Exhibit to Agenda Item #1c

Board Finance & Audit Committee Meeting and Special SMUD Board of Directors Meeting – Budget 2020
Thursday, November 7, 2019, scheduled to begin at 5:00 p.m.
Customer Service Center, Rubicon Room
Internal Services
2020 Proposed Budget & Initiatives

Gary King
Chief Workforce Officer
## Internal Services
### Business Segment Functions

<table>
<thead>
<tr>
<th>Business Segments</th>
<th>Supporting Work Functions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facilities &amp; Security Operations</td>
<td>CCS</td>
</tr>
<tr>
<td>Facilities Planning, Projects and Maintenance</td>
<td>Supply Chain</td>
</tr>
<tr>
<td>Physical Security</td>
<td>Partnership: Conveners Aligners Implementer</td>
</tr>
<tr>
<td>Enterprise Continuity Management &amp; Emergency Preparedness</td>
<td>Targeted/Need Based Implementation &amp; Strategic Metrics</td>
</tr>
<tr>
<td>Image Production &amp; Postal Services</td>
<td>Promise Zone Development</td>
</tr>
<tr>
<td>Support Functions</td>
<td>Community Impact: Triple Bottom Line</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Facilities Planning, Projects and Maintenance</th>
<th>Learning, Development &amp; Culture</th>
<th>Employee Health &amp; Safety</th>
<th>Supply Chain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Physical Security</td>
<td>Talent Management</td>
<td>Environmental Services</td>
<td>Warehouse Operations</td>
</tr>
<tr>
<td>Enterprise Continuity Management &amp; Emergency Preparedness</td>
<td>Total Rewards</td>
<td>Real Estate Services</td>
<td>Fleet Operations</td>
</tr>
<tr>
<td>Image Production &amp; Postal Services</td>
<td>Employee Relations</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
2020 Proposed Budget by Theme

- **Keeping the Lights On**: $70.1M
- **Optimization & Operational Excellence**: $20.8M
- **Risk Mitigation**: $15.4M
- **Embracing the Future**: $6.2M

![Graph showing budget allocations by theme](image-url)
Keeping the Lights On

- **Attract, Retain and Engage the Right Talent**
  - Create desired culture (*Speed of Trust*)
  - Drive employee engagement
  - Fulfill commitment for diverse and inclusive work environment

- **Delivery of Core Work Processes**
  - Procurement, Warehouse and Fleet
  - Facilities and Security Operations
  - Human Resources, Diversity and Inclusion
  - Environmental, Safety and Real Estate Services

(SD-8)

(SD-4, 5, 6)
Optimization and Operational Excellence

- **Supply Chain Technology Investment**
  - Move supplier sourcing and contracting online
  - Improve supplier and employee experience
  - Enable supplier performance and risk management

- **Talent Technology Transformation**
  - Create framework for future state of human resources technology ecosystem
  - Resolve inefficiencies and enable SMUD’s competitive edge for talent

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

Potential Savings of $1.6M in 2020 and $1.2M going forward
Optimization and Operational Excellence

- **Real Estate Services Data Management Improvements**
  - Process automation, workflow integration and streamlining

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

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

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

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

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

- **Sustainable Communities**  
  - Develop and implement regional sustainable communities’ priorities  
  - Publish Heat Map to guide and prioritize community-based programs

- **Carbon Disclosure Program**  
  - Assess governance, strategy, risk/opportunity management, and carbon emissions management related to climate change  
  - Benchmark SMUD’s performance to reduce GHG emissions
Embracing the Future

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

- **59th Street Redevelopment**
  - Select developer partner
  - Establish disposition and development agreement

(SD-8)

(SD-7, 13)
## Benefits Summary

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