Board Policy Committee Meeting and Special SMUD Board of Directors Meeting

Date: Wednesday, December 2, 2020
Time: Scheduled to begin at 5:30 p.m.
Location: Virtual Meeting (online)
AGENDA
BOARD POLICY COMMITTEE MEETING
AND SPECIAL SMUD BOARD OF DIRECTORS MEETING

Wednesday, December 2, 2020
Scheduled to begin at 5:30 p.m.

Zoom Webinar Link: Join Policy Committee Meeting Here
Webinar ID: 160 736 8679
Password: 915689
Phone Dial-in Number: 1-669-254-5252

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

Live video streams and indexed archives of meetings are available at: http://smud.granicus.com/ViewPublisher.php?view_id=16

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

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

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

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

1. Steve Lins
   Accept the monitoring report for Strategic Direction SD-11, Public Power Business Model.
   Presentation: 10 minutes
   Discussion: 5 minutes

INFORMATIONAL ITEMS

2. Elizabeth Whitney
   MANAGING PRINCIPAL, MEGUIRE WHITNEY
   Provide the Board an informational briefing on federal legislative activities.
   Presentation: 20 minutes
   Discussion: 10 minutes

DISCUSSION ITEMS (cont.)

3. Pat Durham
   Accept the monitoring report for Strategic Direction SD-6, Safety.
   Presentation: 10 minutes
   Discussion: 10 minutes

4. Rob Kerth
   Discuss, with possible amendment, Governance Process GP-12, Board Compensation and Benefits.
   Discussion: 10 minutes

5. Rob Kerth
   Discuss proposed revisions to Board-Staff Linkage BL-6, Evaluating the GM’s Performance.
   Discussion: 10 minutes

INFORMATIONAL ITEMS (cont.)

6. Nancy Bui-Thompson
   Discuss Committee Membership and Chairs for 2021.
   Discussion: 10 minutes

7. Nancy Bui-Thompson
   Discuss Committee Topics and Training Ideas for 2021.
   Discussion: 10 minutes

8. Rob Kerth
   Board Work Plan.
   Discussion: 5 minutes
9. Public Comment

10. Heidi Sanborn  Summary of Committee Direction.
    Discussion: 1 minute

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

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

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

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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.
BOARD AGENDA ITEM
STAFFING SUMMARY SHEET

TO

1. Claire Rogers
2. Gary King
3. Stephen Clemons
4. Frankie McDermott
5. Lora Anguay

TO

6. Brandy Bolden
7. Jennifer Davidson
8. 
9. Legal
10. CEO & General Manager

Consent Calendar

<table>
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<th>Item</th>
<th>X</th>
<th>Yes</th>
<th>No If no, schedule a dry run presentation.</th>
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FROM (IPR)

Steve Lins
Legal
B406
11/17/20

MAIL STOP
EXT.
DATE SENT

NARRATIVE:

Requested Action: Accept the monitoring report for Strategic Direction SD-11, Public Power Business Model.

Summary: The attached 2020 annual monitoring report provides the Board with a status report of legislation and regulations that impact SD-11, Public Power Business Model. This core value was established to support public power and preserve local decision making.

Board Policy: (Number & Title) SD-11 Public Power Business Model

Benefits: Receive input and opportunity to make corrections, additions, or changes if necessary.

Cost/Budgeted: N/A

Alternatives: N/A

Affected Parties: SMUD and Board of Directors

Coordination: Government Affairs and Legal Department

Presenter: Steve Lins, Deputy General Counsel and Director of Government Affairs

Additional Links:

SUBJECT

SD-11 Public Power Business Model

ITEM NO. (FOR LEGAL USE ONLY)

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.
TO: Board of Directors                        DATE: 11/24/2020

FROM: Claire Rogers CR112420

SUBJECT: Audit Report No. 28007217
Board Monitoring Report; SD-11: Public Power Business Model

Audit and Quality Services (AQS) received the SD-11 Public Power Business Model 2020 Annual Board Monitoring Report and performed the following:

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

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

CC:
Paul Lau
1. Background

Strategic Direction 11, Public Power Business Model states that:

Supporting and strengthening the public power business model is a core value. Local decision making and flexibility are essential to effective and responsible local governance. Community-owned utilities are primarily accountable to their customers, who are their owners, not stockholders. Community citizens have a direct voice in public power decisions.

Preservation of this business model is vital to ensure public power systems continue to provide innovative solutions tailored to best meet the needs of their customers and communities.

2. Executive Summary

SMUD is in compliance with SD-11.

The SD-11 monitoring report updates the Board on our efforts to insulate SMUD from issues that may impact our local governance and provide the Board with a final status report on 2020 issues impacting this strategic directive. SMUD’s interests are advanced in the legislative and regulatory arenas to the greatest extent possible. For instance, SMUD meets with key federal and state officials, both elected and appointed, with the driving purpose of educating them on the impact of new and existing policy.

State Legislative. The legislative year was unlike any other in recent memory. The year began with several legislative victories on issues important to SMUD and the public power business model, including defeating a bill that would impact our Board’s ability to set rates [Senate Bill (SB) 953], a bill that would have made compliance with the Renewable Portfolio Standard (RPS) much more costly [Assembly Bill (AB) 2547], a bill that would prohibit any caps on fuel cell microgrids (AB 740), and attempts to make unfavorable changes to the Cap-and-Trade program. However, all legislative activity came to a screeching halt once COVID-19 hit, impacting both the budget and policy priorities. Dozens of bills related to solar, utilities, electric vehicles, and energy storage were shelved for the year. Even bills related to wildfires were reduced to the necessities, with few bills impacting utility operations. SMUD’s legislative priorities shifted to COVID-19-related legislation, ensuring feasible and flexible implementation of bills on notification and reporting protocols (AB 685) and workers’ compensation (SB 1159).
State Regulatory. SMUD staff participated in numerous workshops and regulatory proceedings at the California Air Resources Board (CARB) and the California Energy Commission (CEC) throughout the year.

At CARB, staff participated in proceedings to modify the Low Carbon Fuel Standard (LCFS) regulations, transportation electrification programs, and the gas-insulated equipment sulfur hexafluoride (SF6) regulations. All of these regulatory proceedings are ongoing, and at least one is likely to extend into 2021.

At the CEC, SMUD staff participated in the RPS Enforcement Procedures for Publicly Owned Utilities (POUs) Rulemaking, 2022 Energy Code Pre-Rulemaking, Load Management Standard Rulemaking, and implementation activities pursuant to new data collection requirements.

SMUD staff is also participating in the SB 100 Joint Agency Report proceeding, a joint effort by the CEC, CARB and the California Public Utilities Commission (CPUC) to prepare a joint agency report to the Legislature evaluating the 100 percent zero-carbon electricity policy. The report is due every four years, and the first report is due by January 1, 2021. The proceeding is docketed at the CEC for purposes of stakeholder comments.

Federal. At the federal level, SMUD was able to leverage its strong relationship with Rep. Doris Matsui (D-CA) to spearhead a letter signed by nearly 50 Members of Congress calling for a new forgivable loan program specifically to aid public power utilities impacted by customer non-payments caused by the COVID-19 pandemic. SMUD also advocated against a nationwide moratorium on utility disconnections, sharing key data about its existing programs to work with customers who are struggling to pay their bills. SMUD also participated in the efforts of the National Special Districts Coalition to dedicate a share of state and local Coronavirus Relief Funds for special districts in future COVID-19 relief bills. SMUD also called for restoring advance refunding as a way to mitigate losses from COVID-19, and such a proposal has been included in several infrastructure-related stimulus proposals, cementing it as a priority for House Democrats. Outside the legislative arena, which has been dominated by COVID-19 response for the majority of the year, SMUD, through the American Public Power Association (APPA), pushed back on the Federal Energy Regulatory Commission’s (FERC) incursion into local control over distributed generation in its Order 2222 and saw a disappointing loss in the Ninth Circuit decision to uphold the Federal Communication Commission’s (FCC) 2018 Declaratory Order on pole attachments.

Community Choice Aggregators. This year, SMUD provided services for three Community Choice Aggregator (CCA) clients – East Bay Community Energy (EBCE) in Alameda County, Valley Clean Energy (VCE) in Yolo County, and Silicon Valley Clean Energy (SVCE) in Santa Clara County. CCAs are local governments situated in the service territory of an incumbent investor owned utility (IOU) that want greater local control over their electricity rates and more access to renewable energy. SMUD’s mission is strongly aligned with the CCA model, which has core goals of local decision
making, customer/community focus, and environmental stewardship. Serving CCAs supports the public power model and provides a new revenue source for SMUD to help fund investments necessary to modernize the grid and expand offerings to our customers.

As SMUD’s Strategic Plan indicates, internal and external factors are driving our business and shaping our business model. Legislative and regulatory uncertainty continues to be a threat to the Public Power Business Model SD-11. SMUD takes positions on legislation and regulations based on the Board’s Strategic Direction.

3. Additional Supporting Information

Local decision making and flexibility are essential to effective and responsible local governance. High priority 2020 issues were as follows:

- Policies related to COVID-19 (e.g., reporting requirements, workers’ compensation, special district federal funding)
- Board’s ability to set rates
- Changes to Cap-and-Trade
- Electric vehicle funding
- CEC proceeding on Building Energy Efficiency Standards
- CEC implementation of efficiency benchmarking expansion and more detailed data collection requirements
- CARB proceeding to modify the SF₆ regulations
- Legislation pending in Congress to restore the cost-savings benefits of advance refunding, or refinancing municipal bonds
- FERC order on distributed generation
- FCC order on pole attachments

4. Challenges:

SMUD continues to face prescriptive legislative and regulatory mandates for energy efficiency, carbon reduction, renewable energy, data requirements, wildfire planning, and resource planning, in part because of the State’s robust climate change goals. The heat waves in August that resulted in rotating outages in the California Independent System Operator (CAISO) territory could lead to legislative action in the form of storage mandates and/or changes to resource adequacy and planning requirements. Changes to Cap-and-Trade are also on the horizon. SMUD will continue to advocate for the advancement of transportation and building electrification, which will be made more challenging with a financially strapped state government.

5. Recommendation

It is recommended that the Board accept the Monitoring Report for SD-11.
6. Appendices

CCAs

SMUD ventured into providing services to CCAs in California to diversify our revenue sources in a way that is consistent with supporting public power and environmental goals in California. SMUD is providing VCE with call center, data management, wholesale energy, and operational services. SMUD is supporting EBCE with call center and data management services, and this year, EBCE extended our contract for another two years. SMUD also provides program design, development, and administration services to SVCE.

These CCAs allow their customers to access many of the same public power benefits that SMUD and other POUss have provided millions of Californians. SMUD is leveraging our over 70 years of experience as a utility, staff expertise, and existing systems to provide skilled services to CCAs, generating new revenue and strengthening SMUD’s ability to provide cost effective public power service to our customers.

There are currently 23 active CCAs in California, and many more that are emerging or investigating the feasibility of starting a new CCA.

State Legislation that Impacted SD-11

Cap-and-Trade

Budget Trailer Bill

Like every year, the state budget bill is escorted into law by numerous “trailer bills” that implement the budget. These bills touch on any number of policy issues. This year, a proposed trailer bill would have directed CARB to reopen the Cap-and-Trade regulation in order to make numerous changes to the program, including reducing the total number of allowances, raising the floor price, and limiting the use of banking, in order to make the program more strict. With strong opposition, the proposal was dropped in the final budget deal, replaced by a letter from California Environmental Protection Agency Secretary Jared Blumenfeld stating the agency’s intent to consider the role and structure of Cap-and-Trade during the next Scoping Plan in 2023.

AB 841 (Ting): Energy Efficiency Program

In its original form, AB 841 would have stripped millions of dollars from SMUD and other POUss by requiring POUss to allocate unspent public goods and Cap-and-Trade dollars to fund a statewide school energy efficiency program. Those POU provisions of the bill were ultimately removed, leaving only the IOUs’ funds affected. The bill also allows for rate basing of electric vehicle (EV) charging infrastructure, mandates the CPUC to approve the IOU applications for EV charging infrastructure investments, and puts in place new training standards for electricians installing such infrastructure.

SMUD Position: Watch
Status: Passed and signed by Governor
Staff Comment: SMUD and other POUs avoided new regulations this year but expect many of the same proposals to be reintroduced in 2021.

**Microgrids**

**AB 740 (Burke): Microgrids**

AB 740, a bill SMUD opposed, would have prohibited POUs from imposing a size cap on a fuel cell microgrid project.

SMUD Position: Oppose
Status: Dead

Staff Comment: This bill was unnecessary, could have presented safety concerns to our system, and would have hindered local control.

**Renewable Energy**

**SB 953 (Wiener): Discriminatory Fees**

SB 953 would have required the CPUC or a POU governing board to ensure that customers within its jurisdiction who have customer-sited renewable energy or energy storage systems are not subject to discriminatory fees or charges levied as a result of installing or using those customer-sited renewable energy or energy storage systems.

SMUD Position: Oppose
Status: Dead

Staff Comment: As you may recall, last year SMUD joined with a coalition of other POUs and labor to defeat Senator Wiener’s SB 288, which would have prohibited any “discriminatory fees” for Net Energy Metering (NEM) customers, effectively limiting SMUD’s ability to address the cost shift issue. Senator Wiener brought this idea back in SB 953 this year, and again, SMUD, the POUs, and labor swiftly defeated it. While rooftop solar is certainly a part of our clean energy future, SMUD must ensure our non-solar customers do not disproportionately shoulder SMUD’s fixed costs.

**AB 2547 (Gonzales): Renewable Portfolio Standard (RPS)**

AB 2547 would have prohibited the purchase of category 3 products in meeting the retail sellers’ renewable energy procurement obligations for RPS compliance periods after 12/31/2020. The bill also would have increased the requirement for the purchase of category 1 products to 85%.

SMUD Position: Watch
Status: Dead

Staff Comment: Unbundled Renewable Energy Credits are important for SMUD to cost-effectively comply with RPS. Prohibiting these category 3 products would have resulted
in significant commodity cost increases. With SMUD’s and the State’s electrification goals, keeping this and other RPS compliance cost containment levers is necessary to ensure we keep rates reasonable so as to not lose the financial incentive for customers to electrify.

**Electric Vehicles**

**Governor’s Executive Order**

On September 23, Governor Newsom signed an executive order establishing a goal that 100 percent of light duty vehicles sold in California will be zero-emission by 2035. The order also provides a target so that 100 percent of medium and heavy-duty fleets transition to zero-emission trucks and buses where feasible. The order directs CARB to develop and propose regulations that require increasing volumes of zero-emission vehicles sales by the deadlines mentioned above, taking into account technological feasibility and cost-effectiveness. The order also directs various state agencies, such as the CEC, to accelerate the deployment of affordable fueling and charging options. The order does not define the term “zero-emission vehicle,” but by using that term it is clear it is intended to be more expansive than just electric vehicles.

**Electric Vehicle Funding**

In August, the Legislature and Governor negotiated additional aspects of the budget once a clearer fiscal picture was visible. Importantly, this included a provision that SMUD supported to increase funding for electric vehicle charging infrastructure via the California Electric Vehicle Infrastructure Project (CALeVIP) at the California Energy Commission. The additional $51 million in SB 115 (Budget) will expand the program to more areas of the state. It currently includes Sacramento, where SMUD is partnering to contribute our own funds as well.

Due to the negative budget outlook, however, several items were deferred until next year. This included the Greenhouse Gas Reduction Fund (GGRF), which funds electric vehicle incentives via the Clean Vehicle Rebate Project (CVRP).

**COVID-19 Bills**

**SB 1159 (Hill): Workers’ Compensation**

SB 1159 establishes a rebuttable presumption for COVID-19 workers compensation claims, which is triggered based on a cluster approach. The presumption is triggered for employers with 100 or fewer employers if four employees test positive and triggered for employers with more than 100 employees when four percent of employees test positive.

SMUD Position: Watch

Status: Passed and signed by Governor. As an urgency measure, it went into effect when it was signed into law on September 17 and lasts until January 1, 2023.

Staff Comment: SMUD worked with a coalition to ensure this change to workers’ compensation was reasonable, including the timeline to rebut the claim and the threshold for an injury.
AB 685 (Reyes): COVID-19 Notification and Reporting
AB 685 requires employers to provide written notice and instructions to employees who may have been exposed to COVID-19 at their worksite and requires certain health and safety reporting requirements.

SMUD Position: Watch
Status: Passed and signed by Governor

Staff Comment: SMUD worked with a larger coalition to retain some flexibility in implementation. Amendments the coalition succeeded in achieving remove a $10,000 misdemeanor for non-compliance with the reporting provision, and unnecessary and resource-intensive notification procedures.

Local Government
AB 2093 (Gloria): Email Retention
AB 2093 would have required all public agencies to retain and preserve for at least 2 years every public record that is transmitted by electronic mail.

SMUD Position: Watch
Status: Dead

State Regulation that Impacted SD-11

Sulfur Hexafluoride (SF₆) Regulations
SF₆ is used as an insulator in utility switchgear and has a high global warming potential. CARB is modifying the SF₆ regulations to include a potential “phase-out” of utility SF₆ equipment by size class and switching from a format that allows no more than 1% annual leakage to a format that allows no more than an absolute standard tonnage of leakage for each utility.

SMUD, along with other POUs and IOUs, has argued for SF₆ “phase-out” to include technical exemptions where replacement technology is not available or during emergency situations, credit for early action, and a prudent enforcement and penalty structure.

Status: On September 24, 2020, the CARB Board unanimously passed Resolution 20-28 to adopt the proposed amendments to the Regulation for Reducing Sulfur Hexafluoride (SF₆) Emissions from Gas Insulated Switchgear. The Resolution directs CARB staff to continue to work with the Joint Utilities Group (JUG), of which SMUD is a member, and other stakeholders to resolve several outstanding concerns before the finalizing the regulation.

SB 100 Joint Agency Report
SB 100 established a landmark policy requiring renewable energy and zero-carbon resources supply 100 percent of electric retail sales to end-use customers by 2045. It requires the CEC, CPUC and CARB to prepare a joint agency report to the legislature.
evaluating the 100 percent zero-carbon electricity policy. The report is being developed using a public process and qualitative and quantitative analyses to address the requirements and intent of the statute. In consultation with all California balancing authorities and as part of a public process, the three agencies must issue a report to the legislature by January 1, 2021, and at least every four years afterward.

SMUD has participated in workshops and filed comments in the SB 100 Joint Agency Report proceeding regarding the draft results of the agencies’ analysis presented on September 2, 2020. Key points include:

- The draft modeling results underestimate rate impacts and revenue requirements and do not adequately evaluate reliability;
- More details are needed regarding resource characteristics and selection;
- Transmission and distribution costs should be evaluated, and analyses should be transparent;
- Land and marine use impacts must be discussed.

The Joint Agencies will hold a workshop in December to present a draft of the report due to the legislature. SMUD staff plans to participate in the workshop and submit comments.

**Load Management Standard (LMS) Rulemaking**

The 2020 LMS Rulemaking will expand on efforts to increase efficiency and demand flexibility in California’s electricity grid. The standard has been in statute since 1978 and requires the State’s three IOUs, the Los Angeles Department of Water and Power (LADWP) and SMUD to develop marginal cost-based rates. The goal of the 2020 rulemaking is to form the foundation for a statewide system that automates the creation of hourly and sub-hourly costs or signals that can be used by end-use automation to provide real-time demand flexibility on the grid.

SMUD staff has taken a balanced approach in this proceeding. We recognize from a strategy standpoint that as an industry this is a direction that will be part of the toolset for utilities, including SMUD, for the future. Further, we need to consider how our input into this process is not just focused on the burden of trying to implement the standard but provided in a way to address the intended outcomes.

Status: CEC staff has indicated support for a SMUD staff recommendation to allow for voluntary programs versus rates to meet the standard. SMUD is awaiting the release of revised LMS language, and the CEC expects to adopt the amendments to the regulation by year-end 2020.

**Energy Efficiency Benchmarking**

The CEC has adopted significant modifications to energy efficiency policies for existing buildings, including a comprehensive “benchmarking” structure for buildings pursuant to AB 802 (2015).
Status: The benchmarking regulatory rules pursuant to AB 802 were adopted by CEC in 2017. SMUD has changed internal protocols to prepare for the increased and changed benchmarking requests from customers. The initial year under the new benchmarking provisions saw a significant increase in the number of buildings requesting utility data from SMUD. Benchmarking implementation is phased over a couple of years, so SMUD is still adjusting to the increased requests for utility data.

**2019 Building Energy Code and Neighborhood SolarShares**
California’s Energy Code is designed to reduce wasteful and unnecessary energy consumption in newly constructed and existing buildings. The California Energy Commission updates the Building Energy Efficiency Standards (Title 24, Parts 6 and 11) every three years by working with stakeholders in a public and transparent process. In 2019, the CEC adopted changes to mandate rooftop solar on all new low-rise residential homes starting in 2020, with a community solar compliance option.

Status: SMUD developed and submitted the first application for the community solar alternative to the mandated solar provision in the 2019 Building Standards. SMUD’s Neighborhood SolarShares (NSS) Program provides developers with the choice of a compliance option that supports the State’s goal of encouraging the development of more affordable housing by providing a lower cost method of meeting the mandate while ensuring equivalent carbon reduction benefits. The NSS Program application was unanimously approved by the Commission at the CEC Business Meeting on February 20, 2020.

**2022 Building Energy Code**
The 2022 Energy Code will improve upon the 2019 Energy Code for newly constructed buildings, additions, and alterations, and will apply to building permit applications submitted on or after January 1, 2023.

Status: SMUD is actively monitoring the 2022 Energy Code proceeding, which is currently in the pre-rulemaking stage. The CEC is considering options to modify compliance baselines and metrics for building energy performance to reduce emissions from fossil fuels, and SMUD is advocating for the addition of an all-electric baseline in the 2022 Energy Code update to increase the Energy Code’s support of the State’s carbon reduction goals. An all-electric baseline would require that if a builder wants to include gas end-uses, then the building cannot use more energy or carbon than an all-electric building. Energy is measured in Time Dependent Valuation, which incorporates the societal and environmental impacts into the cost of energy during a given hour of the year, and carbon is measured in Time Dependent Source energy, which represents the amount of fossil fuel used per kilo-watt hour (kWh).

**Data Reporting Policies**
Last year, the CEC adopted modifications to its Title 20 data collection regulations that would require significantly more detailed reporting from SMUD about solar generators, storage systems, and customer electricity loads. SMUD had argued for a significant reduction in the data that is being requested.
Status: The data filing of generator data down to the smallest photovoltaic (PV) system happened in January and July of 2020, and SMUD continues to work out small kinks in the submittal process. Compliance with the detailed interval meter data has been postponed as the CEC and utilities work out the protocols for data structure and data submittal and discuss data security.

The CEC is proposing new regulations to Public Resource Code, Title 20, on data collection to support implementation of SB 350 (De León, 2015) and to improve California energy analytics. These regulations will modify existing efforts by the CEC to combine all prime mover technologies of electric generation (including wind) under the same regulations. Currently, wind reporting regulations are authorized under a separate set of regulations. Additionally, the proposed changes seek to limit the collection of water data to those power plants that are rated 50 megawatts (MW) and larger in total nameplate capacity. Consolidating the wind reporting requirements into the same regulation as other electric generation resources will streamline the reporting process.

**Renewable Portfolio Standard (RPS) Policies**

The CEC is updating the *Enforcement Procedures for the Renewables Portfolio Standard for Local Publicly Owned Electric Utilities* to implement changes in law from SB 350 (De León, 2015), SB 1393 (De León, 2016), SB 100 (De León, 2018), and SB 1110 (Bradford, 2018). The proposed modifications implement changes to RPS procurement requirements, optional compliance measures, reporting requirements, and special exemptions and exclusions. Additional modifications are also proposed to facilitate program implementation and improve clarity.

Staff has participated in the rulemaking and had no substantive concerns with the CEC 45-Day and 15-Day Language proposals. A second 15-Day Language proposal included language that raised significant concerns regarding long-term contracting. SMUD comments on this language made the following arguments:

- The language introduces substantial uncertainty, economic risk, and administrative burden into the renewable contracting and procurement process.
- These challenges come at a time when, more than ever, utilities need to integrate zero-emission resources into their portfolios.
- The limitations on long-term contracts are vague and inconsistent with Public Utility Code section 399.13(b).
- The Commission does not have ex post facto contract oversight authority.

The CEC, SMUD, and other stakeholders are currently evaluating modifications to the long-term procurement requirement in the *RPS Enforcement for POUs Rulemaking*. The CEC is expected to issue a third 15-Day Language proposal in the fourth quarter of 2020 and vote on final regulations prior to the end of 2020. In collaboration with the California Municipal Utilities Association (CMUA), SMUD and other POUs are developing a consensus proposal that will comprehensively address stakeholder and CEC concerns regarding loopholes to circumvent long-term contract requirements.
**Delta Water and Hydro Impacts**

Two substantial Delta planning processes could potentially affect energy available for SMUD’s purchase from the Central Valley Project (CVP) and flows within the Upper American River Project (UARP) watershed: the Bay–Delta Water Quality Control Plan (Bay–Delta Plan), and the Delta Conveyance Project (successor to the WaterFix Project, which was in turn successor to the Bay Delta Conservation Plan).

Phase 2 of the Bay–Delta Plan is ongoing and could potentially affect SMUD by increasing the volume of water required for outflow into the Bay (Phase 3 would, if carried out, implement Phase 2 through modifications to water rights). A substantial change in Delta outflow and tributary flow requirements could, among other things, have a major impact on the timing of hydroelectric energy generation. The State Water Resources Control Board (SWRCB) staff released a draft of one of the Phase 2 documents identifying an environmental need for significantly more outflows (in short, 35 to 75% of all water is allegedly needed for outflow with staff recommending 45 to 65%). Governor Newsom requested that the SWRCB explore negotiation of voluntary agreements with water purveyors in lieu of imposing a strict plan. The voluntary agreements process has been informally suspended until the presidential election process is completed. The U.S. Department of the Interior has a large presence in the negotiation, and the friction between the Trump and Newsom administrations has been perceived as a stumbling block. It is expected that with Joe Biden’s victory, negotiations have a chance of success.

Although the two-tunnel Delta conveyance Water Fix Project was cancelled and its environmental documents rescinded last year, the Department of Water Resources (DWR) quickly relaunched the project as a one-tunnel option, renamed Delta Conveyance Project. The environmental review process is expected to go public next year. The project would involve building one new intake and a tunnel to complement the historical diversion of water through the Delta channels for the State Water Project (SWP), and potentially the CVP as well. Using the tunnels would be part of an effort to maintain or even increase Delta watershed exports to Southern and Central California. Proponents have claimed the project would help reduce the historical impacts of the South of Delta pumps on special status fish species, though modeling by Northern California interests suggests the reduced impacts have not been proven and in fact the opposite could be true. If provided by the CVP, power for the estimated 10-year construction effort and long-term operations would come out of supplies otherwise sold to public power contractors, the single largest share of which goes to SMUD under an existing long-term contract. Changes in the timing of the energy generation due to the project are as yet unclear.

Staff Comment: SMUD is working closely with a coalition of water interests to evaluate the impacts of the Bay–Delta Plan and the Delta Conveyance Project to understand the implications for power generation and SMUD’s water rights and hopefully agree upon a voluntary agreement substitute for a regulated process.
**Federal Legislation that Impacted SD-11**

**Tax Policy**
As a municipal utility, SMUD relies on municipal bonds to finance infrastructure, and therefore has continued to advocate for maintaining the longstanding tax exemption for municipal bond interest. The 2017 tax reform law preserved the general exemption, but removed it for advance refunding bonds, which are used to effectively refinance an original bond. SMUD has worked individually and through coalitions like Municipal Bonds for America, APPA, and the Alliance to Save Energy’s 50X50 Commission to restore the exemption for advance refunding bonds. No major tax legislation has passed the Congress in the nearly two years since tax reform was enacted, but several infrastructure bills have been proposed and moved through the House of Representatives that would restore advance refunding. In addition, bipartisan bills in the Senate would restore advance refunding. However, no legislation has passed both chambers and become law.

**Pole Attachments**
Municipal utilities are exempt from federal regulation of pole attachments under Section 224 of the Federal Communications Act. However, in September 2018 the Federal Communications Commission (FCC) issued a declaratory order and ruling reinterpreting other sections of the law to impose fee limits and timelines on pole attachment applications. APPA challenged the legality of this order, and the Northwest Public Power Association (NWPPA) filed an amicus brief in June 2019. On August 12, 2020, the 9th circuit rejected APPA’s challenge and the 9th circuit has denied en banc review of this decision. APPA is considering next steps. SMUD has expressed to its delegation concerns about this federal intrusion, noting that it has developed pole attachment agreements with telecom carriers. Rep. Anna Eshoo (D-CA) introduced legislation in January 2019 to nullify the FCC’s order, and Senator Dianne Feinstein (D-CA) sponsored similar legislation in the Senate in June 2019. Since introduction, the bills have gained 59 and 8 Democratic co-sponsors, respectively, but have failed to gain bipartisan support or traction in either chamber.

**Appropriations**
Congress has not yet finalized Fiscal Year (FY) 2021 appropriations and a continuing resolution will keep the government operating at FY20 levels through December 11. The House FY21 Energy & Water Appropriations bill includes language explicitly rejecting the Trump Administration’s proposal to divest transmission assets owned by the federal Power Marketing Administrations (PMAs) such as the Western Area Power Administration (WAPA), but the Senate has not yet released its draft bills.

**Spent Nuclear Fuel Removal**
Members of Congress continue to struggle to find consensus over how to resolve the longstanding political impasse over nuclear waste storage. The House Energy & Water FY21 appropriations bill includes funding for interim storage, including a program for waste removal at permanently shut-down sites like Rancho Seco. The Senate bill is also expected to include such language, but Speaker Nancy Pelosi (D-CA) has blocked
funds for interim storage from being included in final legislation and is expected to do so again should FY21 spending bills move forward.

**Federal Regulatory Issues that Impacted SD-11**

**FERC Order 1000**
SMUD participates in Order 1000 regional transmission planning through WestConnect, a regional planning entity that is comprised of member transmission providers (both jurisdictional and non-jurisdictional transmission providers) with service areas consisting of all or portions of eleven states: Arizona, California, Colorado, Nebraska, New Mexico, Nevada, Utah, South Dakota, Texas, Montana, and Wyoming. WestConnect members work collaboratively to jointly plan transmission facilities, assess stakeholder and market needs and develop cost-effective enhancements to the western wholesale electricity market.

In October of 2015, FERC accepted WestConnect’s withdrawal rights for non-jurisdictional transmission providers such as SMUD. Accordingly, if costs are allocated for particular transmission projects that are unacceptable, the non-public transmission provider has a right to withdraw from the cost allocation determination. In August 2018, El Paso Electric, a WestConnect jurisdictional transmission provider, appealed FERC’s decision in the 5th Circuit Court of Appeals. El Paso contends that a non-jurisdictional’s decision not to accept cost allocation for a project will cause free-ridership, resulting in unjust and unreasonable rates under WestConnect’s current structure. However, since December 2018, El Paso and the other jurisdictional transmission providers have received multiple grants of abeyance by the court to work with the non-jurisdictionals to develop a revised WestConnect structure that addresses the jurisdictionals’ concern. SMUD and the other non-jurisdictional transmission providers are currently in the process of working with the jurisdictionals for a resolution.

In the meantime WestConnect continues its planning process. WestConnect has completed two transmission regional plans which identified no projects for cost allocation, and WestConnect is currently conducting its 2020-2021 transmission regional plan.

**FERC Order 2222**
FERC finalized a landmark regulation ordering regional transmission organizations to facilitate participation by aggregators of distributed energy resources (DER). The Order would give FERC a regulatory “hook” to monitor and control traditionally behind-the-meter generation by asserting jurisdiction over DER aggregator sales of power to the market. Both Chairman Neil Chatterjee and Commissioner Rich Glick, who rarely agree, supported the final rule. Commissioner James Danly dissented, expressing concerns about the jurisdiction creep. SMUD, through APPA, pushed back on this encroachment into local control and was successful in winning an opt-in mechanism for small utilities selling 4 million MW per year or less; unfortunately this will not allow SMUD to maintain control of aggregated DER in its footprint.
**Energy Imbalance Market (EIM) and Extended Day Ahead Market (EDAM)**

SMUD has a direct interest in finding long-term solutions to the challenges posed by the integration of intermittent resources, such as wind and solar. One solution has been the development of a western EIM operated by the CAISO. In general, the EIM is a sub-hourly energy platform that automatically clears and dispatches the lowest cost electricity available to serve demand on a real-time basis.

SMUD received authorization from the Balancing Authority of Northern California (BANC) Commission and SMUD’s Board to participate in the EIM, and SMUD launched in spring of 2019 under what is referred to as “Phase 1” of BANC’s EIM participation. SMUD has successfully participated in the EIM since go-live on April 3, 2019, providing operational flexibility and financial net benefits to date. Several of the remaining BANC members, the Modesto Irrigation District and the cities of Redding and Roseville, along with WAPA – Sierra Nevada Region (which resides in the BANC Balancing Authority Area (BAA) but is not a member of BANC) are planning to join the EIM on March 25, 2021 under what is referred to as BANC EIM “Phase 2.” It is hoped that with the broader resource participation in EIM, BANC members and WAPA will see both economic benefits and have a greater ability to integrate and manage intermittent resources within the BANC BAA.

Given the success of EIM, the CAISO, with the support of SMUD and BANC, as well as the other EIM participants, has now launched a stakeholder initiative to develop an extension of the EIM real time framework to the CAISO’s day ahead market, referred to as the EDAM. Like EIM, EDAM would broaden the access to regional resources for the reliable integration of renewable resources, only over a longer (day ahead) time horizon. EDAM could be in place as early as 2023 and participation is voluntary. SMUD believes EDAM is an important step forward in intermittent resource integration by allowing participants to decommit less efficient resources in the day ahead timeframe, as opposed to only in the shorter real time window. Thus, EDAM aligns well with SMUD’s 2030 zero carbon goals.
### BOARD AGENDA ITEM

**STAFFING SUMMARY SHEET**

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**TO**

1. Jennifer Davidson  
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3. Brandy Bolden  
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9. Legal  
10. CEO & General Manager

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**NARRATIVE:**

**Requested Action:** Provide the Board an informational briefing on federal legislative activities.

**Summary:** SMUD's federal lobbyist, Elizabeth Whitney of Meguire Whitney, will brief the Board on the year-end Federal Legislative Report.

**Board Policy:** (Number & Title) The federal legislation and policies SMUD tracks affect overlapping Strategic Directions including the following: Competitive Rates (SD-2), Access to Credit Markets (SD-3), Reliability (SD-4), Environmental Leadership (SD-7), Resource Planning (SD-9), Public Power Business Model (SD-11), and Information Management and Security (SD-16).

**Benefits:** Informs the Board on federal legislative issues.

**Cost/Budgeted:** There is no budgetary impact for this request.

**Alternatives:** Choose not to receive the annual update.

**Affected Parties:** N/A

**Coordination:** Government Affairs

**Presenter:** Elizabeth Whitney, Managing Principal, Meguire Whitney

**SUBJECT**

Annual Legislative Presentation
Elizabeth K. Whitney  
Managing Principal, Meguire Whitney

Elizabeth Whitney has nearly 15 years of federal policy experience; seven of those years have been spent working with SMUD and similar clients on energy policy affecting public power utilities.

Elizabeth was the Senior Legislative Assistant to Rep. Bart Gordon (D-TN), then-Chairman of the House Science Committee and a senior member of the House Energy and Commerce Committee. She advised Chairman Gordon on energy and environmental issues before that committee and worked closely with Science Committee staff on energy and environment initiatives. In addition, she managed appropriations, budget and tax issues, financial services, and transportation for Chairman Gordon, and served as his liaison to the centrist Blue Dog Coalition. She came to Capitol Hill in 2007 as an aide to Rep. Zack Space (D-OH), handling appropriations and transportation, among other issues. She was a co-founder of the Women’s Congressional Staff Association, for which she was named “Congressional Staffer of the Year” along with her co-founders by Women in Government Relations.

Elizabeth holds a B.A. in Communication from Muhlenberg College (2004), an M.A. in Political Management from George Washington University (2008), and a J.D. from Georgetown University Law Center (2015). She is a member of the Maryland State Bar.
# BOARD AGENDA ITEM

**STAFFING SUMMARY SHEET**

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**NARRATIVE:**

**Requested Action:** Accept the monitoring report for Strategic Direction (SD-6), Safety.

**Summary:** Report on the status of Strategic Direction 6 (SD-6) Safety, for safety performance from January through June of 2020.

**Board Policy:**

* (Number & Title) This report supports the SD-6 Core Value of Safety by providing a safety performance status.

**Benefits:** Provide the scheduled bi-annual monitoring report as requested by the Board of Directors and Executive Staff. The report provides an opportunity to make recommendations or policy revisions, as necessary.

**Cost/Budgeted:** None

**Alternatives:** Provide the Board monitoring report without a presentation.

**Affected Parties:** Board of Directors, Executive Staff

**Coordination:** Organization-wide

**Presenter:** Patrick Durham, Director of Environmental, Safety, and Real Estate Services

**Additional Links:**

**SUBJECT**

SD-6, Safety Board Monitoring Report

**ITEM NO. (FOR LEGAL USE ONLY)**

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.
TO: Board of Directors

FROM: Claire Rogers CR 9/29/20

SUBJECT: Audit Report No. 28007214
Board Monitoring Report; SD-06: Safety

Audit and Quality Services (AQS) received the SD-06 Safety Q1-Q2 2020 Annual Board Monitoring Report and performed the following:

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

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

CC:

Paul Lau
1. **Background**

Creating a safe environment for employees and the public is a core value of SMUD.

Through continuous improvement, SMUD will be recognized as a leader in employee safety while also assuring the safety of the public related to SMUD operations and facilities. This includes a comprehensive approach to monitoring organizational and public safety performance.

Therefore, SMUD will continue to improve safety results to:

**Workplace Safety**

- a) Reduce SMUD’s injury severity rate to 1.4 by 2020, as measured by OSHA’s Days Away Restricted Time (DART), a rate that demonstrates strong safety performance.

- b) Provide timely, quality health care for injured employees that aids their recovery while maintaining positive financial performance of the workers’ compensation program.

**Public Safety**

- a) Track and report injuries to the public related to SMUD operations or facilities.

- b) Implement measures to protect the public from injuries related to SMUD operations or facilities.

2. **Executive Summary**

**SMUD is in compliance with the SD-6 direction and is in alignment with SMUD’s 5-year strategy of working toward a zero-incident culture.** In the first half of 2020, SMUD met its safety performance targets related to SD-6.

**Workplace Safety**

SMUD recorded 32 OSHA Recordables injuries during the first half of 2020. Of the 32 injuries, 13 (2 Lost Time & 11 Modified Duty injuries) resulted in a DART rate of 1.2. Seventy-seven percent of the DART cases resulted in non-soft tissue related injuries with 92% occurring in a field environment. The forecasted 2020 DART Rate is on track to stay within the limit of 1.4. (See Appendix A).
Quality care of injured employees is measured through the Workers’ Compensation program’s performance, which is assessed annually by an independent actuary. This report will be available during the second half of 2020.

Public and Community Safety

SMUD tracks public and community incidents in the Safety Incident Tracking System (SITS) involving car-pole, electrical contact, dig-in incidents and injuries to the public that are related to SMUD’s operations or facilities.

From January through June 2020, there were 120 incidents where the public hit SMUD equipment. Of those incidents, zero resulted in fatalities or hospitalizations, however one claim has been filed against SMUD. Five electrical contacts were reported resulting in four minor shocks and one fatality. Sixteen dig-ins were reported with one injury, a minor electrical shock.

3. Additional Supporting Information

The new SD-6 Safety Direction became effective August 21, 2014. Our goal is to achieve the desired performance objectives by year-end 2020. A discussion concerning how to maintain and continue to lower SMUD’s incident rates are presented in the Challenge section of this report. This report summarizes the performance for the first half of 2020.

Safety Leadership. Continuing in 2020, the new Safety Manager continues with his integration efforts to support Executive Leadership’s 5-year plan that emphasized zero incidents and injuries and a focus on a zero-accident safety culture. SMUD’s Chief Executive Officer (CEO) Arlen Orchard, re-emphasized the need to improve safety at SMUD with a greater focus of developing a “Safety for Life” culture at SMUD, reducing the risk of serious injuries and fatalities, implementing a safety management system, and improving the analysis of injury and incident trends. These goals are outlined in SMUD’s updated Strategic Plan for 2020 thru 2024.

Safety Management System. SMUD’s new Safety Manager is partnering with IT to finalize the SMUD selection process for the safety software vendor selection. Enhancement areas that the Safety team are working to elevate within core safety competencies include: leadership and staff roles and responsibilities, updating safety standards; field training, change management, human performance engineering, field observations, SCORCH, safe driving, ergonomics, job hazard analyses, contractor, and public safety improvements.

Safety Standards Development. During 2020, Safety continued the efforts to develop new standards and update existing standards to assist in the improved safety of SMUD operations. Standards ready for Director Review include: Bloodborne Pathogens; Confined Space Entry: Excavation, Trenching & Shoring; Fall Protection; Heat Illness;
and Personal Protective Equipment, to name a few. In the routing process is a new standard; Powered Industrial Trucks. Completed standards include the Injury and Illness Prevention Program COVID-19 Appendix; and Special Motorized Equipment. Safety is continuing to use the developed tracking program to assist in the review and intake of standard comments from business units throughout SMUD.

**Supervisor-Employee Interactions.** Safety staff updated and strengthened its supervisor-employee interaction quality program. Improvements included data governance definitions for Supervisor-Employee Interactions, Safety Contacts, Field and Office visits. Emphasis is placed on field visits for work with the highest hazard potential. For office personnel, an emphasis is placed on observing personnel pertaining to ergonomic risk, and slip/trip/fall hazards in walking areas, etc.. During the first half of 2020, a total of 8,639 Supervisor-Employee interactions were complete that resulted in a percentage observed of 168%.

**Near Miss Reporting.** Leadership continues to support and encourage near miss reporting. The process improvements that were initiated in SMUD’s Safety Incident Tracking System (SITS), provide a method to more effectively track and implement near miss reporting and public incident tracking. The goal of this process is to identify opportunities for learning before injuries and accidents occur. During the first two quarters of 2020, SMUD reported and investigated 41 near misses through SITS.

**Community and Public Safety.** Community and Public Safety efforts have focused on providing awareness messaging to customers and contractors in the Sacramento area. Partnering with the Marketing Department, SMUD Public Safety messaging campaign has reached audiences on billboards, visual media, and print regarding car pole, excavating, and electrical safety. This messaging was tailored to educate and make aware the public on how to safely avoid interaction with SMUD infrastructure.

Through June, 2020, SMUD held one public safety outreach session in collaboration with Grid Assets and Sacramento Power Academy (SPA) for Cal Fire that included a technical presentation on how the electrical distribution and transmission system function and a tour of the electrical equipment used for training at SPA. Public safety outreach opportunities have been challenged by COVID-19, with more than 10 training sessions with local emergency personnel, local contractors, local companies, and Sacramento community members being cancelled. SMUD has continued to collaborate with local emergency personnel through development of electrical safety fact sheets for Captains internally during incident report outs.

**Contractor Safety.** SMUD’s contractor safety program, is continuing to use ISN, as our online contractor pre-qualification and management program that is used in the evaluation of our contractor’s safety record and safety program. The program initially focused on SMUD contractors in Power Generation and Environmental Services and has expanded to include, Line, Substation, and Vegetation management contractors.
that perform high risk work, such as high voltage work, working at heights, vegetation management, confined spaces, excavations, etc.

SMUD currently has 65 contractors in the ISN program. We continue to network and benchmark with the other utilities, who are using ISN as part of their contractor safety program to further enhance SMUD’s process. As part of the growth we have expended our site safety evaluations performed on our high-risk contractors, a tool to aid SMUD in validating their safety performance on the jobsites. Last year 61 site safety evaluations were completed, and we are on track to complete 140 for the year of 2020. We are continuing to validate our prequalification criteria and selection processes. SMUD’s prequalification criteria focuses on Contractor Fatality History, OSHA Citation History, DART and Total Recordable Incident Rates (TRIR), Insurance Experience Ratio, Safety Culture Questions, and Safety Program Review, to aid in the evaluation of on the safety performance of our contractors.

Procurement and Safety have partnered together working on enhancing SMUD’s contract language as it relates to contractor safety requirements, RFP templates for high risk work, and incorporating contractor safety as part of the onboarding process.

**Safely Conducted Observations Reduce Common Hazards (SCORCH).** For the first half of 2020, SCORCH team members conducted 1,682 Office and Professional interactions whereas the SCORCH Field groups employee interactions were 853. These interactions resulted in the removal of 3 barriers to safety. The immediate implementation of remote work called for a quick pivot of our process to allow observation engagement to take place in our traditional peer to peer and an enhanced virtual self-observation format. An updated digital observation sheet was created to elevate the user experience and enhance our ability to timely capture the work behaviors associated with the large numbers of employees now in a work environment. Valuable best practices and trending analysis data was shared with Safety, Facilities, IT and leadership. This was done to aid departments in aligning and prioritizing business practices in ways that best meet the ergonomic challenges of a remote work environment, with data to support the steps.

### 4.0 Challenges

**Incidents and Injuries.** Currently, the number of non-ergonomic injuries (29) outnumber ergonomic injuries (18). The ergonomic impact of remote work has not impacted the number of ergonomic injuries at this time but has the potential to do so during the second half of 2020. As a result, Health & Safety Services has revised the ergonomic process to compliment the current approach of utilizing Remote Work Agreements to address this challenge. A revised ergonomic inspection form for supervisors to utilize when performing supervisor-employee interactions with their remote workers is now available and a new supervisor training class will be available upon request beginning the 4th quarter of 2020.
Remote work and new efforts - In addition, Safety re-established SMUD’s Field Ergonomics committee in working toward the expansion of activities to Grid Assets. Other efforts include work by Grid Assets Joint Labor Management Subcommittee (JLMSC) to improve the capture and review of incident corrective actions.

**Data Management.** Improving the quality, automation, and use of safety data is an ongoing challenge. Efforts are underway with SMUD’s IT staff to select a Safety Management System to automate the generation of data and so that Safety can trend recorded incidents using data analytics. In addition, Safety expanded its dashboard reporting and real-time DART, OSHA Recordable, and Preventable Vehicle Accident (PVA) reporting. The new SMS will also allow improved data management of employee suggestions, correction action closure rates, and tailboard status.

**Zero Accident Culture.** As presented in this report, SMUD continues to work toward a reduction in all incidents. During the past 6 months, SMUD leadership and employees have worked together to build trust and create effective JLMSC Teams, SCORCH (behavior-based) Committees, Safety for Life efforts, contractor safety field visits, and standards/programs. In addition, SMUD has worked closely with contractors conducting high risk work to support the reduction of injuries and incidents to their employees and subcontractors. The challenge for Safety this year is COVID-19. SMUD safety, HRD&I, Emergency Planning, Facilities and Communications worked to develop new COVID-19 guidance and testing programs to protect employees, contractors, and the public. These efforts resulted in no work-related COVID-19 exposures and limited absenteeism to our employees. During the second half of 2020, SMUD will focus on planning for the safe re-entry of employees, and the development of new safety controls and programs for remote workers.

5. **Recommendation**

SMUD is committed to becoming a recognized leader in safety. Both SMUD’s leadership team and employees recognize that to achieve success we must integrate safety into all that we do. It is recommended that the Board accept the Monitoring Report for SD-6.

6. **Appendices - Business Segment Safety Program Improvement Initiatives**

**Grid Assets (GA).** Grid Assets Leadership is continuing its approach, to encourage field staff input and participation on work group specific Joint Labor Management Safety Committees (JLMSC), with representatives from Field, Supervision, Union and Safety in attendance. The Quarterly Business Segment JLMSC has been expanded to an “All Energy Delivery” Joint Labor Management Safety Committee, to include Power Generation, which allows sharing of ideas and mitigation controls, for similar risks. The first meeting was held on Wednesday, April 29th, 2020, via Skype, due to COVID-19 impacts. The second meeting was held on Thursday, August 13, 2020, (also via Skype). Response from participants have been positive and the value is being recognized.
The Safety Team continues to use TapRooT® to identify causal factors, root causes of Serious Injury/Illness Incidents; and reduce workplace hazards and the potential for repeat incidents.

Safety has continued to work with the SMUD Power Academy, through the COVID Pandemic to review internal and external safety training programs, to ensure consistency and quality. An example of collaboration, teamwork, and a process improvement is recording Safety Meetings and uploading them into LMS, for review by employees who missed their originally scheduled Monthly Safety Meeting. Safety has also worked with the Learning and Development Team on the COVID-19 e-learning courses to provide this important training topic online.

The Safety Team has also assisted various work groups for onsite crew trainings, which have been minimized, due to the COVID-19 social distancing requirements. The Safety Team has worked to create social distancing floor plans for these trainings, provided signage, temperature stations, sanitization, PPE, and other support, as needed.

Energy Supply/Power Generation (ES).

Since the beginning of the COVID-19 Pandemic, Power Generation has been flexible in their response to be able to prioritize employee safety while also ensuring that the work is completed. The UARP increased work planning efforts to isolate crews and document work routes in case contact tracing is needed. Gas Pipeline began reporting directly to the field to limit employee to employee contact. Safety meetings including Joint Labor Management Safety Committee, Tailboards, Safety Meetings and Safety Training, including annual crew training, have continued with appropriate modifications to occur virtually, or when an in-person meeting is required social distancing and facial coverings are utilized.

COVID-19 also halted the continuation of the Functional Movement Screens (FMS); however, Power Generation employees continued with their Savvy FIT Daily Dozen for soft tissue injury reduction. As a result, soft tissue injuries continue to trend down.

In addition to the COVID-19 Pandemic, Power Generation has also responded to extreme high heat and wildfire smoke events. Work was planned to ensure that employees able to reduce or eliminate potential exposures.

Although Cal/OSHA’s Voluntary Protection Program (VPP) program has been limited in its scope and participation due to the COVID-19 pandemic, both the UARP and Gas Pipeline Operations (GPO) continue to pursue best in class improvements. The UARP continues to implement the 2017 arc-flash study recommendations and provides periodic updates to Cal/OSHA on their VPP Certified status. GPO continues to meet and prepare for the Cal/OSHA audit that will likely be scheduled in 2021 due to COVID-19 restriction.
Customer & Community Services (CCS). The Customer Operations Leadership Team safety efforts have continued to emphasize leadership involvement, and employee engagement. Leadership has demonstrated visible involvement through written and verbal communications, as well as through regular supervisory inspections and observations to identify and reinforce the importance of smart set-up of workstations, as well as safe ergonomic behaviors. In addition, Safety worked with CCS and Security in developing new safety guidelines for customer service staff in managing an improved customer/employee emergency response program for the building. Safety continues to work with CCS and Security on a SMUD-wide situational awareness program in 2020. Employees are taking COVID-19 training and practice their situational awareness training while social distancing, frequently washing hands, and wearing protective masks when on SMUD campus.

Workforce Enterprise Services (WES). Workforce Enterprise Services continued efforts to identify and update procedures, and/or work practices for areas of high-risk work. These efforts have been consistently applied through the fleet, warehouse, and facility operations. Other injury prevention efforts have included updating of ergonomic training to address methodologies for self-help for employees to maintain strength, mobility, and conditioning. In addition, the Environmental Services team is also participating in the beta testing of the contractor safety pre-qualification program.

Driver Safety. In 2020 the approach to Driver Safety was significantly adjusted due to the impacts of COVID-19. In-cab and in-person instruction and ride along activities such as Driving RODEO’s and Supervisor Ride-a-ongs were halted to prevent possible COVID-19 exposure. The van pool program was also suspended for the same reason. Additional adjustments for 2020 include the development and implementation of “virtual” defensive driving refresher training that covers Smith System techniques as well as SMUD related information. Drivers will be offered the opportunity to take the behind the wheel portion of the training when it can be performed safely. Revised refresher training is available through LMS now. Additional educational information in the form of brief PowerPoint Presentations covering various vehicle related topics have been made available on the Health and Safety SharePoint site for the use of business unit supervisors when conducting safety meetings.

Safety for Life. The Safety for Life events scheduled for 2020 were postponed due to COVID-19. To ensure the Safety for Life culture continues to evolve during this time of social distancing and remote work, more emphasis will be placed on Safety for Life communications and testimonials. Safety at a Glance and formal safety meetings will be the primary methods of communication utilized.

Safety Support. SMUD Safety Services and Roebbelen Construction (RC) have been collaborating to improve their health and safety processes during the Headquarters’ rehabilitation process. As the construction project is finished up, SMUD Safety conducted a Polychlorinated biphenyls (PCBs) and Volatile Organic Compound air sampling, worked with Environmental Services in completing a PCB risk assessment, and is supporting and reviewing a PCB Close Out report that will be sent to the U.S.
Environmental Protection Agency, and is conducting joint safety assessments with RC
to ensure that work practices are being performed properly. Safety Services has
developed specific work practices; created a work permitting process and develop a
Health and Safety Standard for work involving PCBs. In addition, Safety is developing
an ergonomic checklist and pamphlet for employees returning to the Headquarters
building.

**Wellness.** Employee health and wellness continues to be a priority for SMUD.
Wellness is a state of being, evolving from a way of living, that helps individuals achieve
their highest potential through the integration of all components of their lives. SMUD
promotes wellness through a holistic approach that recognizes all areas of employee
health and well-being including physical, financial, emotional, spiritual and social
wellness. We encourage personal responsibility for achieving and maintaining
wellness. SMUD’s approach not only assists in the process of healing, but also provides
information and care to maintain and enhance well-being according to individual needs
and desires.

During the first half of 2020, Wellness activities were modified to support employees
working remotely through remote wellness programs and activities. These activities
focused on improving and supporting physical and mental health, healthy eating, stress,
and coping with changes in lifestyle.

Health & Wellness realizes the environments in which we live and work, impacts our
well-being. SMUD efforts includes employees and their families by empowering
individuals to promote and model positive attitudes and behaviors through a lifelong
commitment to wellness.
Appendix A

DART Count and OSHA Recordable 2004-2020

[Bar chart showing the comparison of DART Count and OSHA Recordable from 2004 to 2020]
### BOARD AGENDA ITEM

**STAFFING SUMMARY SHEET**

**TO**

1. Laurie Rodriguez
2. Gary King
3. Lora Anguay
4. Jennifer Davidson
5. Brandy Bolden
6. 
7. 
8. 
9. Legal
10. CEO & General Manager

#### Consent Calendar

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**MAIL STOP**: B308 **EXT.**: 6123 **DATE SENT**: 11/17/20

**FROM (IPR)**: Laura Lewis **DEPARTMENT**: Office of the General Counsel

**NARRATIVE:**

**Requested Action:** Discuss, with possible amendment, **Governance Process GP-12, Board Compensation and Benefits**.

**Summary:** This item is added to the agenda at the request of President Kerth to discuss the policy and to consider a cost of living increase or other amendments as automatic annual adjustments are prohibited by the Municipal Utility District Act. A copy of the current policy is attached.

**Board Policy:**

**Number & Title**: GP-12, Board Compensation and Benefits

**Benefits:** Enables Board members to review the policy in light of present-day factors.

**Cost/Budgeted:** N/A

**Alternatives:** Maintain the existing policy.

**Affected Parties:** Board Members

**Coordination:** Human Resources, Diversity & Inclusion, Legal, Board Office

**Presenter:** President Kerth

**Additional Links:**

**SUBJECT**

Revisions to Governance Process GP-12, Board Compensation and Benefits

**ITEM NO.** (FOR LEGAL USE ONLY)

**ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.**
In keeping with the MUD Act, members of the Board of Directors are entitled to compensation for their service. Specifically:

a) Each Board member shall receive for each attendance at the meetings of the full Board, Board committee meetings, ad hoc committee meetings, publicly noticed SMUD workshops or meetings, other publicly noticed meetings where the Board member is representing the Board, state or federal legislative briefings or meetings where the Board member is representing the Board, meetings with SMUD customers or staff relating to SMUD business, community meetings or events where the Board member is representing SMUD, events where SMUD is being recognized, conferences and organized educational activities, the sum of $275.00 per day of service. No director shall receive compensation for more than ten (10) days in any one calendar month. Campaign and political meetings, events, and fundraisers are not compensable under this policy.

b) Each Board member shall also be reimbursed for expenses related to travel, meals, lodging and other actual and necessary expenses incurred in the performance of his or her official duties as described in subsection (a). Reimbursement shall be in accordance with Internal Revenue Service regulations as established in Publication 463, or any successor publication.
c) Each Board member may be reimbursed for computer and other technology purchases, rentals, and refurbishments that will aid them in the performance of their duties pursuant to reimbursement policies applicable to executive and senior leaders.

d) Compensation forms shall be completed by a Director and distributed by the Board office for review and approval prior to a Board meeting. The Board shall review and approve compensation and any request for technology reimbursement at each regular Board meeting. Board member compensation, along with any requests for technology reimbursement, shall be placed on the consent calendar at each regular Board meeting, unless a Board member requests that it be placed on the discussion calendar. Expense reimbursement forms and requests for expenditures for travel and training shall be completed by a Director and submitted to the Board President or Vice President for approval as appropriate.

e) SMUD shall provide and contribute payment for health care benefits, equivalent to the contribution made to SMUD employees in the PAS employee group, to any Board member who elects such benefit.

Monitoring Method: Board Report
Frequency: Annual
NARRATIVE:

Requested Action:  Approve proposed revisions to Board-Staff Linkage BL-6, Evaluating the GM’s Performance.

Summary:  The Committee will discuss revisions to BL-6, Evaluating the GM’s Performance (BL-6) that, among other things, would require the CEO and General Manager to propose performance criteria for the following year and that provide for a mid-year performance discussion.

A redline copy of the proposed revisions to BL-6 is attached, as well as a “clean” copy.

Board Policy:  BL-1, Board-Chief Executive Officer and General Manager Relationship; BL-6, Evaluating the GM’s Performance

Benefits:  Enables Board Members to review the policy with the opportunity to make corrections, additions, or changes if necessary.

Cost/Budgeted:  There is no budgetary impact associated with this item.

Alternatives:  Make other changes or no changes to policy.

Affected Parties:  Board of Directors, Chief Executive Officer and General Manager

Coordination:  Executive Office, Board Office, Legal

Presenter:  President Kerth
The Chief Executive Officer and General Manager’s job performance shall be evaluated by comparing the organization’s results, operations and his or her personal performance to the policies established by the Board.

Specifically:

a) The Board shall evaluate the Chief Executive Officer and General Manager’s performance on an annual basis in December. In the same month, the Chief Executive Officer and General Manager shall propose performance criteria for the following year that represent his or her reasonable interpretation of achieving the results defined by the Board.

b) The evaluation will be based on an evaluation of the organization’s performance and the Chief Executive Officer and General Manager’s personal performance against the Chief Executive Officer and General Manager’s proposed goals and criteria.

c) Additional performance discussions and check-ins with the Chief Executive Officer and General Manager should occur at mid-year.
d) The Board will use data to determine the degree to which Board policies are being met.

e) All policies that instruct the Chief Executive Officer and General Manager shall be monitored at a frequency and by a method chosen by the Board.

Monitoring Method: Board Report
Frequency: Annual
SMUD BOARD POLICY

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The Chief Executive Officer and General Manager’s job performance shall be evaluated by comparing the organization’s results, operations and his or her personal performance to the policies established by the Board.

Specifically:

a) The Board shall evaluate the Chief Executive Officer and General Manager’s performance on an annual basis in December. In the same month, the Chief Executive Officer and General Manager shall propose performance criteria for the following year that represent his or her reasonable interpretation of achieving the results defined by the Board.

b) The evaluation will be based on an evaluation of the organization’s performance and the Chief Executive Officer and General Manager’s personal performance against the Chief Executive Officer and General Manager’s proposed goals and criteria.

c) Additional performance discussions and check-ins with the Chief Executive Officer and General Manager should occur at mid-year.
d) The Board will use data to determine the degree to which Board policies are being met.

e) All policies that instruct the Chief Executive Officer and General Manager shall be monitored at a frequency and by a method chosen by the Board.

Monitoring Method: Board Report
Frequency: Annual
**BOARD AGENDA ITEM**  
**STAFFING SUMMARY SHEET**

**TO** | **TO**
---|---
3. | 8. 
4. | 9. Legal 
5. | 10. CEO & General Manager

### Consent Calendar

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### NARRATIVE:

**Requested Action:** Allow the Board Members an opportunity to discuss committee plans for 2021 including membership and chairs.

**Summary:** This discussion will cover appointments for the four Board committees including chairs, vice chairs, and member and the SMUD - Sacramento Tree Foundation 2 x 2 representatives.

**Board Policy:** This discussion supports GP-6 Role of the Board President which states that the Board President will appoint committee chairs and members of standing committees.

**Benefits:** This discussion will prepare the Board’s committee structure and memberships for the upcoming year.

**Cost/Budgeted:** N/A

**Alternatives:** Not select new chairs or members for the committees at this time.

**Affected Parties:** Board of Directors

**Coordination:** Donna Lofton

**Presenter:** Nancy Bui-Thompson, 2021 Board President

### Additional Links:

**SUBJECT**  
Committee Membership 2021

**ITEM NO. (FOR LEGAL USE ONLY)**

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.
### NARRATIVE:

**Requested Action:** Allow the Board of Directors an opportunity to discuss committee topics they would like to have agendized on the 2021 Work Plan and training they would like to receive in 2021.

**Summary:** The Board will brainstorm committee topics they would like to have on the 2021 Board Work Plan. It is also an opportunity to discuss training requests.

**Board Policy:** GP-4 Agenda Planning states that in December each year the Board will develop a list of topics and issues that it wishes to explore in the coming year. This committee topics discussion supports this governance process.

**Benefits:** Having an opportunity to hear which agenda topics the Directors would like to have on the 2021 Work Plan will help staff prepare agendas that are relevant and in line with the Directors’ preferences.

**Cost/Budgeted:** N/A

**Alternatives:** Not discuss committee topics at this time.

**Affected Parties:** Board of Directors

**Coordination:** Donna Lofton

**Presenter:** Nancy Bui-Thompson, 2021 Board President

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### Additional Links:

- [SMUD-1516 1/16 Forms Management](#)
## BOARD AGENDA ITEM
### STAFFING SUMMARY SHEET

#### BOARD WORK PLAN

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### NARRATIVE:

**Requested Action:** Enable the Board of Directors and Executive Staff an opportunity to review the Board Work Plan.

**Summary:** The Board President reviews the Board Work Plan at the Policy Committee meeting to ensure agenda items support the work of the Board.

**Board Policy:**

(No policy number and title specified.)

This review of the work plan supports GP-6 Role of the Board President which states that the Board President shall give progress reports on the Board’s work plan.

**Benefits:** Reviewing the Work Plan allows the Board members and Executive staff to make changes to the Work Plan and Parking Lot items as necessary.

**Cost/Budgeted:** N/A

**Alternatives:** Not review the Work Plan at this time

**Affected Parties:** Board and Executive staff

**Coordination:** Donna Lofton

**Presenter:** Rob Kerth, Board President

### Additional Links:

**SUBJECT**

Board Work Plan
### BOARD AGENDA ITEM

#### STAFFING SUMMARY SHEET

**TO**

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

#### Consent

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#### NARRATIVE:

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

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

**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:** Heidi Sanborn, Policy Committee Chair

### SUBJECT

Summary of Committee Direction