League's Cannabis Opportunity Reinvestment and Equity (CORE) program. The purpose of this program is to provide equitable access to the cannabis industry through education and training. Members of the program receive support and guidance in developing their facilities. They are taught best practices in using energy efficiently and how to take advantage of SMUD's resources including energy efficiency incentives, program resources, and a dedicated Strategic Account Advisor to provide ongoing support and direction. We have now presented to 45 graduates and continue to support those adversely affected by the disproportionate enforcement of cannabis regulation. As a result of the program, participants have been provided the education, tools, and support required to build successful businesses in the cannabis industry ranging from multi-faceted incubator facilities to the brick-and-mortar dispensaries.

APPENDIX D

SMUD shall offer economic development rates and program incentives.

SMUD offers economic incentives to help attract new businesses and expand existing ones to grow the regional economy. Incentives range from helping design new construction to offering energy-efficient upgrades for equipment and proposing our Economic Development Rate (EDR).

Economic Development Rate: Customers that exceed 299kw for three consecutive months may qualify for the EDR. This rate has multiple options for our customers, including a frontloaded rate to help reduce initial operating costs, or a fixed discount over the ten-year period. Customers who locate in a disadvantaged community have the same options, but with a larger discount. Additionally, an economic impact study is performed by the Greater Sacramento Economic Council. This ensures the customer is aware of other economic development programs and incentives.

Size	Term	Industry Requirements	Job Requirements	Full Service Requirement	Discount
300kW+	10 years	No limitations	No minimum requirement	No	Two options for customers to choose: 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 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

Program Incentives: SMUD offered several energy efficiency and Go Electric business incentives to help meet the financial responsibility goals and growing sustainability needs of our commercial customers. Our Integrated Design Solutions, Custom Energy Efficiency, Complete Energy Solutions, and Express Energy Solutions (EES) programs offered incentives to help customers install new energy-saving equipment and make energy efficiency modifications to their buildings. We offered new Go Electric rebates for businesses upgrading to cleaner and more efficient technologies for water heating, space heating, cooking, and new building construction. The effort is part of SMUD's goal to achieve 100% net-zero-carbon by 2030. We also offered assistance with energy management and incentives for load shifting and curtailment.

Our Small and Medium Business (SMB) Team provided EES incentives to 549 commercial customers, for a combined total program energy savings of 17.8 GWh and demand savings of 3.95 MW.

APPENDIX E

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

In 2020, we exceeded our SEED Program goal of awarding at least 20% of all contracts to certified small businesses. Specifically, we awarded 24.01% through 122 SEED contracts totaling over \$74 million.

Award Type	2020		
	Total PO \$	PO Count	Program %
SEED Prime	\$ 49,274,589.85	30	66%
SEED Sub-Contractors	\$ 23,479,105.71	0	31%
Sheltered Market	\$ 1,243,558.89	10	2%
Exempt	\$661,328.31	82	1%
Grand Total	\$74,658,580.76	122	100%

Note: The acronym PO refers to "Purchase Orders."

The SEED team focused its efforts on the following key outreach initiatives:

- **Availability Study:** Following the original 2005 study, the SEED team launched a new business Availability Study (awarded to a SEED vendor) to provide an overview of the current regional business market. Due to COVID-19, data collection efforts were halted for six (6) months. The results will inform our business outreach strategy and may also be used by other internal partners. The SEED team also continues to analyze outreach efforts by ward segments to identify opportunities of engagement
- **Business Advisory Committee (BAC):** SEED hosted four quarterly meetings in 2020 for BAC business organization leaders, raising awareness about the SEED program, sponsored events, incentives, commercial programs and contracts awarded to BAC members' constituents. This included over 49 SMUD contracts to BAC members totaling over \$88 million dollars (\$7 million more than in 2019).

- **How to Do Business with SMUD:** The SEED team pivoted under COVID-19 to a virtual format and collaborated with community partners to deliver 11 workshops to raise awareness of SMUD's procurement program and encourage future participation.
- **"Meet the Buyers" Conference:** In its 9th year, SEED's annual Meet the Buyers Conference pivoted to a virtual conference format. SEED partnered with the SMB team to expand the event to the Meet the Buyers & Business Resource Expo and included commercial program/resource information. The successful event drew a record 494 registrants, offering 10 panel sessions and education workshops, over 35 speakers and 17 virtual exhibitors. The event was very well-received, with survey results confirming a 93% "met or exceeded expectations" event satisfaction level.
- **SEED Ambassador Program:** The program engages designated employees within SMUD business units in promoting the use of SEED vendors in their workgroup's contracting activities. The program has over 35 participants and continues to see more referrals from employees, who have also been active in Meet the Buyers and Business Advisory Committee meetings.
- **Sheltered Market Initiatives:** The SEED team continually explores innovative ways to foster small business participation in solicitations and worked closely with Supply Chain to identify 10 sheltered market contracting opportunities in the areas of commodities and professional services. The contracts are specific only to verified SEED vendors and totaled approximately \$1,243,558. Fifty-five percent (55%) of the sheltered market opportunities were 2-to-4-year contracts.
- **SEED Quarterly Newsletter:** The SEED team distributed over 457 electronic copies of the quarterly newsletter to external partners and SEED Ambassadors to highlight SEED program resources and contracting opportunities. It features information including free government contracting services, SEED supplier success stories, recent contract awards, upcoming bid opportunities, and small business events and workshops, and it is also available on smud.org.
- **Social Media:** The SEED team collaborated with Marketing and Corporate Communications to submit social media content on a regular basis to promote small business solicitation opportunities and events.
- **Procurement Platform Transition to Ariba:** The SEED team collaborated with Procurement for the implementation and deployment of Ariba and will continue to be involved through 2021. SEED is pivotal in addressing and identifying solutions for supplier experience and enhancements. Since Ariba's April 2020 launch, SEED has 96 vendors registered in the new system and will continue to utilize EBSS (Electronic Bid Solicitation System) and Ariba as Ariba transitions to maximum feature functionality.
- **SEED Awarded as DGS' "Reciprocity Partner of the Year"**
The CA Department of General Services (DGS) recognized SMUD's SEED program as its inaugural "Reciprocity Partner of the Year" awardee at its annual State Agency Recognition Awards. This new category award is provided to an agency which uses DGS' small business certification and which supports small business contracting and DVBE communities.

SSS No. GP 21-008

BOARD AGENDA ITEM

STAFFING SUMMARY SHEET

 Committee Meeting & Date
 Policy Committee Meeting
 July 14, 2021

 Board Meeting Date
 July 15, 2021

TO					TO				
1.	Claire Rogers				6.				
2.	Frankie McDermott				7.				
3.	Jennifer Davidson				8.				
4.	Stephen Clemons				9.	Legal			
5.					10.	CEO & General Manager			

Consent Calendar	X	Yes		No If no, schedule a dry run presentation.	Budgeted	X	Yes		No (If no, explain in Cost/Budgeted section.)	
FROM (IPR) Maria Veloso Koenig				DEPARTMENT Distribution Planning & Operations				MAIL STOP EA403	EXT. 5794	DATE SENT 6/25/21

NARRATIVE:

Requested Action: Accept the monitoring report for Strategic Direction SD-14, System Enhancement.

Summary: The purpose is to provide the Board with the annual update on SD-14, System Enhancement, for the year 2020. The information in the monitoring report could be used by the Board to determine if the policy needs to be revised or further developed. If so, those items could be scheduled for subsequent meetings.

Board Policy: SD-14, System Enhancement.
(Number & Title)

Benefits: Allows the Board of Directors a better understanding of Board Policies and gives them an opportunity to make revisions if necessary.

Cost/Budgeted: In June 2020, the Board approved suspension of funding new projects under SD-14 for 2020, 2021 and 2022 (Resolution 20-06-23). Previously committed projects, a total of four, under the Policy would continue to be funded during these years. The total 2020 budget for these four projects was \$4.2 million, and the 2020 actual spending was approximately \$216,000.

Alternatives: Provide the Board written reports and communications through the General Manager & CEO.

Affected Parties: N/A

Coordination: Grid Assets; Local Government Affairs

Presenter: Maria Veloso Koenig; Director, Distribution Planning & Operations

Additional Links:

SUBJECT

SD-14 System Enhancement Monitoring Report

ITEM NO. (FOR LEGAL USE ONLY)

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

SACRAMENTO MUNICIPAL UTILITY DISTRICT

OFFICE MEMORANDUM

TO: Board of Directors

DATE: July 6, 2021

FROM: Claire Rogers *CR 7/6/21*

**SUBJECT: Audit Report No. 28007406
Board Monitoring Report; SD-14: System Enhancement**

Audit and Quality Services (AQS) received the SD-14 *System Enhancement* 2020 Annual Board Monitoring Report and performed the following:

- A review of the information presented in the report to determine the possible existence of material misstatements;
- Interviews with report contributors and verification of the methodology used to prepare the monitoring report; and
- Validation of the reasonableness of a selection of the report's statements and assertions.

During the review, nothing came to AQS' attention that would suggest the SD Board Monitoring report did not fairly represent the source data available at the time of the review.

CC:

Paul Lau

Board Monitoring Report 2020

SD-14, System Enhancement



1) Background

Strategic Direction 14, the System Enhancement Board policy states that:

As a community-owned utility, SMUD recognizes that the relocation or underground placement of primary voltage power lines may be desirable to local jurisdictions to improve aesthetics, economic vitality, safety and disabled access. Therefore, it is a key value of SMUD to make selected distribution system enhancements, such as permanent relocation or underground placement of primary power lines below 69 kV.

- a) SMUD will, at its expense and where technically feasible, permanently relocate or underground existing overhead distribution facilities provided the governing body of the city or county in which the electric facilities are and will be located has:
 - i) Identified, after consultation with SMUD, a specific system enhancement project;
 - ii) Determined the project is in the public interest;
 - iii) Ensured all existing overhead communication facilities related to the project will also be permanently relocated or placed underground;
 - iv) Obtained and provided SMUD with all easements necessary for the project.
- b) After achievement of core financial targets, SMUD will annually commit up to one-half of one percent of its annual gross electric sales revenue to system enhancements. The proposed projects will be subject to SMUD's annual budget approval process, and uncommitted funds from any given year will not be carried over to future years. Funding will be assigned to projects brought forward by local cities or counties based on applying the following criteria (not in order of preference):
 - i) Project scale and/or cost when measured against available District resources.
 - ii) Requesting entity has developed full scope, obtained all necessary easements, and development plan for customer service conversion from overhead to underground, as required.
 - iii) Extent to which the costs are borne by others.

2) Executive summary

SD-14 states that SMUD “*will annually commit up to one-half of one percent of its annual gross electric sales revenue to system enhancements.*” However, in light of SMUD’s financial challenges caused by COVID-19, on June 9, 2020 the Board of Directors approved suspension of funding *new* projects under SD-14 for 2020, 2021 and 2022 (Resolution 20-06-03). Previously committed projects (a total of four) under the Policy will continue to be funded during these years.

SMUD is in compliance with SD-14, System Enhancement.

The planning and execution of SD-14 projects is typically a multi-year process that starts with a preliminary work scope that is used to determine a ballpark cost estimate, to the finalization of the work scope that includes a detailed design and detailed cost estimate. After necessary permits and easements are obtained, the project is released for execution/construction. Tables 1 and 2 below show the committed projects that were in progress in 2020, and they continue to progress. The budget for these four projects is included in the approved 2021- 2023 operational plan.

Table 1: Committed projects with preliminary work scope

Local Jurisdiction	Project Title	2020 Project Budget	Ballpark Cost Estimate	2020 Project Spend	Project Status
Citrus Heights	Auburn Blvd. Rusch Park to I-80 (0.75 mile)	\$1,250K	\$2,500K	\$18K	2022 planned construction start date
Elk Grove	Elk Grove Blvd b/w Waterman & School Streets (~0.5 mile)	\$81K	\$1,000K	\$0K	2022 planned construction start date

Table 2: Committed projects with final work scope/detailed design

Local Jurisdiction	Project Title	2020 Project Budget	Total Cost Estimate	2020 Project Spend	Project Status
Sacramento County	Hazel Avenue Phase 3 Sunset to Madison (0.7 mile)	\$2,009K	\$1,443K	\$52K	in construction; expected to be done Q3/Q4 2021
Sacramento County	Fair Oaks Blvd Landis to Angelina (0.3 mile)	\$813K	\$361K	\$146K	completed on March 2021

The 2020 budget for the Hazel Avenue Phase 3 and Fair Oaks Blvd projects were based on preliminary work scope and ballpark cost estimates since the schedule, detailed design and detailed cost estimates were not yet available for the 2020 enterprise budget development. The cost estimates for these two projects are based on the final work scope and detailed design.

On June 18, 2021, SMUD received a letter from the city of Citrus Heights stating that due to conflicts with Federal funding requirements, they will forego utilizing SD-14 funds for its project on Auburn Blvd (Rusch Park to I-80). SMUD staff and Citrus Heights staff have initiated discussions regarding options to address this issue.

As needed, staff continued education efforts with local jurisdictions regarding the policy and the process for SD-14 funding consideration and implementation.

3) Additional supporting information

Since the adoption of the SD-14 policy, nine projects have been funded through the policy for a total of \$10.6 million. Table 3 lists the projects completed by year.

Table 3: Completed Projects Since Policy Adoption

Local Jurisdiction	Project Description	SMUD Construction Completion	SMUD Project Cost
Sacramento County	North Highlands Town Ctr. at Watt Ave. & Freedom Park Dr. (0.5 mile)	2012	\$1.1 M
City of Sacramento	7 th St. b/w North B & Richards Blvd. (1,500 ft.)	2012	\$1.3 M

City of Sacramento	Richards Blvd. b/w North 5 th & North 7 th Streets (1,000 ft.)	2012	\$1.2 M
Citrus Heights	Auburn Blvd. b/w Sylvan Corners & Rusch Park (1 mile)	2013	\$2.6 M
City of Sacramento	16th and O Streets (1,000 ft.)	2013	\$0.3 M
Sacramento County	Fair Oaks Blvd. b/w Landis Ave. & Engle Rd. (0.5 mile)	2016	\$1.2 M
Sacramento County	Hazel Avenue Phase 2 b/w Curragh Downs & Sunset Ave. (1 mile)	2017	\$2.3 M
City of Sacramento	Ice Blocks Project R Street b/w 16th & 18th Streets (1,000 ft.)	2017	\$0.47 M
City of Sacramento	Sutter Village (~200 feet)	2019	\$0.12 M

Total: \$10.6 M

4) Challenges

There were no challenges encountered with the implementation of the Board policy in 2020.

5) Recommendation

It is recommended that the Board accept the 2020 Monitoring Report for SD-14, System Enhancement.

6) Appendices

The photographs below show several locations from the Hazel Avenue, Phase 2 (Curragh Downs Drive to Sunset) Project.

Before Construction



Post Construction



SSS No.

BOD 2021-012

BOARD AGENDA ITEM

STAFFING SUMMARY SHEET

Committee Meeting & Date
Policy – July 14, 2021Board Meeting Date
July 15, 2021

TO				TO							
1.	Jennifer Davidson			6.							
2.	Stephen Clemons			7.							
3.				8.							
4.				9.	Legal						
5.				10.	CEO & General Manager						
Consent Calendar		x	Yes	No If no, schedule a dry run presentation.		Budgeted		x	Yes	No (If no, explain in Cost/Budgeted section.)	
FROM (IPR) Heidi Sanborn / Donna Lofton				DEPARTMENT Board Office				MAIL STOP B304		EXT. 5079	
										DATE SENT 7/7/21	
NARRATIVE:											
<p>Requested Action: Discuss proposed revisions to Governance Process GP-1, Purpose of Board; Governance Process GP-2, Governance Focus; Governance Process GP-3, Board Job Description; and Governance Process GP-7, Guidelines for Board Member Behavior.</p> <p>Summary: A schedule to monitor Board policies was agreed upon by the Policy Monitoring Ad Hoc Committee. Monitoring established policies creates a better understanding of the policies and gives the Board an opportunity to make corrections, additions, or changes, if necessary.</p> <p>The Board conducted a review of GP-1, GP-2, GP-3, and GP-7 at the May 12, 2021, Policy Committee and asked Board Consultant Eric Douglas to provide proposed revisions for discussion at a future meeting. A redline copy of the proposed revisions for each policy, as well as a “clean” copy, are attached.</p> <p>Board Policy: This monitoring supports GP-2 Governance Focus which states that the Board will direct, evaluate, and inspire the organization through the establishment of written policies which reflect the Board’s values. (Number & Title)</p> <p>Benefits: Monitoring policies helps ensure the policies are current and in keeping with the current will of the Board.</p> <p>Cost/Budgeted: N/A</p> <p>Alternatives: Not review these policies at this time.</p> <p>Affected Parties: Board of Directors</p> <p>Coordination: Board Office, Executive Office, Legal</p> <p>Presenter: Eric Douglas, Board Consultant</p>											

Additional Links:

SUBJECT

Proposed Revisions to GP-1, GP-2, GP-3 and GP-7

ITEM NO. (FOR LEGAL USE ONLY)

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

SMUD BOARD POLICYCategory: **Governance Process**Title: **Purpose of Board**Policy Number: **GP-1**Date of Adoption: **December 19, 2002**Resolution No. **02-12-14**Revision Date: **October 16, 2003**Resolution No. **03-10-14**Revision Date: **November 3, 2005**Resolution No. **05-11-04**Revision Date: **July 15, 2021**Resolution No. **21-07-XX**

The Board is the legislative body of the Sacramento Municipal Utility District. It operates under the provisions of the Municipal Utility District Act of the State of California (the MUD Act) and all other applicable statutes and laws.

The purpose of the Board of Directors is to:

- a) Identify and define the purpose, values and vision of SMUD, ~~along with the quantitative and qualitative results that SMUD is to achieve,~~ and communicate them in the form of policy.
- b) Identify and define those quantitative and qualitative results or conditions of SMUD that are acceptable and not acceptable to the Board and communicate them in the form of policy.
- c) Monitor the organization's performance against the results that the Board has established for SMUD.
- d) Make certain operational decisions as designated by law.
- e) Hire, evaluate and, when necessary, discharge the CEO/General Manager.

Monitoring Method: Board Report**Frequency: Annual**

SMUD BOARD POLICY	
Category: Governance Process	Title: Purpose of Board
	Policy Number: GP-1
Date of Adoption: December 19, 2002	Resolution No. 02-12-14
Revision Date: October 16, 2003	Resolution No. 03-10-14
Revision Date: November 3, 2005	Resolution No. 05-11-04
Revision Date: July 15, 2021	Resolution No. 21-07-XX

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The purpose of the Board of Directors is to:

- a) Identify and define the purpose, values and vision of SMUD and communicate them in the form of policy.
- b) Identify and define those quantitative and qualitative results or conditions of SMUD that are acceptable and not acceptable to the Board and communicate them in the form of policy.
- c) Monitor the organization's performance against the results that the Board has established for SMUD.
- d) Make certain operational decisions as designated by law.
- e) Hire, evaluate and, when necessary, discharge the CEO/General Manager.

Monitoring Method: Board Report
Frequency: Annual

SMUD BOARD POLICY	
Category: Governance Process	Title: Governance Focus
	Policy Number: GP-2
Date of Adoption: December 19, 2002	Resolution No. 02-12-14
Revision Date: October 16, 2003	Resolution No. 03-10-14
Revision Date: November 3, 2005	Resolution No. 05-11-05
Revision Date: December 21, 2006	Resolution No. 06-12-13
Revision Date: October 16, 2008	Resolution No. 08-10-08
Revision Date: May 17, 2012	Resolution No. 12-05-09
<u>Revision Date: July 15, 2021</u>	<u>Resolution No. 21-07-XX</u>

The Board will govern with an emphasis on: (i) outward vision rather than an internal preoccupation; (ii) encouragement of diversity in viewpoints; (iii) strategic leadership more than administrative detail; (iv) clear distinction of Board and CEO/General Manager roles; (v) collaborative rather than individual decisions; (vi) the future rather than past or present; and (vii) proactive thinking.

Specifically:

- a) The Board will cultivate a sense of group responsibility. ~~The Board~~It will be responsible for excellence in governing. The Board will be an initiator of policy. ~~The Board will~~ and use the expertise of individual members to enhance the ability of the Board as a body.
- b) The Board will direct, evaluate and inspire the organization through the establishment of written policies reflecting the Board's values. The Board's major policy focus will be on SMUD's intended impacts outside the organization, not on the administrative or programmatic means of achieving those effects.

- c) Continual Board development will include orientation of new Board members in the Board's governance policies and processes, periodic re-orientation of existing Board members, and regular Board discussion of process improvement.
- d) The Board will regularly discuss and evaluate its performance. Self-monitoring will include comparison of Board activities and discipline to policies adopted by the Board. It will be up to the ~~board~~Board president or committee chair to determine the appropriate manner of this feedback and evaluation.

Monitoring Method: Board Report
Frequency: Semi-Annual

SMUD BOARD POLICY	
Category: Governance Process	Title: Governance Focus
	Policy Number: GP-2
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Revision Date: October 16, 2003	Resolution No. 03-10-14
Revision Date: November 3, 2005	Resolution No. 05-11-05
Revision Date: December 21, 2006	Resolution No. 06-12-13
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Monitoring Method: Board Report
Frequency: Semi-Annual

SMUD BOARD POLICY		
Category:	Governance Process	Title: BOARD JOB DESCRIPTION
		Policy Number: GP-3
Date of Adoption:	December 19, 2002	Resolution No. 02-12-14
Revision Date:	October 16, 2003	Resolution No. 03-10-14
Revision Date:	December 1, 2005	Resolution No. 05-12-11
Revision Date:	March 5, 2009	Resolution No. 09-03-05
Revision Date:	December 3, 2009	Resolution No. 09-12-04
Revision Date:	January 20, 2010	Resolution No. 11-01-07
Revision Date:	April 3, 2014	Resolution No. 14-04-03
Revision Date:	June 19, 2014	Resolution No. 14-06-06
Revision Date:	April 20, 2017	Resolution No. 17-04-08
<u>Revision Date:</u>	<u>July 15, 2021</u>	<u>Resolution No. 21-07-XX</u>

The specific job duty of Board members as elected representatives is to ensure appropriate organizational performance.

Specifically, the Board shall:

- a) Produce and maintain written policies that ensure high quality of governance and clear roles in decision-making between Board and staff.
- b) Regularly monitor and evaluate the performance of the CEO/General Manager.
- c) Seek to understand the strategic viewpoints and values of our customers, owners, the community and other interested stakeholders.
- d) Develop and adopt Strategic Directive policies for SMUD that define the outcomes the Board wants SMUD to achieve — and refine those Directions as conditions warrant while recognizing the importance of providing predictable policy direction to the CEO/General Manager and staff.
- e) ~~Conduct a comprehensive review of the Strategic Directives every three years (or sooner, if circumstances warrant) commencing in 2013.~~ Review the Strategic Directions regularly, on the timetable specified in each policy, and

communicate to the [CEO](#)/General Manager whether the Board finds SMUD to be in compliance. For the purpose of this policy, compliance is defined as substantially meeting the requirements of the Strategic Direction~~ve~~.

- f) Adopt the SMUD budget on an annual basis.
- g) Serve as ambassadors for SMUD and build relationships throughout SMUD's service territory and the region.
- h) Contract with an external independent auditor to audit SMUD's finances and procedures; such audits are to be performed on an annual basis.
- i) Set the rates, rules and regulations for services and commodities provided by SMUD.
- j) Take such other actions as may be required by law.

Monitoring Method: Board Report
Frequency: Annual

SMUD BOARD POLICY		
Category:	Governance Process	Title: BOARD JOB DESCRIPTION
		Policy Number: GP-3
Date of Adoption:	December 19, 2002	Resolution No. 02-12-14
Revision Date:	October 16, 2003	Resolution No. 03-10-14
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Monitoring Method: Board Report
Frequency: Annual

SMUD BOARD POLICY	
Category: Governance Process	Title: Guidelines for Board Member Behavior
	Policy Number: GP-7
Date of Adoption: December 19, 2002	Resolution No. 02-12-14
Revision Date: October 16, 2003	Resolution No. 03-10-14
Revision Date: April 6, 2006	Resolution No. 06-04-06
Revision Date: March 20, 2008	Resolution No. 08-03-05
<u>Revision Date: July 15, 2021</u>	<u>Resolution No. 21-07-XX</u>

The Board and its members should act in an ethical, businesslike, productive, and lawful manner. Board members should avoid even the appearance of impropriety to ensure and maintain public confidence in SMUD.

Specifically:

- a) Board members shall conduct themselves in accordance with all laws.
- b) Board members should conduct themselves with civility and respect at all times with one another, with staff, and with members of the public.
- c) Board members are expected to demonstrate loyalty to the interests of SMUD owners and ratepayers. This supersedes any conflicting loyalty such as that to advocacy or interest groups and membership on other Boards or staffs. It also supersedes the personal interest of any Board member acting as a consumer of the organization's activities.
- d) Board members may not attempt to exercise individual authority over the organization except as explicitly set forth in Board policies.
 - i) Board members ~~must~~should recognize the lack of authority vested in them as individuals in their interactions with the CEO/General Manager or with staff, except where explicitly Board authorized.

- ii) In their interactions with the public, press or other entities, Board members should recognize the same limitation and the inability of any Board member to speak for the Board or for other Board members except to repeat explicitly stated Board decisions.
- e) Board members shall at all times endeavor to express their individual opinions in a responsible manner, without causing harm to SMUD, to SMUD's owners and customers, or to other Board members and staff.
 - i) Each member of the Board is expected to support the Board's decision-making authority ~~legitimacy and authority of the decisions of the Board concerning any matter~~, irrespective of the member's personal position.
 - ii) Board members retain the right to criticize the decisions of SMUD, but in doing so should make it clear that it is their opinion, and not the opinion of the Board or other Board members, and so long as it complies with the limitations set forth in these policies. Board members are encouraged to notify the CEO/General Manager in advance when they plan to speak publicly in opposition to SMUD decisions and policies.
- f) Members should prepare themselves for Board deliberations.
- g) Board members shall discourage former Board members from attempting to influence the Board, individual Board members or staff, on behalf of any third party (other than a governmental entity) from whom the former Board member is receiving compensation, on any matter that the former Board member substantially participated in during his or her tenure with the Board. This provision shall not apply to: (i) communications by a former Board member acting in his or her capacity as an individual or customer~~ratepayer~~ and for which the Board member receives no compensation; or (ii) communications with a former Board member who has not been a Board member for more than two years.

Monitoring Method: Board Report
Frequency: Semi-Annual

DRAFT

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Category: Governance Process	Title: Guidelines for Board Member Behavior
	Policy Number: GP-7
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Revision Date: October 16, 2003	Resolution No. 03-10-14
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Monitoring Method: Board Report
Frequency: Semi-Annual

SSS No.
BOD 2021-001

BOARD AGENDA ITEM STAFFING SUMMARY SHEET

Committee Meeting & Date Policy 2021
Board Meeting Date 2021

TO					TO					
1.	Jennifer Davidson				6.					
2.	Stephen Clemons				7.					
3.					8.					
4.					9.	Legal				
5.					10.	CEO & General Manager				
Consent Calendar		<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> No	Budgeted		<input type="checkbox"/>	Yes	No (If no, explain in Cost/Budgeted section.)	
FROM (IPR) Nancy Bui-Thompson / Donna Lofton					DEPARTMENT Board Office			MAIL STOP B307	EXT. 5079	DATE SENT 12/22/2020
NARRATIVE:										
<p>Requested Action: Enable the Board of Directors and Executive Staff an opportunity to review the Board Work Plan.</p> <p>Summary: The Board President reviews the Board Work Plan at the Policy Committee meeting to ensure agenda items support the work of the Board.</p> <p>Board Policy: This review of the work plan supports GP-6 Role of the Board President which states that the Board President shall give progress reports on the Board's work plan. (Number & Title)</p> <p>Benefits: Reviewing the Work Plan allows the Board members and Executive staff to make changes to the Work Plan and Parking Lot items as necessary.</p> <p>Cost/Budgeted: N/A</p> <p>Alternatives: Not review the Work Plan at this time</p> <p>Affected Parties: Board and Executive staff</p> <p>Coordination: Donna Lofton</p> <p>Presenter: Nancy Bui-Thompson, Board President</p>										

Additional Links:

SUBJECT Board Work Plan	ITEM NO. (FOR LEGAL USE ONLY)
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ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

SSS No.

BOD 2021-004

BOARD AGENDA ITEM

STAFFING SUMMARY SHEET

Committee Meeting & Date

Policy 2021

Board Meeting Date

N/A

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

Consent Calendar

Yes

x

No If no, schedule a dry run presentation.

Budgeted

Yes

No (If no, explain in Cost/Budgeted section.)

FROM (IPR)

Heidi Sanborn / 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: Heidi Sanborn, Policy Committee Chair

Additional Links:

SUBJECT

Summary of Committee Direction

ITEM NO. (FOR LEGAL USE ONLY)

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.