

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

Date: Tuesday, October 18, 2022

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

Location: Virtual Meeting (online)

Powering forward. Together.



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

Tuesday, October 18, 2022

Scheduled to begin at 5:30 p.m.

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

Webinar/Meeting ID: 160 680 0589

Passcode: 618007

Phone Dial-in Number: 1-669-254-5252 or 1-833-568-8864 (Toll Free)

Pursuant to Government Code section 54953(e) and the Emergency Board Meeting Procedures adopted by the SMUD Board of Directors, the regular Board meeting and other public meetings are currently conducted solely via virtual (online/teleconference) meeting to align with state, local, and federal guidelines 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 Finance & Audit 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 Discuss the policy and process for **Strategic Direction SD-14, System Enhancement (SD-14)** and accept the monitoring report for **SD-14**.
Presentation: 15 minutes
Discussion: 10 minutes
3. Jennifer Restivo Approve amendment to the **SMUD 2022 Budget Resolution** to augment the Commodity line item by \$309.3 million.
Presentation: 3 minutes
Discussion: 2 minutes
4. Joel Ledesma Provide an overview of the **Cosumnes Power Plant (CPP)** steam turbine generator stator ground fault failure and approve the proposed amendment to the **2022 SFA Budget Resolution** to augment the Capital Expenditures line item by \$18.61 million for **Sacramento Municipal Utility District Financing Authority (SFA)**.
Presentation: 10 minutes
Discussion: 10 minutes
5. Casey Fallon Approve an increase to the aggregate contract not-to-exceed amount for fleet bulk fuel and fleet fuel card program services by \$12,481,000, from \$16 million to \$28.48 million, for Contract Nos. 4600001005 and 4500097459 with **Ramos Oil Company, Inc.**
Presentation: 10 minutes
Discussion: 3 minutes
6. Casey Fallon Approve an increase to the aggregate contract not-to-exceed amount for general line construction services by \$20 million, from \$20 million to \$40 million, for Contract No. 4600001474 with **Hot Line Construction, Inc.**, and Contract No. 4600001475 with **Mountain G Enterprises**.
Presentation: 10 minutes
Discussion: 3 minutes

7. Casey Fallon Approve an increase to the aggregate contract not-to-exceed amount for **Upper American River Project (UARP)** Reservoir Project Wildfire Risk Reduction services by \$5 million, from \$8 million to \$13 million, for Contract No. 4600001538 with **TSU-Tree Service Unlimited, Inc.**, Contract No. 4600001539 with **Mountain F. Enterprises, Inc.**, and Contract No. 4600001540 with **The Original Unlimited Tree Service Co.**
Presentation: 10 minutes
Discussion: 3 minutes
8. Laurie Rodriguez Authorize the Chief Executive Officer and General Manager to:
- a. Approve contract change to Contract No. 4500110473 with **United Health Care Insurance Company** approving 2023 medical insurance premium rates and extending the contract by one year for the period January 1, 2023, through December 31, 2023; 2023 cost estimated at \$37.4 million; and
 - b. Approve contract change to Contract No. 4500043215 with **Kaiser Permanente** approving 2023 medical insurance premium rates and extending the contract by one year for the period January 1, 2023, through December 31, 2023; 2023 cost estimated at \$27.8 million.
- Presentation: 6 minutes
Discussion: 4 minutes

INFORMATIONAL ITEMS

9. Public Comment
10. 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 Committee 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.
SC 22-001

BOARD AGENDA ITEM

STAFFING SUMMARY SHEET

Committee Meeting & Date Finance & Audit – 10/18/22
Board Meeting Date October 20, 2022

TO				TO							
1.	Markisha Webster			6.	Lora Anguay						
2.	Claire Rogers			7.	Scott Martin						
3.	Jennifer Davidson			8.							
4.	Brandy Bolden			9.	Legal						
5.	Farres Everly			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) Jose Bodipo-Memba				DEPARTMENT Sustainable Communities				MAIL STOP A354		EXT. DATE SENT 6493 9/23/2022	

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, 2021.

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 Team 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)
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ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

SACRAMENTO MUNICIPAL UTILITY DISTRICT

OFFICE MEMORANDUM

TO: Board of Directors

DATE: October 5, 2022

FROM: Claire Rogers *CR 10/05/22*

**SUBJECT: Audit Report No. 28007427
Board Monitoring Report; SD-13: Economic Development
Policy**

Audit and Quality Services (AQS) received the SD-13 *Economic Development Policy* 2021 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

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 2021, we continued our support for and engagement with the struggling business community to help meet their needs during the COVID-19 pandemic by pivoting and adapting our support to meet their evolving needs. We leveraged key partnerships to support a shared vision of economic recovery, while delivering greater collective impact and advance an inclusive and equitable economy. Additionally, we aligned our economic development efforts with SMUD’s vision to be a trusted and impactful 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 inclusive, 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 energy efficiency programs and electrification incentives and rebates
- Expanding local agency and nonprofit partnerships to support 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

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 2021, the SEED program partnered with Supply Chain Services, conducting a variety of outreach and education events and awarding 23% of SMUD's contracts to SEED-certified small businesses, exceeding the Board-established goal of 20%. Over 115 SEED contracts were awarded in 2021, totaling \$48 million dollars.

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 Hispanic 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 and Commercial Delivery teams.

Business attraction was a key economic development focus in 2021. We participated in 57 business attraction, retention and expansion projects, supporting the attraction or expansion of seven companies and the creation of an estimated 442 jobs within our service area in multiple sectors including mobility, manufacturing, technology expansion and finance and banking.

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 adopted our bold 2030 Clean Energy Vision to reach zero carbon, we heightened our focus on opportunities to promote awareness, innovation, and job creation with local startups in electrification, transportation, and clean technology. We continued to collaborate and amplify the California Mobility Center (CMC), engage the clean tech community through CleanStart, and inspire the future workforce through partners like HackerLab and StartupSac. All of these efforts are increasing investments to develop new solutions for clean energy, workforce development, and a thriving inclusive economy.

The New Business Development (NBD) Team planned, incorporated and launched a new nonprofit corporation, the CMC in 2020. The CMC applied for and received IRS tax exempt 501(c)(3) status in 2020. After securing a lease for its initial 25,000 square foot manufacturing and prototyping facility at Depot Park, CMC procured its initial baseline

equipment and was commissioned in Q1 2021. The facility, called Ramp-Up-Factory (RUF) is operational with training suite installed. 15 service provider contracts were executed with additional consultants and strategic partners that continue to support the CMC and CMC clients.

In 2021, CMC expanded the Board from a Founders group of five to a broad-based Board of 16, with strong automotive sector representation. CMC developed its online, recruitment management tool to expand its membership campaign. By year-end, CMC reached a total of 39 members, with 98 representatives registered in the online portal. Additionally, CMC launched various membership committees, launched the Industry Advisory Council and monthly CMC Thought Leadership webinar series.

CMC designed and developed materials for the organization's marketing and public relations initiatives. CMC continually updated its rebranded website (www.californiamobilitycenter.org), and wrote/distributed eight press releases in 2021 reaching over 15,000 media industry views. CMC appeared in over 213 industry and news articles and sponsored twelve industry events held in the US and internationally.

Lastly, the CMC workforce program has provided training in partnership with community-based organizations, adult learning centers and CSU Sacramento. The Workforce Pathways Partnerships Program started in 2020 with a \$1.4 million CARES Act grant from the City of Sacramento. In 2021, CMC received a \$600,000 grant from California Workforce Development Board to advance jobs and training associated with the climate and technology impacted industries. CMC was able to assist 115 people in securing internships or employment through the Workforce Pathways Partnerships Program.

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 2022 and 2023. In 2021, SMUD's system average rate was 37.0% 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. 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 ongoing COVID-19 pandemic was a regional priority in 2021. 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 its COVID-19 Business and Economic Task Force briefings, convening more than 50 local representatives across all levels of government, industry and community leadership. 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. Through our active engagement in the State Sprint effort, we were able to position the CMC as a key priority for investment and showcase SMUD's Sustainable Communities Resource Priorities Map. This effort was organized by the Sacramento Asian Pacific Chamber in partnership with GSEC, SACOG, Valley Vision, the Sacramento Metro Chamber and City of Sacramento. SMUD participated in the Sacramento Metro Chamber's virtual Cap-to-Cap program to advocate for federal resources to aid the business community's recovery. SMUD stepped up as a lead supporter of the Minority Business Assistance and Recovery Kickstart (MBARK) program, a comprehensive, multi-pronged approach geared to assist minority small business owners in the community. MBARK utilizes understanding and expertise on what minority small

business owners may need and showcases how to proactively engage them in order to stabilize and grow their businesses. SMUD also joined forces with Sacramento 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 on the Steering Committee for the Internal Study Mission. Also, we remained in constant contact with all our business community partners to lend support.

In 2021 SMUD's Small and Midsize Team of Strategic Account Advisors continued to offer assistance to customers, directing them to appropriate SMUD programs and providing financial relief related information. The "Here to Help" campaign continued into 2021; this overarching awareness campaign focused on delivering information and resources to our business customers. SMUD continued to maximize the use of targeted digital tools supporting small and midsize business customers. As the COVID-19 global pandemic persisted, small and midsize businesses continued to struggle through financial challenges, supply chain issues and employee retention dilemmas. For a detailed description of the efforts of SMUD's Small & Midsize Business Team of Strategic Account Advisors, and of SMUD's "Here to Help" campaign, see Appendix B.

SMUD plays a critical role in GSEC. In addition to Paul's participation on the GSEC Board, the business attraction team serves on the Economic Development Directors' Task Force. Given the focus on climate change and carbon neutrality, SMUD has played an increasingly important role in business attraction, retention, and expansion.

During the past year, SMUD provided support in the attraction of seven new companies that will create 442 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 \$11.46 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 225 commercial, industrial, mixed-use and residential project developers throughout our service territory. We partner with community organizations and municipalities to attract, retain, and grow existing companies.

To support the creation and growth of small businesses, SMUD supported the Capital Region Small Business Development Center (SBDC), which helped 24 businesses start up, retained 8,056 jobs, created 575 new jobs and helped businesses access \$38.7 million in capital during 2021.

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 Smart Homes, SolarShares, and 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. To this end, the team provided 131 lists of SEED qualified vendors in specific categories to contractors interested in leveraging the SEED program in their bid responses.

The SEED team held 27 workshops, orientations or panel discussions and coordinated participation in over 100 outreach events, reaching approximately 3,000 individuals. In addition, the team hosted the first Spanish--language "How to do Business with SMUD" workshop for the Sacramento Hispanic Chamber's Emprende cohort.

SMUD's annual goal is to award no less than 20% of all contracts to certified small businesses. We exceeded that goal in 2021, awarding 23% of contracts to SEED qualified vendors, totaling \$48 million.

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 40 member agencies, including regional Chambers of Commerce and Property and Business Improvement Districts.

For more information about our 2021 efforts to promote our SEED program, and the achievement of our SEED goals, please see Appendix E.

- 4. Challenges:** California's regulatory climate, the costs of doing business, new code and regulatory standards present steep challenges to development. Permitting costs and delays pose barriers to market, leading companies to relocate to other states. Limited availability of a trained workforce present challenges. SMUD continues to work 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.

Supply chain disruptions and inflation resulting from the COVID-19 pandemic also continue to pose significant economic challenges 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 regional accelerators, incubators, and curriculum delivery that complements 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 2021 developments in the mutually beneficial relationships Economic Development and Partnerships supports in the innovative entrepreneurship ecosystem include:

CleanStart Inc. focuses on developing clean tech companies in the Sacramento region through education, capital, and connections. Having successfully pivoted much of their programming to virtual the year prior, CleanStart continued to offer monthly meetups as well as a Perspectives webinar series, hosting 35 real-time events reaching over 1,000 attendees on topics such as decarbonization, energy storage, recycling, clean tech investment, and mobility. Additionally, CleanStart leveraged their events to create a recorded video library of resources, reaching over 4,500 views to date, and mentoring six companies for 2021 CalSEED awards.

Hacker Lab is an all-in-one makerspace, coworking facility and workforce incubator as 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. In partnership with SMUD, Hacker Lab's team and workforce equity programs boosted Sacramento-area entrepreneurs and small businesses during the pandemic, helped generate dozens of new jobs and businesses, and supported skill-building and economic development in Sacramento's manufacturing and creative economy.

In 2021, Sacramento-area workforce trainees and entrepreneurs checked in 10,057 times to use Hacker Lab space, tools & equipment as a critical resource amid COVID-19 challenges. This included 989 classes, events & meetups where attendees gained workforce-focused skills in fields such as advanced manufacturing, CNC design, woodshop, welding, 3D printing, and more. The Hacker Lab Pathways scholarship provided curriculum to 473 attendees, 55 percent of which explored a new field and 22.5 percent of which started new businesses. The MAKEHERS women business accelerator graduated 30 Sacramento-based women and non-binary business owners across two cohorts with targeted programming for participants from low-income backgrounds and funded \$30,000 in seed investments. Finally, the Maker-to-Market program served entrepreneur training to 555 attendants and helped over 36 small businesses launch, creating economic resiliency amidst COVID-19.

InnoGrove continued to offer virtual networking and educational workshops focused on startup and small business development, hosting 10 events and reaching 240 attendees. This included Women-in-Tech Workshops to support the growth of women in technology careers and businesses as well as Startup Founder Workshops. InnoGrove also laid the foundation for the InnoGrove Startup Resource Directory (IRSD), which will be comprised of professionals in a range of industries who have agreed to assist small and startup companies affiliated with InnoGrove with their business-related questions.

StartupSac accelerates Sacramento's startup and innovation ecosystem through educating, empowering and connecting startups to founders and innovators, and continued to connect and engage in 2021 despite the continued impacts of the pandemic. This included two Mentor

Sacramento Office Hours Sprints, a program offered in collaboration with the Carlsen Center which matched over 75 early-stage entrepreneurs with expert mentors, investors, advisors, subject matter experts, and experienced entrepreneurs in three, 15-minute sprint sessions each. StartupSac also launched Scale-Up! Workshops, educating 25 entrepreneurs about essential deal terms of equity investments, as well as an Angel Investing series to show how activating more angel investors in our region can benefit local startups and the Greater Sacramento economy. Startup Sac held a total of 24 events, supporting 789 businesses, including nine StartupSac Happy Hour Events featuring 17 veteran founders and 317 attendees, and holding 10 Startup Sac Office Hours with a total of 281 attendees.

SMUD sponsored the Entrepreneurs Showcase's **Impact'21 Global Venture Summit**, a day-long exhibition focused on innovation and investment in leading technologies, including artificial intelligence, cyber security, autonomous vehicles and more. More than 20 exhibitors provided previews and demonstrations of innovative solutions. As part of the Summit program, SMUD's Chief Zero Carbon Officer, Lora Anguay, spoke on a zero-carbon themed panel.

SMUD initiated a new partnership with **Growth Factory**, a nonprofit pre-seed accelerator and accompanying venture fund on a mission to scale truly great companies in the Greater Sacramento region. Growth Factory will foster 25 startup companies per year, providing mentorship and guidance to each along the pathway from founder to CEO. SMUD will supply thought leadership throughout the programming, particularly in areas of clean tech and operational excellence.

SMUD also sponsored FourthWave, a local accelerator program for women-led technology, which works in collaboration with the CSUS Carlsen Center for Innovation & Entrepreneurship.

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 31.3% below PG&E's since 2012.

Customer		Rate Categories		Average Annual Rate		Difference	Difference
				PG&E	SMUD	Below PG&E*	Below PG&E*
Class	Description	PG&E	SMUD	2021	2021	2021	2020
Residential	Standard	E-1	R-TOD	\$0.2859	\$0.1700	-40.5%	-37.5%
	Low Income	CARE***	EAPR & EAPRMED**	\$0.1792	\$0.1183	-34.0%	-28.8%
All Residential				\$0.2483	\$0.1605	-35.4%	-31.0%
Small Commercial****	<= 20 kW	B-1	GFN/GSN_T	\$0.2804	\$0.1659	-40.8%	-41.8%
	21 - 299 kW	B-6	GSS_T	\$0.2614	\$0.1534	-41.3%	-43.3%
Medium Commercial****	300 - 499 kW	B-10	TOU-3	\$0.2439	\$0.1421	-41.7%	-43.6%
	500 - 999 kW	B-19	TOU-2	\$0.2102	\$0.1328	-36.8%	-39.4%
Large Commercial****	=> 1 MW	B-20	TOU-1	\$0.1602	\$0.1097	-31.5%	-35.8%
Lighting	Traffic Signals	TC-1	TS	\$0.2643	\$0.1312	-50.4%	-51.9%
	Street Lighting	various	SLS,NLGT	\$0.3031	\$0.1590	-47.5%	-51.2%
Agriculture	Ag & Pumping	AG	ASN/D,AON/D	\$0.2521	\$0.1463	-41.9%	-44.8%
System Average				\$0.2336	\$0.1472	-37.0%	-35.7%

Notes:

* Projected 2021 average prices for SMUD with rates effective 01-01-21 and 10-01-21. PG&E average prices in 2021 reflect rates effective 12/01/21, per Advice Letter 6415-E. The rate difference in year 2020 reflects PG&E average rates as of 10/1/20, per Advice Letter 5958-E dated 9/21/20, and SMUD rates effective 01-01-20 and 10-01-20.

** 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.

Figure 1 shows that rate competitiveness varies by customer class and is at least 31.5% 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 2021, 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 Council for Sustainable Energy, Board of Directors
- Business Environmental Resource Center, Advisory Committee
- Carmichael Chamber of Commerce, Board President
- California Electric Transportation Coalition, Board of Directors
- California Mobility Center, Board of Directors
- California Workforce Development Board, Board of Directors
- Capital Region Small Business Development Center, Advisory Board
- Cleaner Air Partnership, Executive Committee
- Downtown Sacramento Partnership, Board of Directors
- Electric Transportation Community Development Corporation, 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
- Hacker Lab, Board of Directors
- Internal Study Mission, Steering Committee
- Metro EDGE, Leadership Council
- Midtown Business Association, Board of Directors
- National Association of Workforce Boards, Board of Directors
- National Association of Women Business Owners, 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 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 Hispanic Chamber of Commerce, 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: Our Sustainable Communities program helps bring environmental equity and economic vitality to all communities in our service area, with special attention given to historically under-resourced neighborhoods. We believe in the ability to make a greater collective community impact through partnerships, and collaborate with private industry, government agencies and nonprofits to invest in and implement programs that provide equitable access to indicators of sustainable community success, with a focus on social wellbeing, healthy environment, prosperous economy, and mobility.

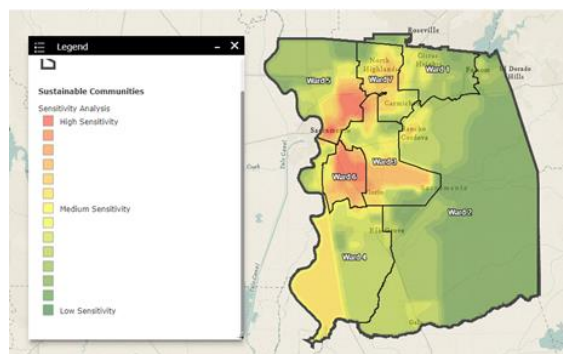
An important corollary to Sustainable Communities is our Board-adopted Climate Emergency Resolution requiring SMUD to work toward our most ambitious goal — 2030 Zero Carbon. Under-resourced communities lack equitable access to many essential community components that we attribute with a high quality of life, including living wages and training opportunities, affordable housing, access to transportation and connectivity, health care access, nutrition, education opportunities, computer and internet access and a healthy environment. Our neighbors in these communities feel the physical impacts of climate change more acutely than wealthier communities while bearing little responsibility for the crisis, and history has shown that these communities often suffer unintended consequences when new social policies or strategies are introduced.

Involvement of all our communities is foundational to our 2030 Zero Carbon plan. SMUD recognizes the importance of partnering with all the communities we serve. We commit to reaching impacted communities as we work toward our goal of zero carbon.

Our Sustainable Communities program strategically establishes long-term partnerships with community-based organizations and businesses, working together on projects to help our under-resourced communities, increase inclusion and close the disparity gap in the region. These partnerships create trusted relationships and serve as a foundation for the community outreach, engagement, collaboration, and education needed to build livable, diverse, and resilient communities. We partner with policy makers, transit, technology companies, health care providers and community-based organizations, leverage our investments, and 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: 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.



In 2021, SMUD increased its commitment to regional workforce development by expanding our partnership portfolio to provide education, build pathways, and facilitate cultural onboarding to enhance diverse employability in the Sacramento Region. Our Sustainable Communities team

has continued to strengthen our support of these partners by leveraging resources and opportunities that help increase awareness and access to livable wage jobs for under resourced communities. We linked California Mobility Center with several nonprofit partners, including Women's Empowerment, Single Mom Strong, so they could increase awareness of advanced manufacturing careers to women who often don't consider this career field. Additionally, we provided new and refurbished laptops for Butte County Office of Education (Sacramento location) and ACC Senior Center to support equitable access to training and job opportunities.

Building off the success of its inaugural "Energy Careers Pathways" solar training class, SMUD launched a new Energy Careers Pathways training in 2021 in partnership with Grid Alternatives. The workforce program recruits individuals from Sustainable Communities target neighborhoods and provides them four weeks of paid instruction; two weeks of online learning and two weeks of in-person instruction in a hands-on, safe format. Upon graduation, participants are matched with potential employers to demonstrate what they've learned by showcasing conduit bending, wired J-boxes, and more. Importantly, while the focus is on solar installation, students also learn about the installation and importance of battery storage and EV charging infrastructure. The new program closed the year with a total of 196 program applicants, 93 participants completing the initial 2-week online training, 52 participants completing the subsequent 2 week in-person training, and 28 job placements. The program continues in 2022 with a completely in-person format and a renewed focus on EV and electrification infrastructure installation.

Shine Program: In its fifth year, the Shine program invests in local nonprofit partners that execute inclusive and equitable projects through collaborations and partnerships supporting our historically under-resourced communities. In 2021, 94 organizations submitted applications with compelling and competitive projects. We received requests for over \$3.2 million in funding for projects to improve access to workforce development trainings, STEM education, energy efficiency and revitalizing neighborhoods. Shine will fund 36 projects totaling \$650,000. With a diverse and inclusive set of deliverables supporting our under resourced communities, the Shine partners impact include energy efficiency in buildings serving seniors, veterans and individuals with disabilities, improved walkability with ADA accessibility along Tillotson Parkway, workforce development skills training with cultural relevance for recent Afghan refugee community, youth development in civic leadership/career exploration and multiple Crime Prevention Through Environmental Design projects in partnership with our local Property Business Improvement Districts.

Our Community Resource Liaison (CRL) program is a loaned SMUD employee program that supports key chamber and nonprofit partners, as well as an employee training opportunity, for up to 12 months. CRLs are responsible for managing and implementing innovative strategies to support businesses, increase membership participation and foster community impact by creating opportunities that promote the partners' operations as well as SMUD's programs and services. Six community partners participated in the CRL program in 2021: the Sacramento Hispanic Chamber of Commerce, the Sacramento Black Chamber, the Sacramento Rainbow Chamber, the Rancho Cordova Chamber, the City of Refuge, and the Minority Business Assistance Recovery Kickstart Program (MBARK). SMUD's investment through the CRL Program enhanced these organizations' ability to implement new services, design and develop new programs, extend and increase current program offerings and enhance community engagement by expanding their reach. To date, five (5) of the 11 CRLs have been promoted within SMUD during or following their work in the CRL program. SMUD also provided direct staff technical, marketing, communications, and administrative support to the Carmichael Chamber and GSEC.

COVID-19 Small and Midsize Business Support: 2021 was the second year of the COVID-19 global pandemic. Our small and mid-size businesses continued to work through state-enforced

mandates, and continued to struggle to pivot their businesses. There were added challenges in 2021, including supply chain delays/shortages and employee retention challenges.

The SMUD Small and Mid-size Business (SMB) Team continued to keep customer safety at the forefront as they virtually assisted customers and provided the personalized level of service our customers expect from SMUD. In 2021, the SMB team of Strategic Account Advisors (SAA) continued to develop and promote on-line resources for customers. Building on the 2020 launch of “explainer video’s,” we released the “You have control with SMUD MyAccount” and “Commercial Rate Restructure - What you should know,” videos.

The SMB team worked closely with program managers at SMUD to “re-design” the Complete Energy Solutions program to be small business friendly. The re-designed program is more encompassing, with a financing option not previously available. Throughout 2021, SMB customers continued to take advantage of a variety of SMUD incentive programs, including Express Energy Solutions, Complete Energy Solutions and the Custom Incentive Program.

Our SMUD “Here to Help” campaign continued in 2021 delivering resources to help our business customers during the pandemic.

Key executions under the “Here to Help” campaign included:

- SMUD.org/BizResources – We continued to promote the BizResources landing page featuring local, state and national business resources
- “We are in this together” social media - promoting small and mid-size business SMUD “partnership” stories through social media outlets
- 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 – SAA’s continued to offer online energy assessments, prioritizing safety of customers
- Meet the Buyers & Business Resource Expo – SMUD virtual expo had a successful second year with opening sessions that included greetings from SMUD Directors and Board members. The Business Resource Expo continued to promote doing business with SMUD but also educated our customers on new technologies and programs offered by SMUD
- You Have Control with SMUD MyAccount video– alerting customers to the many features within SMUD MyAccount that can help customers understand and control their energy usage
- Commercial Rate Restructure: What You Should Know video – preparing customers for the upcoming Q4 rate restructure transition; why it was occurring and what customers could expect

The “Here to Help” Campaign addressed the following:

- Proactively informing our business community about COVID-19 resources and related information
- Raising customer awareness that their Strategic Account Advisor (i.e., primary account manager), is available to support and assist
- Development of new business customer digital tools
- Increasing awareness of the 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 2021 include seven new companies creating 442 new jobs:

- [LYT.ai](#) – Mobility startup with 15 new jobs in the region
- [One Finance](#) – Financial Tech (50 jobs) - wellbeing is our mission.
- Pluto – Bio-Life science (confidential – 230 jobs)
- [QPQ](#) – International Tech expansion to Folsom (IT network infrastructure to enable a digital universe) - 15 jobs
- [Kubota Tractor](#) – Manufacturing in Elk Grove (125 jobs with planned expansion)
- [Humanly](#) – Unified conversation AI technology for recruiting/screening platform - 5 jobs
- [CENTRL](#) – Co-working/Flexible workspaces expansion from Oregon to California

Commercial Development: In 2021, our Commercial Development team actively engaged with approximately 225 commercial, mixed-use and residential project developers throughout our service area. 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, including two acquisition agreements for SMUD Fees and Infrastructure.
- Distribution of “Developer Connections” e-newsletters, with a 25%+ open and read rate.
- Began 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 2021, 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. 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 continued its coordination efforts with UC Davis’ Medical Center Campus expansion to support the planned replacement hospital tower and ambulatory surgical center 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.

2021 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 a 1.3 million square foot Amazon distribution facility in 2021. NorthPoint has 3 additional buildings under construction as of late 2021. Buzz Oates has 6 buildings under construction as of late

2021. SMUD has received eight new SMUD Rule 16 applications for new buildings that are anticipated to begin construction in 2021 at Metro Air Park. It is anticipated that the development will be 40% built out by the end of 2022. North Lake master plan at Hwy 99 and W. Elkhorn Blvd (formerly Greenbriar) continues robust development, as the developer is commencing construction of the phase two portion of the project. 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 Folsom South, residential construction is well underway and is projected to bring over 11,000 new housing units over several years. Major builders such as Toll Brothers, Lennar, KB Home, Richmond American, The New Home Company have completed their initial subdivisions. Two new medical campuses and a new high school are planned for the area and SMUD staff worked closely with their teams in 2021 in planning for facilities to serve the initial load requirements.

Rancho Cordova continues to be one of the fastest growing in the region. SMUD staff worked closely with developers in the Rio Del Oro development with its initial subdivision and two significant industrial customers. KHovnanian broke ground on its first phase and is planning to go All-Electric. In Elk Grove, SMUD worked with City Staff on the Southeast Industrial Area (SEIA) in providing input into a supplemental environmental impact report to include SMUD needs to serve the development. The SEIA Project involves the annexation of up to 571 acres into the City of Elk Grove from unincorporated Sacramento County and the development of this area with a range of industrial and commercial uses. The annexation is taking place in phases. The first phase occurred in June 2021 and covers approximately 390 acres (referred to as the Phase 1 Annexation). To accomplish this, the Project included amendments to the City General Plan, the adoption of Prezoning, adoption of a Specific Plan, and the establishment of infrastructure master plans addressing public water, sewer, drainage, and transportation.

In addition, the Commercial Development team worked closely in numerous, high-profile and critical projects to the community including transitional, low-income, and supportive housing such as St. Anton Communities and WEAVE. Transformational projects such as the Railyards, the Department of General Services' Richards Boulevard Office Complex, and multiple master plan residential projects. Development projects include Folsom South, Barrett Ranch, 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.

Indoor Cultivation: The Customer Experience Delivery team turned to technology again in 2021 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 85% increase in revenue directly correlated to the increase in facilities coming online exceeding \$17 million in 2021.

2021 marked the third 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 over 60 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 to 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	<p>Two options for customers to choose:</p> <p>Standard EDR <u>Opt A:</u> 6% for years 1-5, declining 1% per year for years 6-10 <u>Opt B:</u> 4.5% for 10 years</p> <p>Rate for Disadvantaged Communities <u>Opt A:</u> 8% for years 1-5, declining 1.5% per year for years 6-10 <u>Opt B:</u> 6% for 10 years</p>

Program Incentives: SMUD offered energy efficiency and electrification incentives to help meet the financial responsibility goals and growing sustainability needs of our commercial customers. Our programs offered incentives to help customers install new energy-saving equipment and make energy efficiency and electrification modifications to their buildings. The effort is part of SMUD's goal to achieve 100% net-zero-carbon by 2030. Incentives offered included but are not exclusive of, energy efficient heating and cooling, domestic hot water, induction cooking, and vehicle electrification, among many others.

Overall, we provided incentives to 363 commercial customers for a combined total program energy savings of 10.71 GWh.

APPENDIX E

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

In 2021, we exceeded our SEED Program goal of awarding at least 20% of all contracts to certified small businesses. Specifically, we awarded 23% through over 100 SEED contracts totaling approximately \$48 million.

Award Type	2021		
	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	\$48,000,000	122	100%

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

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

- **Availability Study:** The Availability Study, a service area business census of vendors likely to do business with SMUD, was completed in 2021. Study data was overlayed onto the Resource Map to inform strategy, outreach and resource allocation to engage businesses in contracting opportunities and remove obstacles for under-resourced communities interested in doing business with SMUD.
- **Business Advisory Committee (BAC):** SEED hosted four quarterly meetings in 2021 for BAC business organization leaders, raising awareness about the SEED program, the 2030 Zero Carbon Plan, best practices, sponsored events, incentives, commercial programs and contracts awarded to BAC members' constituents.
- **How to Do Business with SMUD:** The SEED team used virtual formats and collaborated with community partners to deliver 10 educational workshops on SMUD's procurement program and promote SEED participation opportunities. In 2021, the team delivered the first workshop in Spanish language to the Sacramento Hispanic Chamber of Commerce's Emprende cohort.
- **"Meet the Buyers" Conference:** SEED's 10th 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 424 registrants, offering 13 panel sessions and education workshops, over 25 speakers and 15 virtual exhibitors. The event was very well-received, with survey results confirming a 100% "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 6 sheltered market contracting opportunities in the areas of commodities and professional services. The contracts are specific only to verified SEED vendors and totaled approximately \$377,000.
- **SEED Quarterly Newsletter:** The SEED team distributed over 572 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.
- **Procurement Platform Transition to Ariba:** The SEED team continued to collaborate with Procurement to support the evolution of the Ariba platform, addressing and identifying solutions for supplier experience and enhancements, as well as providing training to local small businesses.

BOARD AGENDA ITEM

STAFFING SUMMARY SHEET

Committee Meeting & Date
Finance & Audit – 10/18/22

Board Meeting Date
October 20, 2022

TO					TO					
1.	Claire Rogers	6.				7.				
2.	Frankie McDermott	8.				9.	Legal			
3.	Jennifer Davidson	10.	CEO & General Manager							
4.	Lora Anguay									
5.	Scott Martin									
Consent Calendar		<input checked="" type="checkbox"/>	Yes	No <i>If no, schedule a dry run presentation.</i>		Budgeted	<input checked="" type="checkbox"/>	Yes	No <i>(If no, explain in Cost/Budgeted section.)</i>	
FROM (IPR) Maria Veloso Koenig				DEPARTMENT Distribution Planning & Operations				MAIL STOP EA403	EXT. 5794	DATE SENT 9/23/22
NARRATIVE:										
Requested Action:		Discuss the policy and process for Strategic Direction SD-14, System Enhancement (SD-14) and accept the monitoring report for SD-14.								
Summary:		The purpose is to provide the Board with the annual update on SD-14, System Enhancement, for the year 2021. 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. Staff will also discuss how local agencies can leverage SD-14 to mitigate the impact of power poles located on sidewalks.								
Board Policy: <i>(Number & Title)</i>		SD-14, System Enhancement.								
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 2021 budget for these four projects was \$1.23 million and the 2021 actual spending was approximately \$1.22 million.								
Alternatives:		Provide the Board written reports and communications through the CEO & General Manager.								
Affected Parties:		N/A								
Coordination:		Line Assets; Local Government Affairs								
Presenter:		Maria Veloso Koenig; Director, Distribution Planning & Operations								

Additional Links:

SUBJECT

SD-14, System Enhancement Board Monitoring Report

ITEM NO. (FOR LEGAL USE ONLY)

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

SMUD BOARD POLICY

Category: Strategic Direction	Title: System Enhancement
	Policy Number: SD-14
Date of Adoption: November 3, 2005	Resolution No. 05-11-06
Revised: August 7, 2008	Resolution No. 08-08-02
Revised: October 16, 2008	Resolution No. 08-10-09
Revised: September 21, 2017	Resolution No. 17-09-06

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 existing 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 SMUD 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.

Monitoring Method: GM Report
Frequency: Annual

SACRAMENTO MUNICIPAL UTILITY DISTRICT

OFFICE MEMORANDUM

TO: Board of Directors

DATE: October 5, 2022

FROM: Claire Rogers *CR 10/5/22*

**SUBJECT: Audit Report No. 28007428
Board Monitoring Report; SD-14: System Enhancement**

Audit and Quality Services (AQS) received the SD-14 *System Enhancement* 2021 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 2021

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, as a result of SMUD’s financial challenges caused by the COVID-19 pandemic, 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 continued 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 and their status in 2021. The budget for these four multi-year projects were included in the approved operational plans and budgets.

Table 1: Committed projects completed in 2021

Local Jurisdiction	Project Title	Total Cost Estimate ^(a)	2021 Project Budget	2021 Project Spend	Project Status
Sacramento County	Fair Oaks Blvd Landis to Angelina (0.3 mile)	\$361K	\$0K ^(b)	\$82K	completed in Q1 2021
Sacramento County	Hazel Avenue Phase 3 Sunset to Madison (0.7 mile)	\$1,443K	\$1,153K	\$1,138K	completed in 2021

(a) Cost estimate is based on the detailed design.

(b) The original schedule called for the project to be completed by the end of 2020. Some work carried over into Q1 2021.

Table 2: Committed projects with preliminary work scope

Local Jurisdiction	Project Title	Ballpark Cost Estimate	2021 Project Budget	2021 Project Spend	Project Status
Citrus Heights	Auburn Blvd. Rusch Park to I-80 (0.75 mile)	\$2,500K	\$0	\$3.3K	2024 planned construction start date
Elk Grove	Elk Grove Blvd b/w Waterman & School Streets (~0.5 mile)	\$1,000K	\$81K	\$0.7K	2024 planned construction start date

Mitigation of poles located on sidewalks

Staff researched and evaluated options to help local agencies mitigate the impact of poles that are located on sidewalks. This effort included a review of existing intake processes for local agency projects as well as meeting with representatives from Sacramento County, Citrus Heights, Elk Grove, Folsom, Rancho Cordova, and the City of Sacramento to discuss SMUD's SD-14 program. The purpose of the meetings was to elicit thoughts from local agency staff on how the SD-14 program could be made more usable.

The process moving forward

Customer inquiries/concerns regarding poles on sidewalks will continue to be referred to and handled by the local agencies who are the responsible entities and subject matter experts for sidewalk design, maintenance, and condition evaluation.

To help local agency staff identify and prioritize locations for the agencies' potential sidewalk maintenance or streetscape improvement projects, SMUD will annually prepare maps of commercial corridors with overhead lines and share these maps with the local agencies, as suggested during our meetings with them. The maps, which will show locations of SMUD's poles, could also be used as a reference for other capital improvement projects to help improve project planning and coordination.

As part of ongoing education efforts, SMUD staff will also meet with new local agency staff to educate them about SMUD's SD-14 program and how they can leverage our program to mitigate the impact of poles and sidewalks.

Finally, SD-14 requires the local agencies to provide a public utility easement for newly underground electrical lines to ensure SMUD is not responsible for future relocation costs and has the necessary right for future maintenance. However, feedback from local agencies is that easement acquisition can be a challenge in areas where there may not be sufficient space. To overcome this challenge, SMUD staff will continue exploring custom agreements with local agencies that govern future financial obligations for relocation when SMUD's facilities remain in the road right-of-way.

3) Additional supporting information

Since the adoption of the SD-14 policy, eleven projects have been funded through the policy for a total of \$12.04 million. Table 3 below 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	Fair Oaks Blvd Landis to Angelina (0.3 mile)	2021	\$0.25 M
Sacramento County	Hazel Avenue Phase 3 Sunset to Madison (0.7 mile)	2021	\$1.2 M
City of Sacramento	Sutter Village (~200 feet)	2019	\$0.12 M
City of Sacramento	Ice Blocks Project R Street b/w 16th & 18th Streets (1,000 ft.)	2017	\$0.47 M
Sacramento County	Hazel Avenue Phase 2 b/w Curragh Downs & Sunset Ave. (1 mile)	2017	\$2.3 M
Sacramento County	Fair Oaks Blvd. b/w Landis Ave. & Engle Rd. (0.5 mile)	2016	\$1.2 M
City of Sacramento	16th and O Streets (1,000 ft.)	2013	\$0.3 M

Citrus Heights	Auburn Blvd. b/w Sylvan Corners & Rusch Park (1 mile)	2013	\$2.6 M
Sacramento County	North Highlands Town Ctr. at Watt Ave. & Freedom Park Dr. (0.5 mile)	2012	\$1.1 M
City of Sacramento	7th St. b/w North B & Richards Blvd. (1,500 ft.)	2012	\$1.3 M
City of Sacramento	Richards Blvd. b/w North 5th & North 7th Streets (1,000 ft.)	2012	\$1.2 M

Total: \$12.04 M

4) Challenges

There were no challenges encountered with the implementation of the Board policy in 2021.

5) Recommendation

It is recommended that the Board accept the 2021 Monitoring Report for SD-14, System Enhancement.

SSS No.
CFO 22-009

BOARD AGENDA ITEM

STAFFING SUMMARY SHEET

Committee Meeting & Date
Finance & Audit
October 18, 2022
Board Meeting Date
October 20, 2022

TO					TO				
1.	Jennifer Davidson				6.				
2.	Lora Anguay				7.				
3.	Scott Martin				8.				
4.					9.	Legal			
5.					10.	CEO & General Manager			

Consent Calendar		Yes	No If no, schedule a dry run presentation.	Budgeted	Yes	No (If no, explain in Cost/Budgeted section.)		
FROM (IPR)			DEPARTMENT			MAIL STOP	EXT.	DATE SENT
Jennifer Restivo			Planning & Performance			B356	5193	10/7/22

NARRATIVE:

Requested Action: Approve amendment to the SMUD 2022 Budget Resolution to augment the Commodity line item by \$309.3 million.

Summary: Presentation to the Board of Directors regarding SMUD's 2022 commodity costs, and request amendment of the SMUD 2022 Budget Resolution. Due to the prolonged outage of the Cosumnes Power Plant and the heat storm in September 2022, commodities costs have increased significantly. Seeking Board's approval to augment the 2022 budget due to higher commodity costs.

Board Policy: GP-3 – Board Job Description
(Number & Title)

Benefits: Provide Board Members information regarding SMUD's commodity costs.

Cost/Budgeted: N/A

Alternatives: N/A

Affected Parties: SMUD

Coordination: Planning & Performance

Presenter: Jennifer Restivo

Additional Links:

SUBJECT	SMUD 2022 Budget Resolution Amendment	ITEM NO. (FOR LEGAL USE ONLY)
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ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

RESOLUTION NO. _____

WHEREAS, by Resolution No. 21-12-10, adopted December 9, 2021, this Board approved the **2022 Budget Resolution**, including a line item expenditure for \$440,680,590 for Commodity – purchased power, fuel, and wheeling; and

WHEREAS, there is now a need to augment the SMUD 2022 Budget, which will increase the line item expenditure for Commodity – purchased power, fuel, and wheeling by \$309,319,410; **NOW, THEREFORE**,

**BE IT RESOLVED BY THE BOARD OF DIRECTORS
OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:**

Section 1. Section 2. Of Resolution No. 21-12-10 is hereby amended to increase the funds budgeted for the line item for Commodity – purchased power, fuel, and wheeling to increase the 2022 Commodity – purchased power, fuel, and wheeling budget to \$750,000,000.

Section 2. In all other respects, the **2022 Budget Resolution** is reaffirmed.

SSS No. SFA-CPP 22-006

SFA COMMISSION AGENDA ITEM

Sacramento Municipal Utility District Financing Authority STAFFING SUMMARY SHEET

Committee Meeting & Date
Finance & Audit – 10/18/22
Commission Meeting Date
October 20, 2022

TO				TO			
1.	Ryder Couch	6.	Jennifer Davidson				
2.	Joel Ledesma	7.					
3.	Russell Mills	8.					
4.	Lora Anguay	9.	Legal				
5.	Scott Martin	10.	CEO & General Manager				
Consent Calendar	<input checked="" type="checkbox"/> Yes	No <i>If no, schedule a dry run presentation.</i>	Budgeted	<input checked="" type="checkbox"/> Yes	No <i>(If no, explain in Cost/Budgeted section.)</i>		
FROM (IPR) Laurie Johnson		DEPARTMENT Power Generation, Thermal Generation		MAIL STOP EA405	EXT. 4822	DATE SENT 10/06/2022	
NARRATIVE:							
<p>Requested Action: Provide an overview of the Cosumnes Power Plant (CPP) steam turbine generator stator ground fault failure and approve the proposed amendment to the 2022 SFA Budget Resolution to augment the Capital Expenditures line item by \$18.61 million for Sacramento Municipal Utility District Financing Authority (SFA).</p> <p>Summary: Present overview of SFA-CPP STG Stator Ground Fault Failure and proposed 2022 Budget Augmentation</p> <p>Board Policy: Strategic Direction SD-4, Reliability (Number & Title) Governance Process GP-3, Board Job Description – j) Take such other actions as may be required by law.</p> <p>Benefits: Keeps Commissioners informed regarding the ongoing results of project operations.</p> <p>Cost/Budgeted: \$18.61 million</p> <p>Alternatives: N/A</p> <p>Affected Parties: Zero Carbon Energy Solutions, Accounting, Treasury, Risk Management, Legal</p> <p>Coordination: Zero Carbon Energy Solutions, Accounting, Treasury, Risk Management, Legal</p> <p>Presenter: Joel Ledesma, Director, Power Generation</p>							

Additional Links:

SUBJECT

SFA-CPP STG STATOR GROUND FAULT PRESENTATION

ITEM NO. (FOR LEGAL USE ONLY)

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

CPP STG REPAIR		2022	2023
	O&M	CAPITAL	CAPITAL
GENERATOR EXPENSES			
Initial Testing and inspection to determine damage	\$ 950,000.00		
Full core restack with new laminants		\$ 4,550,000.00	\$ 1,000,000.00
Rewind of generator stator		\$ 1,875,000.00	\$ 650,000.00
Generator rotor rewind		\$ 2,625,000.00	\$ 875,000.00
Shipping and inspection of generator rotor at MEC in St Louis Includes high speed balance and new retaining rings		\$ 275,000.00	
Site Labor assembly, tooling, plan development, & engineering support		\$ 415,000.00	\$ 135,000.00
Through bolts + OEM Kits		\$ 844,169.00	\$ 281,389.00
MHI support		\$ 1,150,000.00	\$ 350,000.00
New Vent Plates		\$ 251,250.00	\$ 83,750.00
Additional Insurance for Rotor coming back to CPP		\$ 2,500,000.00	
Additional estimated labor due to extended work plan		\$ 1,400,000.00	
Misc contingencies (Parts,Labor, Supply Chain)		\$ 1,500,000.00	\$ 500,000.00
BYPASS OPERATION / RESTORATION			
Inspection and repairs for 2X0 operation		\$ 375,000.00	\$ 128,000.00
Engineering support for 2X0 operation		\$ 100,000.00	
Misc parts and valves including repalcment and repairs when the plant is restored to 2X1 operation			\$ 400,000.00
Restore the LP turbine		\$ 750,000.00	\$ 750,000.00
Labor to perform the modification and to restore the plant after repairs have been completed			\$ 200,000.00
GRAND TOTAL	\$ 950,000.00	\$ 18,610,419.00	\$ 5,353,139.00
			\$ 24,913,558.00

***Augmented 2022 Capital Budget Requested**

Note: O&M Cost covered in 2022 Budget Contingency

RESOLUTION NO. _____

WHEREAS, by Resolution No. 21-SFA-12-01, adopted on December 9, 2021, this Commission approved the 2022 SFA Budget Resolution, including a line item expenditure for \$19,630,935 for Capital Expenditures; and

WHEREAS, there is now a need to augment the 2022 SFA Budget, which will increase the line item expenditure for Capital Expenditures by \$18,610,419, **NOW**, **THEREFORE**,

**BE IT RESOLVED BY THE COMMISSIONERS OF THE
SACRAMENTO MUNICIPAL UTILITY DISTRICT FINANCING AUTHORITY:**

Section 1. Section 2. of Resolution No. 21-SFA-12-01 is hereby amended to increase the funds budgeted for the line item for Capital Expenditures to \$38,241,354.

Section 2. In all other respects, the 2022 SFA Budget Resolution is reaffirmed.

SSS No. SCS 22-280

BOARD AGENDA ITEM

STAFFING SUMMARY SHEET

Committee Meeting & Date
Finance & Audit – 10/18/22Board Meeting Date
October 20, 2022

TO					TO				
1.	Jesse Mays				6.	Scott Martin			
2.	Robert Adams				7.				
3.	Casey Fallon				8.				
4.	Jennifer Davidson				9.	Legal			
5.	Lora Anguay				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.	DATE SENT
Kimberly Bowman				Supply Chain Services					EA404	5937	9/30/2022

NARRATIVE:

Requested Action: Approve an increase the aggregate contract not-to-exceed amount for fleet bulk fuel and fleet fuel card program services by \$12,481,000, from \$16 million to \$28.48 million, for Contract Nos. 4600001005 and 4500097459 with RAMOS OIL COMPANY INC.

Summary: The contracts were awarded on a competitive basis to Ramos Oil Company Inc in April 2016 (Board Resolution No. 16-05-08). The original contracts were awarded for the period from June 1, 2016, to May 31, 2019, for an aggregate not-to-exceed amount of \$10,000,000.

The Fleet Bulk Fuel Contract No. 4600001005 supplies SMUD with Unleaded Gasolines, Ultra Low Sulfur Diesel, Bio-Diesels: B5, B10, B15 and B20 and renewable diesel to all SMUD facilities. Contract Change No. 1 to Contract No. 4600001005 extended the term date to 1/31/20. Contract Change No. 2 to Contract No. 4600001005 extended the term date to 1/31/21. Contract Change No. 3 to Contract No. 4600001005 increased the contract not-to-exceed amount by \$3,800,000 to \$8 million (per the BL-8 limit) and extended the term to 12/31/2024.

The Fleet Fuel Card Program Contract No. 4500097459 supplies fuel cards to SMUD. Ramos also provides fuel card fueling at 26 of their locations in addition to over 55,000 fleetwide sites. Additionally, Ramos' fuel card program provides immediate lockout of cards, time of day and day of week fueling restrictions, product control, transaction and gallons limits, email notifications, and real-time access to our account information 24/7. Contract Change No. 1 to Contract No. 4500097459 extended the term date to 1/31/20. Contract Change No. 2 to Contract No. 4500097459 extended the term date to 1/31/21. Contract Change No. 3 to Contract No. 4500097459 increased the contract not-to-exceed amount by \$1,000,000. Contract Change No. 4 to Contract No. 4500097459 increased the contract not-to-exceed amount by \$1,200,000 to \$8 million (per the BL-8 limit) and extended the term to 12/31/2024.

In April 2016 when the initial contracts were awarded the BL-8 limits for operational inventory and non-inventory materials were \$5 million and \$3 million, respectively. In December 2016, those board limits were each raised to \$8 million. Contract Change No. 3 to Contract No. 4600001005 and Contract Change No. 4 to Contract No. 4500097459 were executed in compliance with the delegated authority of the Director, Procurement, Warehouse & Fleet.

Because these contracts include cost control mechanisms that are constantly aligning with the market fuel rate and Ramos has performed well for SMUD under these contracts, it is in SMUD's best interest to increase and continue with these contracts.

On August 23, 2022, we paid \$4.38 per gallon, which is below the fair market price of \$4.91 shown by Procurement IQ. The actual amount paid for the fuel per gallon will rise and fall based on the OPIS,

Sacramento Daily Rack average for unleaded fuel and diesel and San Francisco Spot Market for ethanol (E-85) plus Ramos' markup. SMUD consistently receives fair and reasonable pricing from Ramos.

Currently, the aggregate contract balance is approximately \$2,281,000

Contract Actions	Amount	Cumulative Total	Description
Original Contract	\$10,000,000		
Change No. 01	\$0.01		Extend expiration date to 01/31/20
Change No. 02	\$0.01		Extend expiration date 01/31/21
Ariba PR735	\$1,000,000	\$11,000,000	Added \$1M to contract 4500097459
Ariba PR3293	\$1,200,000	\$12,200,000	Added \$1.2M and extended expiration date to 12/31/24 on contract 4500097459.
Ariba3291	\$3,800,000	\$16,000,000	Added \$3.8M and extended expiration date to 12/31/24 on contract 4600001005.
Pending Change No. 03	\$12,481,000	\$28,481,000	Increase contract amount

Board Policy: Board-Staff Linkage BL-8, Delegation to the Chief Executive Officer and General Manager with Respect to Procurement; Strategic Direction SD-7, Environmental Leadership
(Number & Title)

Benefits: Increasing these contracts will ensure a continuation of a stable supply of fuel and a fuel card program.

Cost/Budgeted: \$12,481,000; Budgeted for 2022-2024 by Corporate Financial & Enterprise Services, Fleet.

Alternatives: Do not increase and re-bid or purchase fuel on a spot buy basis.

Affected Parties: Fleet, Supply Chain Services, and Ramos Oil Company Inc.

Coordination: Fleet and Supply Chain Services.

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

Additional Links:

SUBJECT

Increase the Bulk Fuel and Fuel Card Program Contract Amounts

ITEM NO. (FOR LEGAL USE ONLY)

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

SSS No. SCS 22-279

BOARD AGENDA ITEM

STAFFING SUMMARY SHEET

Committee Meeting & Date
Finance & Audit – 10/18/22

Board Meeting Date
October 20, 2022

TO				TO			
1.	Jesse Mays			6.	Jennifer Davidson		
2.	Robert Adams			7.	Lora Anguay		
3.	Casey Fallon			8.	Scott Martin		
4.	Attila Miszti			9.	Legal		
5.	Frankie McDermott			10.	CEO & General Manager		
Consent Calendar	x	Yes	No <i>If no, schedule a dry run presentation.</i>	Budgeted	x	Yes	No <i>(If no, explain in Cost/Budgeted section.)</i>
FROM (IPR) Katherine Manne				DEPARTMENT Procurement		MAIL STOP EA404	EXT. 6175
						DATE SENT 9/30/2022	

NARRATIVE:

Requested Action: Approve an increase to the aggregate contract not-to-exceed amount for general line construction services by \$20 million, from \$20 million to \$40 million, for Contract No. 4600001474 with Hot Line Construction, Inc. and Contract No. 4600001475 with Mountain G Enterprises.

Summary: The original contracts were awarded on a competitive basis to Hot Line Construction, Inc. and Mountain G Enterprises in March 2021 (Resolution No. 21-03-06). The original contracts were awarded for the period from March 22, 2021, to March 21, 2023, for a total aggregate contract not-to-exceed amount of \$20 million. The work generally consists of overhead and underground line construction and maintenance on 12/21kv and 69kv sub transmission lines.

Contract Change No. 01 to Contract No. 4600001474 with Hot Line Construction, Inc. increased their rates by 7.14%, 5.44% of which accounted for labor as a direct result of Hot Line's agreement with the International Brotherhood of Electrical Workers (IBEW) 1245 that became effective on June 1, 2022. The remaining 1.7% of the increase was for increased fuel costs since the time of bid.

Contract Change No. 01 to Contract No. 4600001475 with Mountain G Enterprises increased Rate Schedule, Part B, Line Items 11 and 12 by ~36% and ~45%, respectively.

Contract Change No. 02 to Contract No. 4600001475 with Mountain G Enterprises added subcontractor, WBE Traffic Control Inc. to Exhibit I - Designation of Prime Contractor, Subcontractors and Suppliers to perform traffic control where lane closures and/ or night work is required. WBE Traffic Control Inc. is a verified Supplier Education and Economic Development (SEED) vendor.

Contract Change No. 03 to Contract No. 4600001475 with Mountain G Enterprises increased their rates by 5.2% as a direct result of Mountain G Enterprises' agreement with the IBEW 1245 that became effective on June 1, 2022.

SMUD has been adversely affected by the labor climate induced by Pacific Gas & Electric (PG&E) and their ongoing commitment to reduce wildfire risk across its service area. As a result, SMUD has lost contract crews that supported critical Line Assets programs. This loss has caused Line Assets to strategically realign its workload and the work performed by internal SMUD crews. Securing the services provided by Hot Line Construction, Inc. and Mountain G Enterprises will allow the business unit the ability to augment general line construction work while maintaining flexibility in its realignment efforts.

Wood Mackenzie Supply Market Cost Intelligence predicts a labor increase of 12% from contract award, March 2021 to March 2025. This information confirms pricing from Hot Line Construction, Inc. and Mountain G Enterprises is fair and reasonable.

Currently, the contract balance is approximately \$1,996,000.

Contract Actions	Amount	Cumulative Total	Description
Original Contract	\$20,000,000	\$20,000,000	
4600001475 Change No. 01	\$0.00	\$20,000,000	Increase Rate Schedule, Part B, Line Items 11 and 12
4600001475 Change No. 02	\$0.00	\$20,000,000	Add Subcontractor
4600001474 Change No. 01 4600001475 Change No. 03	\$0.00	\$20,000,000	Increase Rates
Pending Board Approval	\$20,000,000	\$40,000,000	Increase Total Aggregate Amount

Board Policy: Board-Staff Linkage BL-8, Delegation to the Chief Executive Officer and General Manager with Respect to Procurement; Strategic Direction SD-4, Reliability; Strategic Direction SD-6, Safety Leadership; Strategic Direction SD-13, Economic Development Policy
(Number & Title)

Benefits: The additional \$20 million in funding will allow Hot Line Construction Inc. and Mountain G Enterprises to continue performance on critical projects for SMUD.

Cost/Budgeted: \$40 million; Budgeted through March 2025 by Energy Delivery & Operation, Line Assets.

Alternatives: Solicit new contracts. It will take SMUD approximately six months to resolicit new contracts that will likely result in the same outcome.

Affected Parties: Line Assets, Supply Chain Services, and Contractor.

Coordination: Line Assets and Supply Chain Services.

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

Additional Links:

SUBJECT

Increase in Aggregate Contract Amount for General Line Construction

ITEM NO. (FOR LEGAL USE ONLY)

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

SSS No. SCS 22-278

BOARD AGENDA ITEM

STAFFING SUMMARY SHEET

Committee Meeting & Date
Finance & Audit – 10/18/22Board Meeting Date
October 20, 2022

TO				TO			
1.	Jesse Mays	6.	Jennifer Davidson				
2.	Robert Adams	7.	Lora Anguay				
3.	Casey Fallon	8.	Scott Martin				
4.	Attila Miszti	9.	Legal				
5.	Frankie McDermott	10.	CEO & General Manager				

Consent Calendar	x	Yes	No <i>If no, schedule a dry run presentation.</i>	Budgeted	x	Yes	No <i>(If no, explain in Cost/Budgeted section.)</i>
FROM (IPR) Katherine Manne				DEPARTMENT Procurement			MAIL STOP EA404
							EXT. 6175
							DATE SENT

NARRATIVE:

Requested Action: Approve an increase to the aggregate contract not-to-exceed amount for Upper American River Project (UARP) Reservoir Project Wildfire Risk Reduction services by \$5 million, from \$8 million to \$13 million, for Contract No. 4600001538 with TSU-Tree Service Unlimited, Inc., Contract No. 4600001539 with Mountain F. Enterprises, Inc., and Contract No. 4600001540 with The Original Unlimited Tree Service Co.

Summary: The original contracts were awarded on a competitive basis to TSU-Tree Service Unlimited, Inc., Mountain F. Enterprises, Inc., and The Original Unlimited Tree Service Co. in November 2021. The original contract was awarded for the period from November 23, 2021, to December 31, 2024, for an aggregate not-to-exceed amount of \$8 million. The work generally consists of vegetation management in SMUD's Transmission Right of Way (ROW) in the UARP.

The demand for vegetation management contractors continues to increase with the dry weather and is expected to continue through spring. The optimal time for SMUD to perform vegetation management work in the UARP is winter for lower elevations and spring for the higher elevations. SMUD awarded contracts to three of the four proposers of the original solicitation and the contractors have all performed well. SMUD is requesting to increase the contract aggregate amount by \$5 million, from \$8 million to \$13 million, to ensure SMUD is able to retain qualified vegetation management contractors to execute UARP Reservoir Project Wildfire Risk Reduction work.

Wood Mackenzie Supply Market Intelligence indicates a 1.72% increase in vegetation management costs from November 2021 to October 2022 and all three vendors will continue to hold their pricing through the contract term justifying their rates as fair and reasonable.

Currently, the contract balance is approximately \$1,996,000.

Contract Actions	Amount	Cumulative Total	Description
Original Contract	\$8,000,000	\$8,000,000	
Pending Board Approval	\$5,000,000	\$13,000,000	Increase Total Aggregate Amount

Board Policy: Board-Staff Linkage BL-8, Delegation to the Chief Executive Officer and General Manager with Respect to Procurement; Strategic Direction SD-4, Reliability; Strategic Direction SD-6, Safety Leadership
(Number & Title)

Benefits: The additional \$5 million in funding will allow TSU-Tree Service Unlimited, Inc., Mountain F. Enterprises, Inc., and The Original Unlimited Tree Service Co. to continue to provide vegetation management services to SMUD in the UARP to mitigate wildfire risk.

Cost/Budgeted: \$13 million; Budgeted through March 2024 by Energy Delivery & Operation, Line Assets.

Alternatives: Solicit new contracts for these services. By soliciting new contracts SMUD may miss optimal time to perform vegetation management work in the winter and spring.

Affected Parties: Line Assets, Supply Chain Services, and Contractor.

Coordination: Line Assets and Supply Chain Services.

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

Additional Links:

SUBJECT

**Increase in Aggregate Contract Amount for
UARP Reservoir Project Wildfire Risk Reduction**

ITEM NO. (FOR LEGAL USE ONLY)

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

SSS No.

HRS 22-005

BOARD AGENDA ITEM

STAFFING SUMMARY SHEET

Committee Meeting & Date

Finance & Audit – 10/18/22

Board Meeting Date

October 20, 2022

TO				TO			
1.	Casey Fallon	6.	Lora Anguay				
2.	Jaclyn Ketchum	7.	Scott Martin				
3.	Laurie Rodriguez	8.					
4.	Markisha Webster	9.	Legal				
5.	Jennifer Davidson	10.	CEO & General Manager				
Consent Calendar	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No <i>If no, schedule a dry run presentation.</i>	Budgeted	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No <i>(If no, explain in Cost/Budgeted section.)</i>		
FROM (IPR)	DEPARTMENT		MAIL STOP	EXT.	DATE SENT		
Jaclyn Ketchum	People Services & Strategies		B251	5761	09/23/2022		
NARRATIVE:							
<p>Requested Action:</p> <ul style="list-style-type: none"> a. Approve contract change to Contract No. 4500110473 with United Health Care Insurance Company (“United HealthCare”) approving 2023 medical insurance premium rates and extending the contract by one year for the period January 1, 2023, through December 31, 2023. The total estimated cost for 2023, based on the current enrollment population, is \$37.4 million; and b. Approve contract change to Contract No. 4500043215 with Kaiser Permanente approving 2023 medical insurance premium rates and extending the contract by one year for the period January 1, 2023, through December 31, 2023. The total estimated cost for 2023, based on the current enrollment population, is \$27.8 million. <p>Summary: United HealthCare presented SMUD with a renewal increase for the 2023 plan year of 4.9% for our active employee, pre-65 retiree and Medicare Advantage medical plans. Based on these rates and current enrollment, the total cost for 2023 medical benefit plans is projected at \$37.4 million.</p> <p>Kaiser Permanente presented SMUD with renewal increases for the 2023 plan year of -5.1% for our active employee, pre-65 retiree and Medicare Advantage medical plans. Based on these rates and current enrollment, the total cost for 2023 medical benefit plans is projected at \$27.8 million.</p> <p>These actions will allow SMUD to provide medical benefit plans for the year 2023 to approximately 9,500 employees, retirees, and eligible dependents enrolled in United HealthCare and Kaiser Permanente medical plans in a cost-effective manner.</p> <p>Note: The estimated costs above will vary based on 2023 employee/retiree Open Enrollment selections and SMUD population.</p> <p>Board Policy: Strategic Direction SD-3, Access to Credit Markets. SMUD staff negotiated best price and terms with medical providers in consideration of the long-term revenue requirements, debt, and financial risk to SMUD.</p> <p>Strategic Direction SD-8, Employee Relations. Providing medical benefits to employees supports SMUD’s goal of an inclusive workplace that engages and inspires employees to commit to SMUD’s purpose, vision, and values.</p> <p>Benefits: Provide quality medical benefits to eligible SMUD employees, retirees, and eligible dependents.</p> <p>Cost/Budgeted: Assuming current enrollment, SMUD’s share of cost is projected at \$57.4 million (after employee/retiree contributions).</p> <p>Alternatives: Not accept the proposed rate increases; consider other alternatives to meet SMUD obligations.</p> <p>Affected Parties: All eligible SMUD employees, retirees and eligible dependents participating in SMUD’s medical benefit plans.</p>							

Coordination: People Services & Strategies, Procurement, United HealthCare and Kaiser Permanente.

Presenter: Laurie Rodriguez, Director, People Services & Strategies

Additional Links:

SUBJECT

**Approve 2023 Medical Premiums and Contract Extensions with
United HealthCare and Kaiser Permanente**

ITEM NO. (FOR LEGAL USE ONLY)

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

2023 Active Employees Medical Premium Rates

Active Employees	Basic		
Carrier	Employee Only	Employee + 1	Employee + Family
Kaiser HMO – High Plan	\$712.11	\$1,424.22	\$2,136.33
Kaiser HMO – Low Plan	\$674.53	\$1,349.06	\$2,023.59
United Healthcare Signature Value HMO – High Plan	\$1,196.25	\$2,524.09	\$3,612.68
United Healthcare Signature Value HMO – Low Plan	\$1,075.34	\$2,268.96	\$3,247.58
United Healthcare Signature Alliance HMO – High Plan	\$1,111.76	\$2,345.81	\$3,357.51
United Healthcare Signature Alliance HMO – Low Plan	\$999.39	\$2,108.70	\$3,018.19
United Healthcare High Deductible Health Plan	\$954.14	\$2,013.23	\$2,881.49
United Healthcare PPO Plan	\$1,844.55	\$3,892.01	\$5,570.55

2023 Retiree Medical Premium Rates

Retiree	Basic			Medicare	
Carrier	Retiree Only	Retiree + 1	Retiree + Family	Retiree	Retiree + 1
Kaiser HMO	\$710.20	\$1,420.40	\$2,130.60	\$245.25	\$490.50
Kaiser Medicare Unassigned*	N/A	N/A	N/A	\$1,758.91	\$3,517.82
Kaiser Medicare Part A only**	N/A	N/A	N/A	\$1,348.26	\$2,696.52
United Healthcare Signature Value HMO	\$1,196.25	\$2,524.09	\$3,612.68	N/A	N/A
United Healthcare Signature Alliance HMO	\$1,111.76	\$2,345.81	\$3,357.51	N/A	N/A
United Healthcare PPO – In CA	\$1,844.55	\$3,892.01	\$5,570.55	N/A	N/A
United Healthcare PPO – Out Of CA	\$1,844.55	\$3,892.01	\$5,570.55	N/A	N/A
United Healthcare Medicare Advantage	N/A	N/A	N/A	\$428.88	\$857.76

SSS No.
BOD 2021-024

BOARD AGENDA ITEM STAFFING SUMMARY SHEET

Committee Meeting & Date
2022
Board Meeting Date
N/A

TO				TO						
1.	Jennifer Davidson			6.						
2.	Lora Anguay			7.						
3.	Scott Martin			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) Rosanna Herber / Donna Lofton				DEPARTMENT Board Office				MAIL STOP B307	EXT. 5079	DATE SENT 12/21/2021
NARRATIVE:										
Requested Action: A summary of directives provided to staff during the committee meeting.										
Summary: The Board requested 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 Policy 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 agendized 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 and Audit 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.