Board of Directors
Meeting
Agenda

Date:       July 16, 2020
Time:       5:30 p.m.
Location:   Virtual Meeting (online)
AGENDA

SACRAMENTO MUNICIPAL UTILITY DISTRICT
BOARD OF DIRECTORS MEETING

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 e-mailing a request 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 Board 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 Board President may read comments for items on the agenda into the record, in his 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.

July 16, 2020 – 5:30 p.m.

Zoom Webinar Link: Join SMUD Board Meeting Here
Webinar ID: 160 707 7464
Password: 123361
Phone Dial-in Number: 1-669-254-5252

Call to Order.
   a. Roll Call.

1. Approval of the Agenda.

2. Committee Chair Reports.
   a. Committee Chair report of July 14, 2020, Finance and Audit Committee
   b. Committee Chair report of July 15, 2020, Policy Committee
Comments from the public are welcome when these agenda items are called.

Consent Calendar:

3. Approve Board member compensation for service rendered at the request of the Board (pursuant to Resolution 18-12-15) for the period of June 16, 2020, through July 15, 2020.

4. Approval of the minutes of the meeting of June 18, 2020.

* * * * * * *

Informational Items:

5. Provide the Board with the financial results from the five-month period ended May 31, 2020.
   Presenter: Lisa Limcaco

   Presenter: Jennifer Davidson

   Presenter: Eric Douglas

* * * * * * *

Discussion Calendar:

8. Accept the monitoring report for Strategic Direction SD-13, Economic Development. (Nicole Howard)
   Presenter: Erik Krause

9. Accept the monitoring report for Strategic Direction SD-14, System Enhancement. (Paul Lau)
   Presenter: Maria Veloso Koenig

10. Adopt proposed revisions to Board-Staff Linkage BL-8, Delegation to the Chief Executive Officer and General Manager with Respect to Procurement.
    Presenter: Gary King

11. Adopt a resolution declaring a Climate Emergency.
    Presenter: President Kerth

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Public Comment:

12. Items not on the agenda.
**Board and CEO Reports:**

13. Directors' Reports.
15. CEO's Report.

**Summary of Board Direction**

* * * * * * *

**Board Committee Meetings and Special Meetings of the Board of Directors are held at the SMUD Headquarters Building, 6201 S Street, Sacramento**

*The SMUD Board of Directors is currently operating under Emergency Board Meeting Procedures. In response to local, state, and federal directives, the following meetings will be held virtually (online).*

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<th>Date</th>
<th>Meeting</th>
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<tr>
<td>July 14, 2020</td>
<td>Finance and Audit Committee and Special Board of Directors Meeting</td>
<td>Virtual Meeting (online)</td>
<td>5:30 p.m.</td>
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<tr>
<td>July 15, 2020</td>
<td>Policy Committee and Special Board of Directors Meeting</td>
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<td>August 11, 2020</td>
<td>Strategic Development Committee and Special Board of Directors Meeting</td>
<td>Virtual Meeting (online)</td>
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<td>August 12, 2020</td>
<td>Policy Committee and Special Board of Directors Meeting</td>
<td>Virtual Meeting (online)</td>
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<td>August 18, 2020</td>
<td>Energy Resources &amp; Customer Services Committee and Special Board of Directors Meeting</td>
<td>Virtual Meeting (online)</td>
<td>5:30 p.m.</td>
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* * * * * * *
Regular Meetings of the Board of Directors are held at the SMUD Headquarters Building, 6201 S Street, Sacramento

The SMUD Board of Directors is currently operating under Emergency Board Meeting Procedures. In response to local, state, and federal directives, the following meeting will be held virtually (online).

August 20, 2020
Virtual Meeting (online)
5:30 p.m.

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 Board 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 President may read the comments into the record, in his discretion, based upon such factors as the length of the agenda, the number of email comments received, and whether the Board is in danger of losing a quorum. Comments 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.

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.
RESOLUTION NO. ____________

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

That this Board hereby approves Board member compensation for service rendered at the request of the Board (pursuant to Resolution 18-12-15) for the period of June 16, 2020, through July 15, 2020.
Sacramento, California
June 18, 2020

The Board of Directors of the Sacramento Municipal Utility District met in regular session via virtual meeting (online) at 5:41 p.m.

Roll Call:

Presiding: President Kerth

Present: Directors Rose, Bui-Thompson, Fishman, Herber, Tamayo, and Sanborn

Present also were Arlen Orchard, Chief Executive Officer and General Manager; Laura Lewis, Chief Legal Officer and General Counsel and Secretary, and members of SMUD’s executive management; and SMUD employees and visitors.

Director Bui-Thompson shared the safety tip.

President Kerth announced that pursuant to feedback received on Agenda Item 11, he proposed to remove the item from the agenda to allow more time to incorporate feedback. Director Tamayo moved that Agenda Item 11 remain on the agenda but be moved to an informational item with no action taken, Director Sanborn seconded, and the agenda, as revised, was unanimously approved.

President Kerth called for public comment on the consent calendar, but none was forthcoming.

President Kerth then addressed the consent calendar consisting of Items 2 and 3. Director Rose moved for approval of the consent calendar, Director Fishman seconded, and Resolution No. 20-06-05 was unanimously approved.
RESOLUTION NO. 20-06-05

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

That this Board hereby approves Board member compensation for
service rendered at the request of the Board (pursuant to Resolution 18-12-15)
for the period of June 1, 2020, through June 15, 2020.

Approved: June 18, 2020

INTRODUCED: DIRECTOR ROSE
SECONDED: DIRECTOR FISHMAN

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President Kerth then turned to Informational Items 4 through 8.

Lisa Limcaco, Controller, gave a presentation on agenda item 4, regarding SMUD’s financial statement through April 30, 2020. A copy of the slides used in her presentation is attached hereto.

No public comment was forthcoming on agenda item 4.

Casey Fallon, Director of Purchasing, Warehouse & Fleet, gave a presentation on agenda item 5, the Quarterly Procurement Report for the first quarter 2020. A copy of the slides used in his presentation is attached hereto.

No public comment was forthcoming on agenda item 5.

Mr. Orchard stated that he wanted to touch on some items that he normally would have reported on during the CEO’s Report. He applauded the U.S. Supreme Court’s civil rights decision to protect LGBTQ people against workplace discrimination. He stated he felt it was particularly poignant to have occurred in June, which is Pride Month and stated that he and Director Herber had started their employment at a time when the environment was much different for LGBTQ employees. He praised the ruling of the Supreme Court that the Trump Administration could not proceed with its plan to end the program “Deferred Action for Childhood Arrivals” (DACA) that protected 700,000 young immigrants known as “Dreamers” from deportation. He stated that he wanted to recognize that the following day was Juneteenth, which is the oldest nationally celebrated commemoration on the ending of slavery in the United States.

Finally, he reported that due to the fact that Strategic Direction SD-10, Innovation would be discussed later in the meeting, he wanted to note that SMUD had received the State Leadership in Clean Energy Award for its Energy SolarShares program from the Clean Energy State Alliance in recognition for advancement of clean energy technology solutions. He then gave a presentation on agenda item 6, a briefing on COVID-19 operational and financial impacts to customers, employees, and operations, and an update on actions taken and re-entry plan. A copy of the slides used in his presentation is attached hereto.

Public comment was received on agenda item 6, a copy of which is attached to these minutes, from the following member of the public:
Jennifer Davidson, Chief Financial Officer, gave a presentation on agenda item 7, a summary of SMUD’s current Power Supply Costs. A copy of the slides used in her presentation is attached hereto.

No public comment was forthcoming on agenda item 7.

Eric Douglas, consultant to the Board, gave a presentation on agenda item 8, a holistic policy review of Strategic Direction SD-10, Innovation, Strategic Direction SD-11, Public Power Business Model, and Strategic Direction SD-17, Enterprise Risk Management. A copy of the slides used in his presentation is attached hereto.

No public comment was forthcoming on agenda item 8.

President Kerth then turned the meeting to Discussion Calendar Item 9, to authorize the Chief Executive Officer and General Manager to award a contract to Power Contracting, LLC, for Pole Replacement and Other Line Work for a period of two years from June 22, 2020, to June 21, 2022, with two optional one-year extensions, for a total aggregate amount not-to-exceed $46,839,355.

Mr. Fallon gave a presentation on agenda item 9. A copy of the slides used in his presentation is attached hereto.

No public comment was forthcoming on agenda item 9.

After some discussion, Director Fishman moved for approval of Discussion Calendar Item 9, Director Rose seconded, and Resolution No. 20-06-06 was unanimously approved.
WHEREAS, in March 2020, SMUD issued Request for Proposal No. 200009.JM (RFP) to solicit qualified firms to remove and replace existing wood poles on SMUD’s distribution/transmission systems; and

WHEREAS, 13 proposals submitted in response to the RFP were evaluated; NOW, THEREFORE,

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

Section 1. As a result of such examination, Power Contracting, LLC is hereby determined and declared to be the highest evaluated responsive proposer to provide pole replacement and other line work.

Section 2. The Chief Executive Officer and General Manager, or his designee, is authorized, on behalf of SMUD, to award a contract to Power Contracting, LLC to provide pole replacement and other line work for a period of two years from June 22, 2020, to June 21, 2022, with two optional one-year extensions, for a total aggregate amount not-to-exceed $46,839,355.

Section 3. The Chief Executive Officer and General Manager, or his designee, is authorized to make future changes to the terms and conditions of the contract that, in his prudent judgment: (a) further the primary purpose of the contract; (b) are intended to provide a net benefit to SMUD; and (c) do not exceed the authorized contract amount and applicable contingencies.

Approved: June 18, 2020

INTRODUCED: DIRECTOR FISHMAN
SECONDED: DIRECTOR ROSE

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President Kerth then turned the meeting to Discussion Calendar Item 10, to approve Contract Change No. 2 to Contract No. 4500121595 with Roebbelen Contracting, Inc. to increase the contract amount by $17,305,972 from $54,760 to $17,360,732 to construct the Station G Control Building and to extend the term of the contract to November 25, 2021.

Mike Deis, Director of Substations, Telecom and Metering Assets, provided a presentation. A copy of the slides used in his presentation is attached to these minutes.

No public comment was forthcoming on agenda item 10.

After some discussion, Director Herber moved for approval of Discussion Calendar Item 10, Director Tamayo seconded, and Resolution No. 20-06-07 was unanimously approved.
WHEREAS, by Resolution No. 15-12-05 adopted on December 3, 2015, this Board approved the Station A Substation Rebuild and Relocation Project, initiating work on what is now called the proposed Station G 115kV/12kV Substation located at 7th and G Streets to replace the existing Substation A located at 6th and H Streets; and

WHEREAS, Station G will consist of a two-story control building and an adjoining outdoor substation yard with electrical equipment and a perimeter screening wall; and

WHEREAS, SMUD issued Request for Proposal No. 190108.MJ (RFP) in May 2019 for construction of the Station G Control Building at which time the plans and specifications were substantially complete with some areas requiring finalization; and

WHEREAS, at the time the RFP was issued, plans for the adjoining substation and perimeter wall were incomplete and intended to be included in a separate Request for Proposal process; and

WHEREAS, the evaluation of the RFP and subsequent identification of the need for and completion of a value engineering process to review and change plans and specifications to provide the same quality and functionality at a lower cost (Value Engineering) took longer than estimated; and

WHEREAS, during the same time frame, the plans and specifications for the adjoining substation design were completed, which allowed for construction of the control building and adjoining substation at the same time; and

WHEREAS, a contract was awarded on a competitive basis to Roebbelen Contracting, Inc. in April 2020 for the Station G Control Building and Civil Pre-Construction Services for the period April 24, 2020, through May 29, 2020, in an amount not-to-exceed $54,760; and

WHEREAS, Contract Change No. 1 extended the contract term to June 19, 2020; and
WHEREAS, additional funding and time will be required to enable completion of both the control building and the substation itself under the Roebbelen contract; NOW, THEREFORE,

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

Section 1. This Board hereby authorizes the Chief Executive Officer and General Manager, or his designee, to execute Contract Change No. 2 to Contract No. 4500121595 with Roebbelen Contracting, Inc., to increase the contract amount by $17,305,972 from $54,760 to $17,360,732 to construct the Station G Control Building, and to extend the term of the contract to November 25, 2021.

Section 2. The Chief Executive Officer and General Manager, or his designee, is authorized to make future changes to the terms and conditions of the contract that, in his prudent judgment: (a) further the primary purpose of the contract; (b) are intended to provide a net benefit to SMUD; and (c) do not exceed the authorized contract amounts and applicable contingencies.

Approved: June 18, 2020

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President Kerth then turned the meeting to Informational Calendar Item 11, to adopt a resolution declaring a Climate Emergency, and noted that no action would be taken, but the Board would receive a staff report followed by public testimony.

Scott Martin, Director of Resource and New Business Strategy, provided a presentation on agenda item 11. A copy of the slides used in his presentation is attached to these minutes.

Public comment was received and read into the record regarding agenda item 11, copies of which are attached to these minutes, from the following members of the public:

- Rick Codina
- Megan Shumway
- Ann Amato
- Derek Link
- Tom Meagher
- Supriya Patel
- Jane Lamborn
- Lee Miller
- Karen Jacques
- Goli Sahba, MD
- Doug MacPherson
- David Wright

President Kerth stated the item would return to the Board after more outreach and input had been received.

President Kerth then turned to Discussion Calendar Item 12, to discuss the Board meeting schedule and potential amendments to the Emergency Board Meeting Procedures to include additional options for public participation.

Ms. Lewis provided a presentation on options available for increased public participation. A copy of the slides used in her presentation is attached to these minutes.

Public comment was received and read into the record regarding agenda item 12, a copy of which is attached to these minutes, from the following member of the public:

- Ben Davis
After some discussion, Vice President Bui-Thompson moved to amend the Emergency Board Meeting Procedures to maintain existing public comment options and to increase options for public participation as outlined in the second option in Ms. Lewis’s presentation to include the ability to request to speak on non-agenda items while allowing staff to make changes without Board approval so long as it maintains increased public participation, Director Sanborn seconded, and Resolution No. 20-06-08 was unanimously approved.
RESOLUTION NO. 20-06-08

WHEREAS, by Resolution No. 20-03-06 adopted on March 17, 2020, this Board approved Emergency Board Meeting Procedures in response to local, state, and federal directives regarding the COVID-19 (coronavirus) pandemic and pursuant to Governor Newsom’s Executive Order N-29-20 (EO N-29-20) issued on March 17, 2020; and

WHEREAS, during the period in which state or local public officials impose or recommend measures to promote social distancing, EO N-29-20 authorizes a local legislative body or state body to hold public meetings via teleconferencing and to make public meetings accessible telephonically or otherwise electronically to all members of the public seeking to attend and to address the local legislative body or state body; and

WHEREAS, pursuant to EO N-29-20, requirements in both the Bagley-Keene Act and the Brown Act expressly or impliedly requiring the physical presence of members, the clerk or other personnel of the body, or of the public as a condition of participation in a quorum for a public meeting are waived while EO N-29-20 is in effect; and

WHEREAS, EO N-29-20 further provides that any local legislative body that holds a meeting via teleconferencing and allows members of the public to observe and address the meeting telephonically or otherwise electronically has satisfied any requirement that the body allow members of the public to attend the meeting and offer public comment; and

WHEREAS, members of the public may listen to or watch the live audio stream of SMUD Committee or Board meetings at http://smud.granicus.com/ViewPublisher.php?view_id=16; and

WHEREAS, the Board seeks to provide the public with additional options to participate; NOW, THEREFORE,

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

Section 1. This Board approves the following Emergency Board Meeting Procedures:
Based on guidance from the California Department of Public Health and the California Governor’s Office, in order to minimize the spread of the COVID-19 virus, SMUD Board and Committee Meetings are closed to the public to follow state guidelines on social distancing until further notice.

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 Board or 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 or 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. The Board President or Committee Chair may read the comments into the record, in his or her discretion, based upon such factors as the length of the agenda, the number of email comments received, and whether the Board is in danger of losing a quorum. Comments will be provided to the Board and placed into the record of the Board or Committee Meeting if it is received within two hours after the meeting ends.

Members of the public may provide live audio comments at a Board or Committee meeting. Members of the public are strongly encouraged to pre-register to provide live audio comments, in order to provide for more efficient public comment. However, members of the public may also provide live audio comments without pre-registering at any time before or during the standard time period the agenda item is being discussed. Members of the public may pre-register or register in real time to provide live audio comments by sending an e-mail request to PublicComment@smud.org with name and topic. More detailed information about how to provide live audio comments during a Board or Committee meeting will be posted on SMUD’s website at www.smud.org.

Board members may choose to participate via teleconference.

Section 2. The Emergency Board Meeting Procedures shall supersede any conflicting provisions contained in the Meeting Procedures of the SMUD Board of Directors.

Section 3. The Emergency Board Meeting Procedures shall be effective as of the date of this resolution and shall remain in effect for the duration of California Executive Order N-29-20.
Section 4. These Emergency Board Meeting Procedures will be modified without any further Board action to be consistent with any future federal, state or local order and guidance from the California Department of Public Health.

Section 5. The Chief Executive Officer and General Manager, or his designee, is authorized to modify the Emergency Board Meeting Procedures in a manner that provides for greater public participation without any further Board action.

Section 6. Resolution No. 20-03-06 is superseded in its entirety.

Approved: June 18, 2020

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Mr. Orchard recommended that the Board return to its Committee and Board meeting schedule, with routine items such as monitoring reports and contracts to be heard at the Board meetings while panels and items that would benefit from greater public participation, such as solar strategy and the rollout of the solar technical study, occurring during the Committee meetings. No objections to the recommendation were stated.

Ms. Lewis stated no Board action would be required with regard to the meeting schedule.

President Kerth then turned to agenda item 13, statements from the public regarding items not on the agenda. He stated that in accordance with the Emergency Board Meeting Procedures, public comment for items not on the agenda would be provided to the Board electronically and placed into the record if received within two hours after the meeting ended. Public comment, copies of which are attached to these minutes, was received from the following members of the public:

- Lola Pudinski
- Ed Smeloff

In light of the hour, President Kerth stated the Board would forego Directors’ Reports and the President’s Report.

President Kerth requested the Summary of Board Direction.

Ms. Lewis stated that staff would look at previous communications provided to the Board on Strategic Direction SD-10, Innovation, and re-commence distribution on a more frequent basis. She stated that future SD-10 reports would be more customer-friendly. She stated Mr. Douglas would also send a summary of feedback received from his presentation to the Board.

No further business appearing, President Kerth adjourned the meeting at 11:45 p.m.

Approved:

_________________________ _____________________________
President    Secretary
Exhibit to Agenda Item #4

Provide the Board with the financial results from the four-month period ended April 30, 2020.

Board of Directors Meeting
Thursday, June 18, 2020, scheduled to begin at 5:30 p.m.
April 2020 YTD – Change in Net Position
(thousands of dollars)

- Sales to customers – on target
- Net transfer from rate stabilization fund - $7M for annual hydro generation adjustment, low carbon and electric vehicle programs
- Net purchased power – 23% over budget
- Net production costs – 17% under budget
- Non-operating revenues - $5M reimbursement of 2017 Winter Storm insurance claim
- Change in net position - $37M over budget

<table>
<thead>
<tr>
<th>Description</th>
<th>Actual</th>
<th>Budget</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total customer sales</td>
<td>$384,627</td>
<td>$387,033</td>
<td>(2,406)</td>
</tr>
<tr>
<td>Other operating revenues</td>
<td>$15,970</td>
<td>$15,291</td>
<td>679</td>
</tr>
<tr>
<td>Net transfer from rate stabilization fund</td>
<td>$7,712</td>
<td>-</td>
<td>7,712</td>
</tr>
<tr>
<td><strong>Total operating revenues</strong></td>
<td>$408,309</td>
<td>$402,324</td>
<td>5,985</td>
</tr>
<tr>
<td>Net purchased power</td>
<td>$75,627</td>
<td>$61,454</td>
<td>14,173</td>
</tr>
<tr>
<td>Net production</td>
<td>$80,412</td>
<td>$96,944</td>
<td>(16,532)</td>
</tr>
<tr>
<td>Transmission and distribution</td>
<td>$52,693</td>
<td>$53,525</td>
<td>(832)</td>
</tr>
<tr>
<td>Other operating costs</td>
<td>$185,036</td>
<td>$200,622</td>
<td>(15,586)</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td>$393,768</td>
<td>$412,545</td>
<td>(18,777)</td>
</tr>
<tr>
<td><strong>Net operating income</strong></td>
<td>$14,541</td>
<td>(10,221)</td>
<td>24,762</td>
</tr>
<tr>
<td>Total non-operating revenues</td>
<td>$21,498</td>
<td>$9,900</td>
<td>11,598</td>
</tr>
<tr>
<td>Total non-operating expenses</td>
<td>$34,216</td>
<td>$35,111</td>
<td>(895)</td>
</tr>
<tr>
<td><strong>Change in Net Position</strong></td>
<td>$1,823</td>
<td>(35,432)</td>
<td>37,255</td>
</tr>
</tbody>
</table>
April 2020 YTD - Energy Sources & Uses

Sources of energy

- Hydro – 77% under budget
- JPA – 12% under budget
- Purchased Power (net of surplus power sales) – 42% over budget

Customer usage slightly under target
Exhibit to Agenda Item #5
Provide the Board with the Quarterly Procurement Report for First Quarter 2020.

Board of Directors Meeting
Thursday, June 18, 2020, scheduled to begin at 5:30 p.m.
Compliance BL-8

- Competition
- Direct Procurement
- Sole Source Procurement
- Inclusiveness
- Economic Development
- Environmental Procurement
- Responsible Bidder
## Competition Contract Awards

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020 Q1</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Awarded</strong></td>
<td>$271.9M</td>
<td>$208.1M</td>
<td>$617M</td>
<td>$381.2M</td>
<td>$206.2M</td>
</tr>
<tr>
<td><strong>Competitively Awarded</strong></td>
<td>$228.9M</td>
<td>$175.3M</td>
<td>$582M</td>
<td>$352.6M</td>
<td>$197.1M</td>
</tr>
<tr>
<td><strong>Exempt</strong></td>
<td>$8.6M</td>
<td>$10.9M</td>
<td>$9.3M</td>
<td>$8.2M</td>
<td>$2.1M</td>
</tr>
<tr>
<td><strong>Sole Source</strong></td>
<td>$32.7M</td>
<td>$20.1M</td>
<td>$21.7M</td>
<td>$13.2M</td>
<td>$6.1M</td>
</tr>
<tr>
<td><strong>Direct Procurement</strong></td>
<td>$1.7M</td>
<td>$1.8M</td>
<td>$4M</td>
<td>$7.2M</td>
<td>$869K</td>
</tr>
</tbody>
</table>

June 18, 2020 3 Board of Directors Meeting
# Inclusiveness: Bidders/Event

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020 Q1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Bidders</td>
<td>992</td>
<td>820</td>
<td>942</td>
<td>798</td>
<td>178</td>
</tr>
<tr>
<td>Number of Events</td>
<td>215</td>
<td>222</td>
<td>259</td>
<td>183</td>
<td>43</td>
</tr>
<tr>
<td>Events with ≥ 3 Bidders</td>
<td>138</td>
<td>135</td>
<td>139</td>
<td>123</td>
<td>22</td>
</tr>
<tr>
<td>% of Events with ≥ 3 (count)</td>
<td>64%</td>
<td>61%</td>
<td>54%</td>
<td>67%</td>
<td>51%</td>
</tr>
</tbody>
</table>

Average # of Bidders

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020 Q1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratio</td>
<td>4.6</td>
<td>3.7</td>
<td>3.6</td>
<td>4.4</td>
<td>4.1</td>
</tr>
</tbody>
</table>

June 18, 2020  Board of Directors Meeting
Economic Development SEED Compliance

June 18, 2020 6 Board of Directors Meeting

# of Closed Contracts

<table>
<thead>
<tr>
<th>Year</th>
<th>Commitment % Achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>90.9%</td>
</tr>
<tr>
<td>2016</td>
<td>69.0%</td>
</tr>
<tr>
<td>2017</td>
<td>87.6%</td>
</tr>
<tr>
<td>2019</td>
<td>83.6%</td>
</tr>
<tr>
<td>2020 Q1</td>
<td>94.7%</td>
</tr>
</tbody>
</table>

# of Closed Contracts
Exhibit to Agenda Item #6

Provide the Board with a briefing on COVID-19 operational and financial impacts to customers, employees, and operations, and an update on actions taken and re-entry plan.

Board of Directors Meeting
Thursday, June 18, 2020, scheduled to begin at 5:30 p.m.
Agenda

1 Guiding principles
2 Phased approach and workstreams
3 Key input: Public health guidance, director and employee surveys
4 Key changes: Employee and customer experience
5 Implementing re-entry
6 Reimagining remote work
7 Summary/next steps
Guiding principles

Priority is employee and public safety

- Adhere to public health directives, guidance and expertise and adjust re-entry plan as they evolve
- One SMUD approach
  - Roadmap with enterprise guidelines
  - Directors empowered to make specific department decisions within guidelines
- Leverage learnings from remote work
- Expect some employees will work remotely indefinitely
- Embrace opportunities to continue effective practices that will help SMUD adapt and thrive
- Financial prudence is a key driver of decisions
- One size does not fit all: Engage and inform employees and leaders throughout
Phased approach to re-entry

- Methodical, gradual and phased approach to re-entry focused on employee safety
- Broad input for enterprise plan: Health & Safety, Human Resources, Diversity & Inclusion, Facilities and all directors
- Phase 1 scheduled to begin **July 13**
# Re-entry workstreams

## Phases & stages

- Phasing of re-entry to protect health & safety, guided by public health directives and guidance

## Changes to the workplace

- Office and field enterprise policies, practices, services to guide workplace
- Address range of issues
  - Human Resources,
  - Diversity & Inclusion,
  - Health & Safety,
  - Technology, Facilities

## Customer & community re-engagement

- Phased approach to restarting **in-person**
  - customer programs and community partnerships

## Culture & readiness

- Assess employees needs, equip leaders and employees for new normal, and help all employees understand the what and why of decisions and changes
Inputs to re-entry road map
### Senior leader assessment

<table>
<thead>
<tr>
<th>Benefits &amp; challenges of remote work</th>
<th>Productivity: changes &amp; methods of monitoring</th>
<th># of staff who must return in each phase of re-entry</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resources to support ongoing remote work</td>
<td>Workspace accommodations for social distancing</td>
<td>Union/MOU challenges</td>
</tr>
</tbody>
</table>

June 18, 2020 7 Board of Directors Meeting
Employee re-entry survey highlights

There was strong agreement among employees that they felt supported by SMUD during the pandemic (86%), knew where to find COVID-19 resources (83%) and where to raise any concerns or questions (77%).

The majority of employees working remotely rated their morale/emotional wellness as very positive (54%) or somewhat positive (32%).

Almost half (49%) of employees working remotely reported that their work/life balance was much better, while an additional 26% was somewhat better.

60% of remote workers strongly agree and 31% somewhat agree that they are staying connected with their team/colleagues.

On average, 34% of employees feel they are much more effective and 32% somewhat more effective at home.

More than 8 of 10 employees strongly agreed that they have support from the person to whom they report while working from home.

Ergonomic chairs (51%), sit/stand desks (44%) and monitors (39%) were the top three most requested resources. Training on new software like MS Teams was also requested by almost one-fourth of remote workers.

Employees feel safety in the work environment from COVID-19 would be the biggest concern for returning to onsite work, but personal health and school/childcare are also concerns for many employees.

Over two-thirds prefer to work from home at least 80% of the time. Only 3% of employees prefer to work at SMUD campuses all of the time.
Re-entry road map

Leader re-entry plans
Department-specific plans for phased re-entry, including role-specific considerations, intended for leaders & supporting operations to guide plans for work groups

Future work @ SMUD: Re-entry & beyond playbook
Enterprise guidelines, policies, and resources intended for all employees

Re-entry road map
Comprehensive road map for re-entry to all SMUD locations. Enterprise guidance for all employees. Compliance with OSHA requirements
Implementing our re-entry road map
### Key on-campus changes: Employee experience

<table>
<thead>
<tr>
<th>Change</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social distancing requirements</td>
<td>6 feet apart</td>
</tr>
<tr>
<td>Facial coverings required</td>
<td>when social distancing isn’t possible</td>
</tr>
<tr>
<td>Pre-work health and temperature screenings</td>
<td></td>
</tr>
<tr>
<td>Virtual meetings strongly encouraged</td>
<td>over in-person meetings</td>
</tr>
<tr>
<td>Increased sanitization by custodial contractor and employees</td>
<td></td>
</tr>
<tr>
<td>Restricted use of common areas</td>
<td></td>
</tr>
<tr>
<td>• Majority of conference rooms closed</td>
<td></td>
</tr>
<tr>
<td>• Kitchen areas and elevators: Single use</td>
<td></td>
</tr>
<tr>
<td>Training and COVID-19 safety kits for employees</td>
<td></td>
</tr>
</tbody>
</table>

**June 18, 2020** Board of Directors Meeting
Key on-campus changes: Customer experience

- CSC lobby open for customer transactions only in Phase 1
  - currently scheduled for July 13

- Facial coverings required by customers and employees in CSC lobby.
  - SMUD will provide facial coverings for customers who don’t have one

- All campuses remain closed to visitors in phase 1

- Measured and safe approach to in-person engagement with customers and our community
# Re-entry job site assessment checklist

**COVID-19 Hazard Assessment Checklist**

**Work Area Assessment**

<table>
<thead>
<tr>
<th>Purpose of the completion of the hazard assessment checklist is to verify the COVID-19 prevention measures are in place before employees can return to work in the specified/identified office area, they will be occupying.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instructions: Check &quot;yes&quot; when requirements are applicable and arrangements, details have been discussed, reviewed and completed. Check &quot;no&quot; if they are not applicable or have not been completed.</td>
</tr>
</tbody>
</table>

## 1. Kick-off

- All parties present (Due, facilities, safety) and purpose of assessment discussed and agreed upon

## 2. Planning

- Employee orientation on COVID-19 hazards completed for all employees returning to the workplace

### Work area activities

- Office/door area: removed, and layout completed for 6 feet of social distancing separation of employees/workstations
- Conferencing areas identified and either spaced/covered or capacity reduced to maintain 6 feet of social distancing separation
  - Conference rooms COVID-19 signage posted (50 person max. Limit on open/based)
  - Cleaning supplies available
- Elevators identified and capacity reduced to maintain 6 feet of social distancing separation
  - Elevator signage material (single use)
- Coffee/tea supplied and either closed or capacity reduced to maintain 6 feet of social distancing separation
  - Coffee/tea COVID-19 signage posted (clean after use)
  - Cleaning supplies available

## 3. WASH/LUNCH break areas

- Kitchen/Lunch break areas identified:
  - Kitchen/Lunch Break Room COVID-19 signage posted (single use only & clean after use & personal lunch boxes)
  - Locations marked for 6 feet of social distancing separation
  - Cleaning supplies available

- Restrooms identified:
  - COVID-19 signage noted hand wash & paperless hand dryers
  - Handwashing supplies present

- ATM/Reception stations identified
  - COVID-19 signage posted (clean after use)
  - Cleaning supplies available

- Lunchrooms identified
  - COVID-19 signage noted hand wash & paperless hand dryers

## FFE & equipment availability

- FFE supplies available
  - FFE and equipment supplies readily available
    - Meal coverings supplied to employees returning (placed in workspace)
    - Cleaning supplies available in each area
    - Contactless cleaning of workspace sufficiently disinfected

## Describe other potential issues of importance associated with the project/work needed:

### Other:

| 5 | YES | NO |
| 6 | YES | NO |
| 7 | YES | NO |
| 8 | YES | NO |

### REVIEW TEAM SIGNATURES

Individuals below have reviewed and agreed to follow SMUD's COVID-19 procedures for this workspace.

<table>
<thead>
<tr>
<th>Work Group Representative</th>
<th>Signature</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business Unit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Safety</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

---

*June 18, 2020 13 Board of Directors Meeting*
Future work @ SMUD:
Re-entry and beyond playbook

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Travel ............................................................................... 24
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Enhancing SMUD’s approach to remote work

- Reimagining remote work to leverage learnings from COVID-19
- Much more extensive remote work than in the past
  - Expect significant number of hybrid employees (some time on campus and remainder remote work)
- Updating remote work policy
  - Coordinated approach: HRD&I, IT, Facilities and Health & Safety
  - Expand to include represented employees
Summary and next steps

• Priority on employee and public safety

• Responsible, deliberate and phased plan based on public health directives and guidance and best practices shared in collaborative discussions with other utilities and business leaders

• Training to prepare leaders and employees

• Flexible plan with review periods between phases to adjust, if necessary

• Finalize remote work strategy and agreements with employees
Q & A
CEO Arlen Orchard mentioned SMUD and a fast-charging company working together to implement battery storage, "leveraging" the customer's support with SMUD's support to gain grid benefits.

I support this kind of leveraging in general and SMUD could make much more of it, for example in rooftop solar and storage.

On the other hand, as an EV owner I'm acutely aware that EV charging providers are charging incredible rates re-selling SMUD's electricity. In the philosophy of doing all your business in house, as showcased by McDonalds and Walmart, SMUD should be installing its own charging stations and reaping the benefits. This would especially be true when SMUD is ready (soon, please!) to implement V2G and place chargers at large work parking locations, to leverage the great storage capacity of vehicle batteries.

David Wright

Sent with ProtonMail Secure Email.
Exhibit to Agenda Item #7
Provide the Summary of SMUD’s current Power Supply Costs.

Board of Directors Meeting
Thursday, June 18, 2020, scheduled to begin at 5:30 p.m.
Precipitation – Pacific House

| Precipitation - Pacific House Plan vs. Actual |
|-------------------------------|-----------|----------|-----------|
| Month  | Plan  | Actual | Difference |
| Oct-19 | 1.90"  | 0.05"  | -1.85"    |
| Nov-19 | 7.47"  | 2.82"  | -4.65"    |
| Dec-19 | 7.75"  | 10.52" | 2.77"     |
| Jan-20 | 9.35"  | 4.12"  | -5.23"    |
| Feb-20 | 8.69"  | 0.02"  | -8.67"    |
| Mar-20 | 6.75"  | 12.35" | 5.60"     |
| Apr-20 | 4.28"  | 4.93"  | 0.65"     |
| May-20 | 1.87"  | 3.47"  | -1.60"    |
Cumulative Precipitation

Comparison of 2020 WY Precipitation to History (1942-2019 WYs)

- Actual precipitation through 6/8=38.8 inches
- Expected precipitation forecast for 6/9-6/21=0.1 inches
- Cumulative Precipitation for years 1942-2019 (water year types identified by line color)
- Historical Median
Commodity Budget: Mitigations and Forecast

SMUD has in place financial mitigation tools that hedge against hydroelectric uncertainty.

Fund Balances:
- HRSF Balance - $74.7M
- RSF WAPA Balance - $43.3M

2020 Fund Transfers:
- Projected transfer into WAPA RSF $70k

### 2020 Commodity Costs
<table>
<thead>
<tr>
<th>Forecast</th>
<th>Budget</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>$</td>
<td>$446</td>
<td>$474</td>
</tr>
</tbody>
</table>

### Hydro Performance as June 1, 2020

<table>
<thead>
<tr>
<th></th>
<th>Forecasted (GWh)</th>
<th>2020 Budget (GWh)</th>
<th>Variance (GWh)</th>
</tr>
</thead>
<tbody>
<tr>
<td>UARP</td>
<td>969</td>
<td>1,523</td>
<td>-554</td>
</tr>
<tr>
<td>WAPA</td>
<td>663</td>
<td>661</td>
<td>2</td>
</tr>
<tr>
<td>UARP + WAPA</td>
<td>1,632</td>
<td>2,184</td>
<td>-552</td>
</tr>
</tbody>
</table>
Exhibit to Agenda Item #8
Holistic Policy Review: Strategic Direction SD-10, Innovation; Strategic Direction SD-11, Public Power Business Model; and Strategic Direction SD-17, Enterprise Risk Management.

Board of Directors Meeting
Thursday, June 18, 2020, scheduled to begin at 5:30 p.m.
SD-10: Innovation

Delivering innovative solutions, products and services to our customers is a core value. To assure our long-term competitiveness, SMUD shall invest in research and development projects that support its core and key values, and integrate emerging technologies and new business models into SMUD’s customer offerings in a way that balances risk and opportunity and benefit our customers and community.

Monitoring Method: GM Report
Frequency: Annual
Board member feedback:

Over-arching question: How do we evaluate whether the organization is achieving these goals?

- How does staff measure compliance – and report on it?
- Are there additional measures that Board members would like to see?
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, 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.

Monitoring Method: GM Report
Frequency: Annual
Board member feedback:

Over-arching question: How do we evaluate whether the organization is achieving these goals?

- How does staff measure compliance – and report on it?
- Are there additional measures that Board members would like to see?
SD-17: Enterprise Risk Management

Effectively balancing and managing risk to further SMUD’s policies and business goals is a core value of SMUD.

Therefore: SMUD will implement and maintain an integrated enterprise risk management process that identifies, assesses, prudently manages and mitigates a variety of risks facing SMUD, including financial, supply, operational, physical and cyber security, climate change, legal, legislative and regulatory, and reputational risk.

Monitoring Method: GM Report
Frequency: Annual
Board member feedback:

- What questions do Board members have?
- Discussion
Exhibit to Agenda Item #9

Authorize the Chief Executive Officer and General Manager to award a contract to Power Contracting, LLC for Pole Replacement and Other Line Work for a period of two years from June 22, 2020, to June 21, 2022, with two optional one-year extensions, for a total aggregate amount not-to-exceed $46,839,355.

Board of Directors Meeting
Thursday, June 18, 2020, scheduled to begin at 5:30 p.m.
Pole replacement category

• Critical construction category for Line Assets
• In 2020, ~1,200 pole replacements planned
• $15M budgeted annually for pole replacement
Pole replacement
Pole replacement
Procurement strategy

• Proposals were solicited through a RFP process to allow SMUD to award a best value contract.

• Themes evaluated
  • SEED Participation
  • Environmental sustainability
  • Company experience
  • Project personnel and resources
  • Customer relations approach
  • Project execution
  • Safety
  • Commercial and contract terms
## Award outcome

**RFP NO. 200009.JM**

**POLE REPLACEMENT & LINE WORK**

<table>
<thead>
<tr>
<th>Responsive Proposals Received</th>
<th>Pass/Fail</th>
<th>SEED Points</th>
<th>Technical Points</th>
<th>Price Points</th>
<th>Total Score</th>
<th>Rank</th>
<th>Proposal Amount</th>
<th>SEED Credit</th>
<th>Evaluated Proposal Amount</th>
<th>Proposed Award Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Power Contracting, LLC</td>
<td>Passed</td>
<td>2.13</td>
<td>28.88</td>
<td>60.00</td>
<td>91.01</td>
<td>1</td>
<td>$46,839,354</td>
<td>$99,768</td>
<td>$46,739,586</td>
<td>$46,839,355*</td>
</tr>
<tr>
<td>Underground Electric Construction</td>
<td>Passed</td>
<td>10.00</td>
<td>27.13</td>
<td>53.53</td>
<td>90.65</td>
<td>2</td>
<td>$52,643,343</td>
<td>$250,000</td>
<td>$52,393,343</td>
<td></td>
</tr>
<tr>
<td>Hot Line Construction, Inc.</td>
<td>Passed</td>
<td>3.50</td>
<td>29.00</td>
<td>56.18</td>
<td>88.68</td>
<td>3</td>
<td>$50,096,255</td>
<td>$175,337</td>
<td>$49,920,918</td>
<td></td>
</tr>
<tr>
<td>Diversified Utility Services, Inc.</td>
<td>Passed</td>
<td>4.06</td>
<td>22.81</td>
<td>55.36</td>
<td>82.23</td>
<td>4</td>
<td>$50,863,266</td>
<td>$206,505</td>
<td>$50,656,761</td>
<td></td>
</tr>
<tr>
<td>Summit Line Construction</td>
<td>Passed</td>
<td>3.50</td>
<td>24.00</td>
<td>45.20</td>
<td>72.70</td>
<td>5</td>
<td>$62,265,884</td>
<td>$217,931</td>
<td>$62,047,953</td>
<td></td>
</tr>
<tr>
<td>Asplundh Construction, LLC</td>
<td>Passed</td>
<td>3.50</td>
<td>22.63</td>
<td>41.52</td>
<td>67.64</td>
<td>6</td>
<td>$67,783,684</td>
<td>$237,243</td>
<td>$67,546,441</td>
<td></td>
</tr>
<tr>
<td>PAR Electrical Contractors, Inc.</td>
<td>Passed</td>
<td>0.35</td>
<td>24.13</td>
<td>40.84</td>
<td>65.32</td>
<td>7</td>
<td>$68,683,762</td>
<td>$24,039</td>
<td>$68,659,723</td>
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<td>Edison Power Constructors, Inc.</td>
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<td>-</td>
<td>20.00</td>
<td>43.98</td>
<td>63.98</td>
<td>8</td>
<td>$63,767,201</td>
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<td>Cupertino Electric, Inc.</td>
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<td>0.83</td>
<td>29.00</td>
<td>32.85</td>
<td>62.68</td>
<td>9</td>
<td>$85,447,922</td>
<td>$70,922</td>
<td>$85,377,001</td>
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<td>Wilson Utility Construction Co</td>
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<td>3.11</td>
<td>19.50</td>
<td>34.96</td>
<td>57.56</td>
<td>10</td>
<td>$80,469,178</td>
<td>$249,857</td>
<td>$80,219,321</td>
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<tr>
<td>Sturgeon Electric California, LLC</td>
<td>Passed</td>
<td>1.57</td>
<td>27.63</td>
<td>26.90</td>
<td>56.10</td>
<td>12</td>
<td>$104,410,937</td>
<td>$163,925</td>
<td>$104,247,012</td>
<td></td>
</tr>
</tbody>
</table>

*Aggregate of all tasks issued*
Requested action

Authorize the Chief Executive Officer and General Manager to award a contract to Power Contracting, LLC for Pole Replacement and Other Line Work for a period of two years from June 22, 2020, to June 21, 2022, with two optional one-year extensions, for a total aggregate amount not-to-exceed $46,839,355.
Exhibit to Agenda Item #10

Approve Contract Change No. 2 to Contract No. 4500121595 with Roebbelen Contracting, Inc. to increase the contract amount by $17,305,972 from $54,760 to $17,360,732 to construct the Station G Control Building, and to extend the term of the contract to November 25, 2021.

Board of Directors Meeting
Thursday, June 18, 2020, scheduled to begin at 5:30 p.m.
Requested Action

Approve Contract Change No. 2 to Contract No. 4500121595 with Roebbelen Contracting, Inc. to increase the contract amount by $17,305,972 from $54,760 to $17,360,732 to construct the Station G Control Building, and to extend the term of the contract to November 25, 2021.
Sacramento Downtown/Midtown
Existing Substations

-Station A and B - 115kV/12kV
-Station D and North City - 115kV/21kV
Sacramento Downtown/Midtown Future Substations

- Station B & G - 115kV/12kV
- Station D, E, H & J - 115kV/21kV
Station A

Background

- The original Station A “The Old Brick Building” was constructed in 1894, at 6th and H Streets
- The current Station A (East of Brick Building) was constructed in the early 1950’s and is at the end of its useful life
- Station A Transforms 115 kVolts to 12 kVolts that is distributed throughout the Downtown Network
- Station A customers include:
  - County of Sacramento Administration Building, Sherriff Headquarters and Jail
  - The Federal Courthouse @ 5th and I Streets
  - Numerous High Rise Buildings (Renaissance Tower, Park Tower, 555 Capital Mall, 925 L St.)
Station G -Background

• Proposed site across from Station A was selected as the best option
  ➢ Minimized rerouting existing underground transmission and distribution lines
  ➢ Initially the City of Sacramento opposed the preferred relocation site
    ✓ City was concerned about the inactive large space and substation appearance

• SMUD purchased the preferred 1.3 acre site, December, 2014.
• SMUD Board approved Station G Mitigated Negative Declaration, December 2015.
• After significant negotiations with the City of Sacramento, the City Council approved the project, September 2017.
Future Sacramento City Scape

Station G
Mercy Housing
Station A
Existing Federal Courthouse
Proposed State Courthouse

June 18, 2020
Board of Directors Meeting
Station G

Aerial View From 6th and G Streets

6th Street Elevation

7th Street Elevation
Station G – Night Lighting

View From 7th and G Streets
Conventional vs. Gas Insulated Substations

When Space Is A Premium

Conventional Air Insulated Substation

Gas Insulated Substation
Station G – Control Building

Building Elevation

1st Floor GIS Level

2nd Floor C&R Level

Basement

1st Floor GIS Level

1st Floor Plan
Station G – Procurement Process

Request For Proposal (RFP)

- Received Two Proposals
  - Thomas Builders Corp
  - Roebelen Contracting Inc.

Conducted Proposal Reviews

- Held meetings with both proposers
  - Reviewed proposal to identify areas for Value Engineering and negotiation
  - Roebelen clearly ranked No. 1

Received and Evaluate RFP

- Updated RFP
  - Issued Final Design Plans and Specifications
  - Value Engineering

Issued Final Plans and Specifications

- Awarded Contract Services to Roebelen
  - Construction Submittals
  - Value Engineering for remainder of the substation
  - Contract Change No. 1

Contract Award

- Request to award Contract Change Order No. 2 to add Station G Control Building

Proposed Contract Change

- Obtain Proposal From Roebelen For The Remainder of the Substation construction

90% Design Plans/Specs For Building
- Exterior Design
- Vapor Barrier
- Electrical/Lighting
- Dewatering
- Soil Management

Next Steps
Request For Proposal – Evaluation Criteria

• SEED (10 points)

• Technical (50 points)
  ✓ Experience of Company and Project Personnel
  ✓ Proposed plan and approach to complete the work
  ✓ References

• Price (40 points)
Station G Control Building – RFP Outcome

<table>
<thead>
<tr>
<th>Responsive Proposals Received</th>
<th>Pass/Fail</th>
<th>SEED Points</th>
<th>Technical Points</th>
<th>Price Points</th>
<th>Total Score</th>
<th>Rank</th>
<th>90% Plans Proposal Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Roebbelen Contracting, Inc.</td>
<td>Passed</td>
<td>7.95</td>
<td>41.13</td>
<td>33.12</td>
<td>82.20</td>
<td>1</td>
<td>$15,176,453</td>
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<tr>
<td>Thompson Builders Corp.</td>
<td>Passed</td>
<td>0.63</td>
<td>27.63</td>
<td>40.00</td>
<td>68.26</td>
<td>2</td>
<td>$13,963,079</td>
</tr>
</tbody>
</table>
### Issued Construction Drawings and Value Engineering

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eliminate Vapor/Venting/Waterproofing System at Precast Lift Station and Vaults</td>
<td>$95,000</td>
</tr>
<tr>
<td>Change Intumescent Fireproofing</td>
<td>$337,845</td>
</tr>
<tr>
<td>Utilize a Monoglass Spray Applied Cellulosic Insulation in lieu of K-13</td>
<td>$7,000</td>
</tr>
<tr>
<td>Eliminate platform onto crane girder</td>
<td>$14,000</td>
</tr>
<tr>
<td>Total Value Engineering Savings</td>
<td>$503,845</td>
</tr>
<tr>
<td>Responsive Proposals Received</td>
<td>Pass/Fail</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>----------</td>
</tr>
<tr>
<td>Roebbelen Contracting, Inc.</td>
<td>Passed</td>
</tr>
<tr>
<td>Thompson Builders Corp.</td>
<td>Passed</td>
</tr>
</tbody>
</table>
Roebbel's Proposed Work Distribution

- Roebbel, 28.43%
- Non-SEED Subcontractors, 47.37%
- SEED Subcontractors, 19.12%
Station G - Next Steps

• Conduct Value Engineering Workshops With Roebbelen and Black and Veatch
  ➢ Wall Design
  ➢ Entrance Gate Design
  ➢ Soils Management

• Roebbelen will submit Best And Final Offer (BAFO) for remainder of Substation work.

• Staff will review proposed BAFO

• If BAFO is appropriate, Staff will present recommendation to the Board for Contract Change No. 3, approximately August-September.
Requested Action

Approve Contract Change No. 2 to Contract No. 4500121595 with Roebbelen Contracting, Inc. to increase the contract amount by $17,305,972 from $54,760 to $17,360,732 to construct the Station G Control Building, and to extend the term of the contract to November 25, 2021.
Exhibit to Agenda Item #11
Adopt a resolution declaring a Climate Emergency.

Board of Directors Meeting
Thursday, June 18, 2020, scheduled to begin at 5:30 p.m.
SMUD GHG Efforts

- Reduced GHG 50% since 1990, equal to removing 377,000 gasoline vehicles from the road
- Established RPS targets many years before POUs were required to do so
- First large utility in California to generate 20% of its power supply from renewable resources
- Spent $130 million in incentives to put solar on over 15,000 customers’ rooftops
- Most Substantial Commitment to Electrification in the Country
  - Partnered with the SMAQMD and 3 school districts for 29 electric school buses and charging
- First utility in the nation to move to a carbon metric for our energy efficiency and electrification programs, consistently been above CA targets for EE
- 2020 award winning Energy StorageShares program (CESA Clean Energy Award)
SMUD’s Solar History

1984
- Solar @ Rancho Seco
- First utility scale solar system capable of powering 200 homes

1993
- PV Pioneers 1
- Utility-owned solar for existing residential customers

1999
- PV Pioneers 2
- Customer-owned solar for existing residential customers

2001
- SMUD Solar Advantage Home
- Solar for new residential construction

2005
- SolarSmart Program
- All-solar community program for new residential construction

2007-2017
- SB1 Solar Incentive Program
- Incentivizing, streamlining residential and commercial solar

2009
- Renewable Feed in Tariff Program
- Increasing SMUD’s renewable energy purchases

2015
- Solar Education & Campaign
- Helping customers make informed energy decisions

2017
- Commercial SolarShares
- Providing clean, reliable solar energy to commercial customers

Market Transformation

Market Growth
Greenhouse Gas Emissions
Statewide Perspective

California Emissions
- 424 million tonnes

Buildings & Transportation
- 50% or 211 million tonnes

Electric Power Emissions
- 14% or 60 million tonnes
- <0.5% or ~ 2 million tonnes
  - ~ 55% carbon-free today
  - 80% carbon free by 2030

SMUD Emissions
SMUD’s Near-Term Objectives for GHG Reduction

$1.5 billion

Local Utility Solar, External Renewables, Battery Storage, Electrification and EE

### Utility Solar
- **3 x more**
- Powering 150,000 homes

### Wind Power
- **20% Increase**
- Powering 31,000 homes

### Battery Systems
- **300 x more**
- Peak demand of 30,000 customers

### Electrification/EE
- **65% Investment Increase**
- Starting broader electrification efforts

By 2025

Nearly 65% carbon-free
SMUD’s Near-Term Objectives for GHG Reduction

$1.5 billion

Local Utility Solar, External Renewables, Battery Storage, Electrification and EE

Electrification and Energy Efficiency  Renewables  Battery Storage

2020  2021  2022  2023  2024  2025

$0  $100  $200  $300
SMUD’s IRP Leads to a Low-Carbon Future

<table>
<thead>
<tr>
<th></th>
<th>EVs</th>
<th>All Electric Homes</th>
<th>Utility Solar</th>
<th>Rooftop Solar</th>
<th>Clean Power</th>
<th>Disadvantaged Communities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change</td>
<td>44 x more</td>
<td>4 x more</td>
<td>10 x more</td>
<td>3 x more</td>
<td>2 x more</td>
<td>15 - 20 x more</td>
</tr>
<tr>
<td>Baseline</td>
<td>From 20,000 to 880,000</td>
<td>From 108,000 to 405,000</td>
<td>Powering 500,000 homes</td>
<td>From 200 MW to 600 MW</td>
<td>Geothermal Biogas &amp; Wind</td>
<td>Spending on building &amp; transportation electrification</td>
</tr>
<tr>
<td>20 Years</td>
<td>All Electric Homes</td>
<td>Utility Solar</td>
<td>Rooftop Solar</td>
<td>Clean Power</td>
<td>Disadvantaged Communities</td>
<td></td>
</tr>
</tbody>
</table>

EVs: Electric Vehicles
Utility Solar: Powering homes
Rooftop Solar: Powering over homes
Clean Power: Geothermal Biogas & Wind
Disadvantaged Communities: No customer left behind
Impacts of IRP

Sacramento Area GHG Emissions

- Transportation and buildings 4x those of electric power
- Local electrification reductions are 2.5x total electric power emissions
- Local Emissions 64%
- Equivalent of removing almost 2 million gasoline vehicles from CA roadways
- Net Zero emissions >90% carbon-free

Electric Power
Transportation/Buildings
Other Sectors

June 18, 2020 8 Board of Directors Meeting
## Sustainable Communities Carbon Reduction Activities

<table>
<thead>
<tr>
<th><strong>Location</strong></th>
<th><strong>Description</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sustainable Communities Initiative Resource Priorities Map and Metrics</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Sustainable Work Force Development Program-Solar Careers Program, California Mobility Center Workforce Pipeline, &amp; Electric Vehicle installation training program</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Energy Vehicle Supply Equipment Equity Priority Evaluation w/ City of Sacramento and Sacramento Metropolitan Air Quality Management District</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Electric Vehicle charging and electrification hubs development (Del Paso Heights) and grant proposal</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Tree Foundation Multi-Family Residential Pilot</strong></td>
<td></td>
</tr>
</tbody>
</table>
Continued GHG Reductions

Goal – Reduce greenhouse gas emissions as quickly as possible
While maintaining ✔ Safety ✔ Reliability ✔ Affordable rates

Our IRP will not remain static
• We will constantly track and adapt to new developments and opportunities to accelerate GHG emission reductions

New technology options
• Carbon sequestration
• Hydrogen
• Biogas
• New battery technologies
• Other long-term storage options

Must be Reliable, Resilient, Cost-effective, and Capable prior to large scale investments

Reduce natural gas usage
• We’ll shut down thermal plants when safe, reliable and affordable alternatives are available
<table>
<thead>
<tr>
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<th>2021</th>
<th>2022</th>
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<tr>
<td>Q2</td>
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</tbody>
</table>

- **Begin IRP Studies (Absolute Zero)**
- **Board/Public Discussions and Workshops**
- **Analyze and Evaluate Options**
- **Officially Noticed Board and Public Meetings/Discussions**
- **Board Approval**
- **Submittal of Report to the CEC**
Dear Board members,

I applaud the decision for the Board to declare a Climate Emergency. My concern is that this opportunity not be used for self-congratulation and restatement of existing SMUD policies and goals. In my view, given the increasing gravity of climate degradation, SMUD should commit to doing more than the current status-quo as reflected in the Integrated Resource Plan.

The attached power point reflects my opinion of the four areas where SMUD can direct clear actions to further reduce greenhouse gas emissions from the utility, following new state and local directives that have been established since the last IRP.

<table>
<thead>
<tr>
<th>Establish</th>
<th>Develop</th>
<th>Accelerate</th>
<th>Maintain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Establish a new GHG trajectory to achieve carbon zero by 2045</td>
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<tr>
<td>Develop a specific plan to ramp down and shut down the gas-fired power plants</td>
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</tr>
<tr>
<td>Accelerate procurement of renewable power sources and storage to replace the retiring gas units</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Maintain investment in building electrification and electric vehicles while working with city and county officials on local ordinances and CAP directives</td>
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</tbody>
</table>
Thank you,

Rick Codina
SMUD’S CLIMATE EMERGENCY PROPOSAL

A proposal from Rick Codina

June 2020
<table>
<thead>
<tr>
<th>Establish</th>
<th>Establish a new GHG trajectory to achieve carbon zero by 2045</th>
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</thead>
<tbody>
<tr>
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</tr>
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</tr>
<tr>
<td>Maintain</td>
<td>Maintain investment in building electrification and electric vehicles while working with city and county officials on local ordinances and CAP directives</td>
</tr>
</tbody>
</table>
WHEREAS: Governor Brown’s Executive Order EO B-55-18 establishes a state goal “to achieve carbon neutrality … no later than 2045”, and

WHEREAS: SMUD’s current Integrated Resource Plan (IRP) supports a carbon emission trajectory that retains a level of 1,000,000 metric tons of CO2e by 2040, five years prior to the state goal of carbon neutrality, and 350,000 metric tons by 2050, five years after the state goal.

- **BE IT RESOLVED:** SMUD Board will direct staff to revise the trajectory of power plant emissions in the current IRP to result in true carbon zero by 2045, consistent with state regulation.
**PLAN FOR GAS PLANT SHUTDOWN**

- **WHEREAS:** SMUD’s five gas-fired generation units currently emit approximately 1.8 million metric tons of carbon dioxide annually.

- On a collective basis, this constitutes the largest stationary source of greenhouse gas emissions in the county.

**BE IT RESOLVED:** SMUD will develop a detailed plan for ramping down operation of the gas-fired power plants, with the goal of closing the less efficient power plants by 2030 and Cosumnes by 2045.
WHEREAS: California Senate Bill 100 (2018) established a state policy goal for all state electric utilities to achieve 100 percent generation from renewable sources by 2045.

BE IT RESOLVED: SMUD will commit to accelerating the procurement of renewable power sources to meet the SB-100 goal of 100% renewable by 2045. This objective includes strong support for community distributive resources of photovoltaic generation coupled with battery storage.
WHEREAS: Building electrification and the transition to electric transportation are important goals in the state’s Scoping Plan for SB 350 GHG reduction, as well as significant recommendations by the Mayors’ Commission on Climate Change.

BE IT RESOLVED: SMUD will continue to support the transition to all-electric buildings and electric vehicles with targeted investment. SMUD also commits to working cooperatively with municipal and county efforts to enact ordinances and Climate Action Plan directives that will require all-electric equipment and EV-ready equipment in new building construction, and to hasten the replacement of existing gas appliances and combustion engine vehicles with electric alternatives.
I think it’s wonderful that the Board is considering a Climate Emergency Declaration. This is a step in the right Direction, considering that scientists agree Climate Change is happening even faster than predicted. Everyone should be in full Emergency Mode!

That said I hope the board doesn’t waste this opportunity and passes a declaration with some significance rather then a week, pandering statement that doesn’t really indicate any change from business as usual.

September’s review of the IRP should be the opportunity to make changes to accelerate SMUD’s Move to Carbon Zero (not net Zero).
I hope the Board will make a strong Climate Emergency Declaration, that indicates plan’s and pathways to real change in fighting Climate Change and Global Warming. The First Step should be hiring a strong and resolute Climate and Environmental Protector as the next General Manager. Next should be Closing as many of the fossil fuel burning power plants as possible, especially those that are the worst polluters effecting poor and disenfranchised communities of color.
--
Megan Shumway
To Heidi Sandborn and the entire SMUD Board:

I am a Carmichael resident. I am very concerned about the current climate emergency we are facing and fully support a Climate Emergency Resolution from SMUD with a COMMITMENT to find ways to reduce your carbon output to zero within the next ten years. Per the consensus of the scientific community, we have a little less than 10 years to avoid irreparable damage to our planet. Given that SMUD is the single biggest polluter in Sacramento, I request that this resolution leads to a process of public input, and the development plans and then action in reaching for a cleaner environment.

Commitment to action with a goal of 2030 is crucial at this juncture. I am concerned that the board will merely acknowledge that we are in a crisis, and go no further, in order to reduce negative public feedback.

I am requesting that SMUD shut down their inefficient gas plants that are not only polluting, but are harming the surrounding residents who are from disadvantaged communities. These communities are taking the brunt of the ill health effects caused by these plants.

I am requesting public input in this process. SMUD is a publicly owned utility, and, by all rights, the board needs to not only request but heed public input, and allow their feedback to be part of the planning process.

Thank you for your time and consideration, Ann Amato
To the SMUD Board of Directors:

I have already sent an email to my representative Heidi Sanborn. I will repeat it here:
- There needs to be PUBLIC INPUT into your Declaration and more thought put into its' composition, so please delay voting on this. This is a vital document, not a "we did it", and no genuine further action taken.

- Goal date of 2030 ---Mr. Kerth's 2045 or 2040 goal dates are TOO LATE for the survival of this planet. A goal of 2030 gives us a chance. This date is backed by the scientific community.

- Part of the Emergency Declaration goals need to be CLOSING your INEFFICIENT GAS PLANTS that are harming our disadvantaged communities and giving SMUD the position of being the single biggest source of pollution in Sacramento.

Coming up:
- Please hire a GM that is knowledgeable and cares about the planet, and not just their own personal agenda,( and one that values public input).

SMUD is a publicly owned utility, please vote like that matters.

Thank you. Ann Amato, SMUD customer
Hi Mr. Kerth,

I live in Natomas and I just heard about the Climate Emergency Declaration proposed by SMUD.

I support delaying a vote on this important document until there is more public input.

I also supposed the following priorities of the Sacramento Climate Coalition.

1. Acknowledge the seriousness of the threat, and commit to early action to avoid the worst consequences, with a goal of 2030 to shut down use of fossil fuels.
2. Recognize that vulnerable populations are already exposed to inordinate amounts of air pollution from existing plants located near low income disadvantaged communities, and the plants should be shut down as rapidly as possible.
3. Accept and involve public input into priority setting processes for the electrification and decarbonization of Sacramento and the necessary changes at SMUD, our publicly-owned utility.

It's time we move fast forward on climate change. We can only control our own energy use and production so I support moving boldly and rapidly.

Sincerely,

Derek Link
1) I could not see the video at all ... help was no help

2) Instead of vague comments about reducing greenhouse gases, include some specific actions such as install battery packs which are cheap now, to make up for shutting down peaker plants and include actions such as add inexpensive exterior shades to existing houses (on the west side) to reduce peak loads.

Thank you, Tom Meagher 4200 B st sac ca 95819
To Whom it May Concern,

I’m contacting you today because as a young person, my future is on the line. I would like to comment on agenda item 11, or SMUD’s draft climate emergency declaration, which is wildly inadequate. According to the UN, we only have 10 years to take action on the climate crisis. I’m concerned about SMUD’s lack of response to this crisis and about Section 6 of the declaration, which directs staff to “explore ways to reach net-carbon zero faster than the 2040 goal.” There are a few issues with this:

1) Whether “faster” means 2039, 2035, 2030, or tomorrow is unclear and that timeline determines whether humanity and our environment will survive. When the stakes are so high, there should be no ambiguity.

2) SMUD should commit to achieving “carbon zero,” not “net-carbon zero.” SMUD’s current “net carbon zero” plan has the utility emitting 1 million metric tons of CO2 by 2040 (a ~60% reduction from today), equivalent to the emissions from 215,000 cars over a year.

3) By achieving carbon-zero on paper only, SMUD will continue to burn fossil fuels at the power plants, two of which are in disadvantaged communities. For the sake of the health of everyone in our community, those plants should cease burning fossil fuels ASAP.

Thank you for your time,
Supriya Patel
Age 14
Ward 5
Dear Board of Directors,

I am a resident of Ward 2 and I have read your proposed Climate Emergency Resolution. I am upset and dismayed at your lack of candor and commitment in addressing this critical issue.

Your draft resolution acknowledges there is a climate emergency, both global and within SMUD’s jurisdiction (Section 1), and it describes actions taken by SMUD in the past, including SMUD’s 2040 Energy Plan. The resolution states that the “SMUD Board of Directors recognizes the risk of uncontrolled climate change and is committed to do more to expand and accelerate the reduction of CO-2 emissions in pursuit of its 2040 Energy Plan”. (Seventeenth paragraph.) It also states that the Board of Directors “aligns with the aspirational goal of the Mayors’ Climate Commission . . . to strive to be carbon neutral by 2030.” (Section 2),

This draft resolution is a tacit admission that a goal of 2040 is not enough, and yet SMUD does not commit to taking any concrete actions to meet a goal of 2030. It will “leverage the expertise, wisdom and contribution of the public” in meeting its goals (Section 3), it “encourages and promotes” the expansion of partnerships with local cities, counties, and agencies” (Section 4), and “commits to partnership with the Sacramento community” to reach its climate goals (Section 5). The Board does instruct its CEO and General Manager to “make all prudent efforts consistent with SMUD policies to minimize regional GHG emissions and continue to explore ways to reach net carbon zero faster than the 2040 goal” (Section 6), but sets no specific goals or timeline.

While the actions listed above are commendable, having aspirational goals and forging partnerships won’t cut it: we will not be able to reduce our carbon emissions sufficiently unless more forceful, concrete actions are taken. SMUD’s Strategic Direction 7 states that, “Environmental leadership is a core value of SMUD”. SMUD’s Policy Number BL-1 states that the Board has the responsibility to “Identify and define the purpose, values and vision of SMUD, along with the results that are acceptable and not acceptable for SMUD to achieve, and communicate them in the form of policy”. (BL-1 (a)(i).)
SMUD has been an environmental leader in the past and can be one in the future if it will commit to specific actions and develop a timeline for a goal of zero carbon emissions by 2030. As a constituent, I will support and thank you if you do this.

Sincerely,

Jane Lamborn
Ward 2
Dear SMUD Board Members
While I applaud the efforts of the board to create a SMUD Climate Change Emergency Resolution, as a first draft it is a start. As a document to be voted on, it is not ready from prime time. See my input below

There is no evidence in the draft SMUD climate emergency resolution that the truly existential threat of continued GHG emissions is understood by this Board. The only document quoted is from 2017 which makes the data old. Since 2018, scientists have published numerous studies and reports that emphasize that earlier predictions were underestimates of the seriousness and the rate of change that is occurring in the climate. The document should show recent data and I'm sure that staff could help the board find more recent data. Using old data is meaningless

Also, Section 6 directs staff to “explore ways to reach net-carbon zero faster than the 2040 goal.” There are a few issues with this:

1) A timeframe is needed. What does “faster” mean? 2039, 2035, 2030? Whatever the case, it is unclear and a timeframe is needed so that there is no ambiguity.

2) SMUD should commit to achieving “carbon zero,” not “net-carbon zero.” SMUD’s current “net carbon zero” plan has the utility emitting 1 million metric tons of CO2 by 2040 (a ~60% reduction from today), equivalent to the emissions from 215,000 cars over a year,. SMUD claims it’s “net-zero” by counting emission reductions from electrification in SMUD against their emissions. Our environment isn’t going to forgive us for the carbon emissions because we achieve carbon-zero on paper.

3) By achieving carbon-zero on paper only, SMUD will continue to burn fossil fuels at the power plants, two of which are in disadvantaged communities. The health of everyone in our community should be the number 1 issue that the board should address. The plants should cease burning fossil fuels ASAP.

Sincerely
Lee Miller
Ward 3
CAUTION: This email originated from outside of SMUD. Do not click links or open attachments unless you recognize the sender and know the content is safe.

This is a tremendously important issue. I wish members of the public had been given more time and more notice so that we could adequately review the proposed Declaration by tonight’s meeting.

The current draft is a start, but it needs more work and more specificity. Net zero is not zero and the draft talks about getting to net zero by 2040 with references, but no commitments or plans to get there sooner. The goal of getting to net zero by 2040 doesn't reflect the acute and ever growing emergency that we currently face. It also says nothing about what SMUD plans to do to replace its existing natural gas plants.

I hope that this declaration can be brought back to next month’s meeting after the public has had time to more thoroughly review it and ask questions.

Karen Jacques
SMUD customer alarmed by the ever growing climate crisis
Dear Smud Directors and Staff,

Thank you for your service, continued efforts.
I applaud you in making a reference to a Climate Emergency Declaration. I have not seen since the 2018 meetings and the 2019 IRP any sense of Urgency about Acting and not JUST talking about Our Burning Planet.
Here is a Poem to express to you the feelings I have about a Climate Emergency.

Where is your Commitment to Saving our Plant?
When we have 10 years to save our Earth,
Why are your Goals to reduce Carbon set at 2045?
Why are you content with having still 50% of our energy mix form Fracked Gas,
Polluting our Air and our Aquifers,
When we are in the 6th Mass Extinction and
When California's Way of Life and our Agricultural leadership are at Risk?
Can you Not hear our Youth crying for Rapid conversion to a Fossil Free Future?

Your Vision must not just be the bottom line of SMUD but
Also how to do your part in Rapidly Ratcheting down emissions as recommended by thousands of scientists,
To Save and protect Vulnerable Communities,our Civilization and Species from Extinction.

Thanks so much for your work and consideration,
G Sahba MD

--

Goli Sahba M.D., IFMCP (Institute for Functional Medicine Certified Physician), ABFM, Family Physician, ABIHM, Holistic Health and Nutrition Coach
Why are we not investing more in Geothermal, Chemical Storage and Biogas which are not weather or water dependent, and can power the heating of electrified homes in the winter months when solar and wind renewables may not be available?

Doug MacPherson
2504 Capitol Ave, Sacramento, CA 95816

--

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I applaud the Board for undertaking a Climate Emergency resolution. Also kudos for highlighting consistency with the City resolution and urging staff to work to exceed goals and timing of GHG reductions.

Its main drawbacks are lack of measurables and required milestones in the resolution. I understand that such a resolution is typically heuristic, perhaps aspirational, but it's still a good idea to put in a tangible framework! Here are some ideas:

- Close at least 4 of 5 power plants by 2030
- Move beyond net-zero to a true zero carbon standard by 2030
- Reduce GHG emissions to 350kt ideally by 2030, certainly by 2040
- Calculate how much lifetime emissions by SMUD (over SMUD's history) are still in the atmosphere, and commit to removing (sequestering) those emissions within a time certain, ideally 2030. Continue carbon removals indefinitely to equal any remaining ongoing emissions.

By the way, I hope Scott Martin was not saying energy storage technology is not available that will release power for more than 4 hours, because that is untrue. Of course it depends on the 'battery' size and rate at which you draw from it - in which case, build more or larger batteries. Pump storage would be a very clear example.

I agree with him that storage is a key element, perhaps nearly _the_ key element, of reaching zero carbon.

Also, if the idea of net-zero is to accelerate GHG reduction by picking low-hanging fruit in other sectors, then really SMUD should be owed some emissions reductions contributions ($$) from the transportation and building sectors. You need to work on that.

I look forward to working with you all to develop a zero-carbon energy plan in 2021, or sooner if possible!

David Wright
Exhibit to Agenda Item #12

Discuss Board meeting schedule and potential amendments to the Emergency Board Meeting Procedures to include additional options for public participation.

Board of Directors Meeting
Thursday, June 18, 2020, scheduled to begin at 5:30 p.m.
Leave a voicemail

Description

- A dedicated phone number would be available for the public to call and record their comments ahead of the Board/Committee meetings.

- The phone number would be publicized in advance with the agenda. A deadline would be established for voicemail comments.

- The voicemail greeting would request i) name, ii) meeting date, iii) agenda item #, and iv) brief comment.

- Voicemails would be available as sound files (.wav), which would allow the files to be screened and then either played back during the Board/Committee meeting and/or included in the record.

Pros

- The public would be able to call in at its convenience at any time before the meeting.

- The President/Chair would know in advance the number of speaker requests in order to determine time allotment/length of meeting.

Cons

- Number of voicemails could be excessive or repetitive.

- If President/Chair decides to reduce the time allotted for each speaker due to high number of comments provided, some comments may be cut off mid-stream.

- No ability to caution speaker if he/she uses inflammatory or offensive language or comments begin to stray from items under discussion.
Speak live
(register via e-mail)

Description

- The public could submit an e-mail to PublicComment@smud.org with a request to speak (name and topic). The public would also be able to request to speak during the live meeting, during the standard time period the agenda item is being discussed.

- Individuals would be invited to speak as a Zoom attendee during the Board/Committee meeting.

- An Information Technology facilitator would turn on audio only for the specific attendees when it is their time to speak.

- An animated PowerPoint timer slide for speakers would allow the Board to know when time for public comment has expired.

Pros

- Most closely aligns with in-person meetings.

- Pre-registration would allow for greater insight into the amount of speaker requests for any given topic, which allows for increased ability to ensure efficient public comment.

- Allows President/Chair to caution speaker if he/she begins to engage in disruptive speech or strays away from agenda item under consideration.

Cons

- Allows for meeting to be disrupted by inappropriate speech (e.g., hate speech) before speaker could be cut off.

- Requires communication and awareness that an e-mail is required to request to speak, as opposed to a Zoom Q&A request from within the meeting directly, which might be a more modern technology expectation.
Speak live
(live on-demand through Q&A)

Description

- Through the Zoom Q&A function, someone from the public connected as a Zoom attendee could request the opportunity to make a public comment.
- An Information Technology facilitator would enable audio-only for the attendee when appropriate and when cued by the President/Chair.
- An animated PowerPoint timer slide for speakers would allow the Board to know when time for public comment has expired.

Pros

- Allows public attendees to react to live meeting content.

Cons

- It may be difficult to determine the amount of speakers on any given topic in advance. As a result, it may be difficult for the President/Chair to manage public comment efficiently.
- Allows for meeting to be disrupted by inappropriate speech (e.g., hate speech) before speaker could be cut off.
- Would need to ensure that public understands that the public may use the Q&A feature to request to speak during the public comment period but that it is not a forum to engage in a question and answer period with Board members.
Other Considerations

Other options for public comment on agenda items

- Continue to accept e-mail comments on items on the agenda and place them in the record?
- Discontinue practice of reading e-mail comments on agenda items into the record?

Other options for public comment on non-agenda items

- Retain current practice of accepting comments by e-mail for non-agenda items; include them in meeting minutes without reading them into the record.
- Allow public comment on non-agenda items in same manner as agenda items.
Good evening Directors of the SMUD Board,

On behalf of our solar company members of Sacramento, we would appreciate if the Board could comment on when SMUD’s solar programs will be an agenda item for the Energy Resources and Customer Services Committee. The topic was slated for the March 18 committee meeting, and SMUD made the appropriate decision to cancel the meeting due to COVID. As the topic is of interest to many in the community, we would also appreciate if the Board and staff could share thoughts on how to best allow for public participation and panelist participation while maintaining social distancing. Dialogue on the topic is important for all parties -- us solar folks, SMUD, and the rest of the public -- to understand each other and develop a path forward, so I look forward to the conversation.

Thank you,
Ben Davis
California Solar & Storage Association

--
BENJAMIN DAVIS | Policy Associate
California Solar & Storage Association
https://urldefense.proofpoint.com/v2/url?u=http-3A__www.calssa.org&d=DwIDaQ&c=Ko5vnWWlemq1VcwTJpbf0g&r=R6bWium2c7BtHDCKf0-D0kOrOuMfUCdI8BSDNv5A7JY&m=ta3X35vlht0X61dNXRFkJV-xJAMYQLiQvEwnYDwilU&v=Stg5hHhFeS3rOn8F0xYMCUZ11-yRygBMc8Tbexa4zqE&e=|805.403.7936 mobile | ben@calssa.org
1107 9th Street, Suite 820 | Sacramento, CA 95814
Climate change is real and we must all do what we can to lessen our impact on the environment. One way to do this is to support rooftop solar and close down dirty coal power plants. We should be making it easier for people to get solar, and not penalize them for doing so. Solar is an investment in our future that needs to be encouraged, not just paid lip service to.

Sent from Mail for Windows 10
Greetings SMUD Board members,

In anticipation of a community-wide discussion of SMUD’s proposed climate emergency resolution I took the opportunity to review SMUD’s 2018 Integrated Resource Plan to better understand SMUD’s current commitments to reducing greenhouse gas (GHG) emissions and to raise the question whether SMUD could do more.

The headline goal from SMUD’s 2018 Plan is the reduction of GHG emissions by approximately 40% by 2030 through a combination of adding new wind and solar resources and offsetting some GHG emissions in electricity production with reductions in emissions from other sectors of the Sacramento economy. The 2018 Plan states that there will be “significant investment in electrification in Sacramento” and that SMUD could incentivize GHG reductions from transportation and buildings.

SMUD’s 2018 IRP was a departure from previous plans that had focused primarily on SMUD’s electricity supply. The 2018 Plan extended SMUD’s focus for GHG emission reductions to electrification of other sectors of the economy. Broadening SMUD’s focus is commendable but SMUD needs to continue to recognize that its greatest responsibility is reducing GHG and other emissions in electric generation.

The 2018 IRP stated that it expected SMUD to continue to use all of its fossil-fired power plants through at least 2040 while the use of those power plants would be reduced through the procurement of new renewable energy resources.

Below is a table of power production and GHG emissions for 2018 by power plant. It does not include GHG emissions from purchased power.

<table>
<thead>
<tr>
<th>Power Plant</th>
<th>Rating (MW)</th>
<th>Heat Rate</th>
<th>Production (MWH)</th>
<th>Capacity Factor</th>
<th>CO2 Emissions (Metric Tons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cosumnes</td>
<td>580</td>
<td>6,831</td>
<td>3,998,938</td>
<td>77.4%</td>
<td>1,449,460</td>
</tr>
<tr>
<td>P&amp;G Cogen</td>
<td>120</td>
<td>8,294</td>
<td>599,572</td>
<td>56.9%</td>
<td>263,866</td>
</tr>
<tr>
<td>Carson Ice</td>
<td>57</td>
<td>8,354</td>
<td>266,861</td>
<td>53.1%</td>
<td>118,292</td>
</tr>
<tr>
<td>Campbell</td>
<td>164</td>
<td>8,396</td>
<td>567,276</td>
<td>39.5%</td>
<td>252,723</td>
</tr>
<tr>
<td>P&amp;G Peaker</td>
<td>44</td>
<td>10,566</td>
<td>1,285</td>
<td>0.3%</td>
<td>720</td>
</tr>
<tr>
<td>McClellan</td>
<td>72</td>
<td>13,052</td>
<td>1,728</td>
<td>0.3%</td>
<td>1,197</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>5,435,660</strong></td>
<td></td>
<td><strong>2,086,258</strong></td>
</tr>
</tbody>
</table>
As I understand it, SMUD’s 2018 IRP calls for reducing GHG emissions to 1.35 million metric tons (MMT) by 2030, which would be about a 40% reduction from current levels (2.3 MMT). SMUD would achieve this goal by adding 650 MW of new utility-scale solar and wind which would produce approximately 1,708 GHW annually assuming a capacity factor of 30%. SMUD also expects customers to add 300 MW of behind-the-meter solar which would provide an additional 394 GWH annually assuming a capacity factor of 15%.

These new renewable resources could reduce the operation of SMUD’s fleet of fossil fuel power plants by close to 40%. The annual electricity generation from 650 MW of new wind and solar power plants is more than the current production from the Campbell, P&G and Carson ice power plants combined. However, without additional sources of capacity these plants would still be needed for operation when wind and solar is not available. The most obvious candidate for replacement capacity is energy storage. The 2018 IRP assumes that energy storage technologies will not be cost effective until after 2030 which could provide the reliability services needed to close these fossil fuel power plants. However, that assumption may be out of date.

SMUD assumes that by 2030 energy efficiency savings will roughly offset increased use of electricity for buildings and transportation. However, in the near term energy efficiency will reduce SMUD’s electricity sales as will increased consumer generated electricity. After 2030, electrification accelerates and overall consumption of electricity increases. This increase has the potential to be beneficial both for SMUD and the climate. Accelerating electrification would be even better for SMUD and the climate.

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2025</th>
<th>2030</th>
<th>2035</th>
<th>2040</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy Efficiency</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Savings (GWh)</td>
<td>329</td>
<td>828</td>
<td>1,450</td>
<td>1,776</td>
<td>2,036</td>
</tr>
<tr>
<td>Building Electrification</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(GWh)</td>
<td>7</td>
<td>104</td>
<td>365</td>
<td>702</td>
<td>1,557</td>
</tr>
<tr>
<td>Transportation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Electrification (GWh)</td>
<td>68</td>
<td>341</td>
<td>936</td>
<td>1,991</td>
<td>2,919</td>
</tr>
<tr>
<td>Total (GWh)</td>
<td>(254)</td>
<td>(383)</td>
<td>(149)</td>
<td>917</td>
<td>2,440</td>
</tr>
</tbody>
</table>

Hopefully, this brief summary of the 2018 IRP helps illuminate some of the questions the SMUD Board and the community will want to ask about how SMUD and Sacramento can address the climate emergency. Here are some of the questions I would like to ask.

Can SMUD do better than the 1.35 MMT GHG emission target for 2030? Could SMUD close the inner city fossil fuel plants by procuring energy storage in the near and medium term? Could SMUD help electrify the Sacramento economy faster? How? Would faster electrification improve SMUD’s financial outlook? Could SMUD achieve zero net emissions by 2030 instead of by 2040?

Sincerely,

Ed Smeloff
Ed Smeloff | Senior Director, Grid Integration
ed@votesolar.org | 707.677.2107

Vote Solar
Trinidad, CA
votesolar.org
## BOARD AGENDA ITEM

### STAFFING SUMMARY SHEET

<table>
<thead>
<tr>
<th>TO</th>
<th>TO</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.</td>
<td>7.</td>
</tr>
<tr>
<td>3.</td>
<td>8.</td>
</tr>
<tr>
<td>4.</td>
<td>9. Legal</td>
</tr>
<tr>
<td>5.</td>
<td>10. CEO &amp; General Manager</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Consent Calendar</th>
<th>Yes</th>
<th>No</th>
<th>If no, schedule a dry run presentation.</th>
<th>Budgeted</th>
<th>x</th>
<th>Yes</th>
<th>No</th>
<th>If no, explain in Cost/Budgeted section.</th>
</tr>
</thead>
<tbody>
<tr>
<td>FROM (IPR)</td>
<td>Sandra Moorman</td>
<td>DEPARTMENT</td>
<td>Accounting</td>
<td>MAIL STOP</td>
<td>B352</td>
<td>EXT.</td>
<td>6957</td>
<td>DATE SENT</td>
</tr>
</tbody>
</table>

### NARRATIVE:

**Requested Action:** Provide the Board with SMUD’s financial results for the year-to-date period for 2020.

**Summary:** Staff will present the Board with SMUD’s financial results for the year-to-date period for 2020.

**Board Policy:** GP-3, Board Job Description

**Benefits:** Provide the Board Members with current information on SMUD’s financial condition.

**Cost/Budgeted:** N/A

**Alternatives:** Choose to receive briefing via written report.

**Affected Parties:** Accounting, Planning, Pricing & Enterprise Performance

**Coordination:** Accounting, Planning, Pricing & Enterprise Performance

**Presenter:** Lisa Limcaco, Controller

### Additional Links:

### SUBJECT

Review of SMUD’s Year-to-Date Financial Results

ITEM NO. (FOR LEGAL USE ONLY)

5

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.
TO: Distribution

FROM: Kathy Ketchum / Lisa Limcaco

SUBJECT: MAY 2020 FINANCIAL RESULTS AND OPERATIONS DATA

We are attaching the financial and operating reports for the five months of 2020. They include sales and generation statistics and other selected data.

SMUD’s year-to-date net position increased $19.1 million compared to a $43.9 million decrease projected in the budget. We attribute the favorable variance ($63.0 million) to higher non-operating revenue, higher operating revenues, lower operating expenses and lower interest expense.

We prepared these statements on the accrual basis of accounting, and they conform to generally accepted accounting principles. The bases for the budget amounts are:

1) Budgeted electric revenues are based on the Forecast of Revenues by the Rates Department, adjusted for unbilled revenues; and

2) Budgeted operating expenses reflect the 2020 Budget approved by the Board of Directors on November 21, 2019.

Change in Net Position Year To Date

![Change in Net Position Year To Date Chart]

- 2020 Year-To-Date
- 2020 Budget
- 2019 Year-To-Date
SACRAMENTO MUNICIPAL UTILITY DISTRICT
EXECUTIVE SUMMARY
For the Five Months Ended May 31, 2020

**Net Position**
- SMUD’s net position increased $19.1 million compared to a $43.9 million decrease projected in the budget. We attribute the favorable variance ($63.0 million) to higher non-operating revenue, higher operating revenues, lower operating expenses and lower interest expense.

**Revenues**
- Revenues from sales to customers were $489.9 million, which was $0.9 million (0.2 percent) lower than planned.
  - The variance was due to lower customer usage and higher uncollectible provision, offset by both higher average customer rates per kilowatt-hour and customers.
- Other electric revenues were $12.5 million, which was $2.5 million (16.8 percent) lower than planned.
  - The variance was due to Low Carbon Fuel Standard (LCFS) revenue of $2.4 million that was budgeted; however, actuals are recorded to LCFS revenue.
- Non-cash revenues recognized for SB-1 was $0.2 million, which was $1.5 million (87.4 percent) lower than planned.
- Non-cash revenues transferred to the rate stabilization was $3.9 million for LCFS. Funds are deferred until SMUD has qualified program expenses to recognize revenue.
- Non-cash revenues transferred from the rate stabilization fund was $12.2 million, of which $7.7 million was for Hydro, $3.1 million for AB32 and $1.4 million for LCFS.

**Operating Expenses**
- Purchased power expense of $106.7 million, less surplus power sales of $9.4 million, was $97.3 million, which was $14.0 million (16.7 percent) higher than planned.
  - Purchased power expense was the result of higher quantities purchased of $25.4 million, offset by lower prices of $11.4 million.
- SMUD’s generation was lower by 540 GWh (19.4 percent).
  - Hydro generation was lower by 500 GWh (74.0 percent).
  - JPsAs generation was lower by 16 GWh (0.8 percent).
- Production operations cost of $112.2 million, less gas sales of $31.7 million, was $80.5 million, which was $25.9 million (24.4 percent) lower than planned.
  - Fuel costs, net of gas sales, were $20.6 million lower due to lower fuel prices of $27.3 million and ineffective gas hedges of $0.4 million, offset by higher fuel usage of $7.1 million.
- The “power margin”, or revenues less cost of purchased power, production operations costs and gas hedges included in investment expense was $338.6 million, which was $20.8 million (6.5 percent) higher than planned.
- All other operating expenses were $313.2 million, which was $17.3 million (5.2 percent) lower than planned.
  - Administrative and general expenses were $5.9 million lower which included non-cash adjustment to actuals for GASB 75 OPEB amortization of $4.3 million, 2019 PMP and SMUD awards of $2.7 million, general liability claims reserve reduction of $2.5 million and reduction of workers compensation reserve of $1.1 million, offset by higher GASB 68 pension amortization of $5.9 million. COVID-19 related labor and sequestration stipend expense was $5.8 million.
  - Non-cash depreciation expense was $1.8 million higher, primarily a result of projects capitalized earlier than anticipated.
  - Non-cash depletion expense was $1.6 million lower, due to the sale of Rosa after the preparation of the 2020 budget.

**Non-Operating Revenues and Expenses**
- Other revenue, net was $36.8 million, which was $24.1 million (189.7 percent) higher than planned.
  - The variance was primarily due to higher other income of $17.7 million (primarily due to the dissolution of the RBC CSCDA gas prepay contract of $10.9 million and reimbursement of 2017 winter storms claim of $5.5 million), unrealized holding gains of $3.7 million, interest income of $1.8 million and CIAC revenue of $1.4 million.
- Interest expense was $43.6 million which was $0.3 million (0.6 percent) lower than planned.
## SACRAMENTO MUNICIPAL UTILITY DISTRICT
### STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
#### For the Month Ended May 31, 2020
(thousands of dollars)

<table>
<thead>
<tr>
<th>OPERATING REVENUES</th>
<th>Actual</th>
<th>Budget</th>
<th>Over (Under)</th>
<th>Percent of Increase (Decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales to customers</td>
<td>$ 105,245</td>
<td>$ 103,774</td>
<td>$ 1,471</td>
<td>1.4 %</td>
</tr>
<tr>
<td>Sales of surplus power</td>
<td>2,742</td>
<td>5,004</td>
<td>(2,262)</td>
<td>(45.2)</td>
</tr>
<tr>
<td>Sales of surplus gas</td>
<td>7,116</td>
<td>-</td>
<td>7,116</td>
<td>*</td>
</tr>
<tr>
<td>Public good revenue</td>
<td>331</td>
<td>333</td>
<td>(2)</td>
<td>(0.6)</td>
</tr>
<tr>
<td>SB-1 revenue (deferral)/recognition, net</td>
<td>-</td>
<td>342</td>
<td>(342)</td>
<td>(100.0)</td>
</tr>
<tr>
<td>Other electric revenue</td>
<td>2,412</td>
<td>2,461</td>
<td>(49)</td>
<td>(2.0)</td>
</tr>
<tr>
<td>Revenue from rate stabilization fund</td>
<td>594</td>
<td>-</td>
<td>594</td>
<td>*</td>
</tr>
<tr>
<td>Total operating revenues</td>
<td>118,440</td>
<td>111,914</td>
<td>6,526</td>
<td>5.8</td>
</tr>
</tbody>
</table>

| OPERATING EXPENSES | | | | |
|--------------------| | | | |
| Operations | | | | |
| Purchased power | 24,460 | 26,938 | (2,478) | (9.2) |
| Production | 18,244 | 19,452 | (1,208) | (6.2) |
| Transmission and distribution | 6,260 | 7,302 | (1,042) | (14.3) |
| Customer accounts | 3,876 | 4,738 | (862) | (18.2) |
| Customer service and information | 3,623 | 5,386 | (1,763) | (32.7) |
| Administrative and general | 14,615 | 13,289 | 1,326 | 10.0 |
| Public good | 4,782 | 5,113 | (331) | (6.5) |
| Total operations | 75,860 | 82,218 | (6,358) | (7.7) |
| Maintenance | | | | |
| Production | 2,982 | 5,598 | (2,616) | (46.7) |
| Transmission and distribution | 8,435 | 6,295 | 2,140 | 34.0 |
| Total maintenance | 11,417 | 11,893 | (476) | (4.0) |
| Depreciation | 17,098 | 17,060 | 38 | 0.2 |
| Depletion | - | 323 | (323) | (100.0) |
| Amortization of regulatory asset | 2,774 | 2,928 | (154) | (5.3) |
| Total operating expenses | 107,149 | 114,422 | (7,273) | (6.4) |

| OPERATING INCOME (LOSS) | 11,291 | (2,508) | 13,799 | 550.2 |

<table>
<thead>
<tr>
<th>NON-OPERATING REVENUES AND EXPENSES</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Other revenues/(expenses)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest income</td>
<td>1,626</td>
<td>1,042</td>
<td>584</td>
<td>56.0</td>
</tr>
<tr>
<td>Investment revenue (expense)</td>
<td>(590)</td>
<td>(132)</td>
<td>(458)</td>
<td>(347.0)</td>
</tr>
<tr>
<td>Other income (expense) - net</td>
<td>12,268</td>
<td>759</td>
<td>11,509</td>
<td>*</td>
</tr>
<tr>
<td>Unrealized holding gains (losses)</td>
<td>595</td>
<td>-</td>
<td>595</td>
<td>*</td>
</tr>
<tr>
<td>Revenue - CIAC</td>
<td>1,441</td>
<td>1,145</td>
<td>296</td>
<td>25.9</td>
</tr>
<tr>
<td>Total other revenues</td>
<td>15,340</td>
<td>2,814</td>
<td>12,526</td>
<td>445.1</td>
</tr>
<tr>
<td>Interest charges</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest on long-term debt</td>
<td>9,261</td>
<td>8,507</td>
<td>754</td>
<td>8.9</td>
</tr>
<tr>
<td>Interest on commercial paper</td>
<td>136</td>
<td>273</td>
<td>(137)</td>
<td>(50.2)</td>
</tr>
<tr>
<td>Total interest charges</td>
<td>9,397</td>
<td>8,780</td>
<td>617</td>
<td>7.0</td>
</tr>
</tbody>
</table>

### CHANGE IN NET POSITION

$ 17,234 $ (8,474) $ 25,708 303.4 %

* Equals 1000% or greater.
## OPERATING REVENUES

<table>
<thead>
<tr>
<th>Description</th>
<th>Actual</th>
<th>Budget</th>
<th>Over (Under)</th>
<th>Percent of Increase (Decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales to customers</td>
<td>$ 489,873</td>
<td>$ 490,807</td>
<td>$(934)</td>
<td>(0.2) %</td>
</tr>
<tr>
<td>Sales of surplus power</td>
<td>9,343</td>
<td>25,547</td>
<td>(16,204)</td>
<td>(63.4)</td>
</tr>
<tr>
<td>Sales of surplus gas</td>
<td>31,665</td>
<td>-</td>
<td>31,665</td>
<td>*</td>
</tr>
<tr>
<td>Public good revenue</td>
<td>1,599</td>
<td>1,667</td>
<td>(68)</td>
<td>(4.1)</td>
</tr>
<tr>
<td>SB-1 revenue (deferral)/recognition, net</td>
<td>215</td>
<td>1,708</td>
<td>(1,493)</td>
<td>(87.4)</td>
</tr>
<tr>
<td>LCFS revenue</td>
<td>4,382</td>
<td>-</td>
<td>4,382</td>
<td>*</td>
</tr>
<tr>
<td>Other electric revenue</td>
<td>12,516</td>
<td>15,052</td>
<td>(2,536)</td>
<td>(16.8)</td>
</tr>
<tr>
<td>Revenue to rate stabilization fund</td>
<td>(3,854)</td>
<td>-</td>
<td>(3,854)</td>
<td>*</td>
</tr>
<tr>
<td>Revenue from rate stabilization fund</td>
<td>12,160</td>
<td>-</td>
<td>12,160</td>
<td>*</td>
</tr>
<tr>
<td>Total operating revenues</td>
<td>557,899</td>
<td>534,781</td>
<td>23,118</td>
<td>4.3</td>
</tr>
</tbody>
</table>

## OPERATING EXPENSES

### Operations

<table>
<thead>
<tr>
<th>Description</th>
<th>Actual</th>
<th>Budget</th>
<th>Over (Under)</th>
<th>Percent of Increase (Decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchased power</td>
<td>106,688</td>
<td>108,935</td>
<td>(2,247)</td>
<td>(2.1)</td>
</tr>
<tr>
<td>Production</td>
<td>112,164</td>
<td>106,424</td>
<td>5,740</td>
<td>5.4</td>
</tr>
<tr>
<td>Transmission and distribution</td>
<td>31,736</td>
<td>36,357</td>
<td>(4,621)</td>
<td>(12.7)</td>
</tr>
<tr>
<td>Customer accounts</td>
<td>22,013</td>
<td>24,115</td>
<td>(2,102)</td>
<td>(8.7)</td>
</tr>
<tr>
<td>Customer service and information</td>
<td>21,800</td>
<td>28,412</td>
<td>(6,612)</td>
<td>(23.3)</td>
</tr>
<tr>
<td>Administrative and general</td>
<td>65,087</td>
<td>70,965</td>
<td>(5,878)</td>
<td>(8.3)</td>
</tr>
<tr>
<td>Public good</td>
<td>23,212</td>
<td>26,173</td>
<td>(2,961)</td>
<td>(11.3)</td>
</tr>
<tr>
<td>Total operations</td>
<td>382,700</td>
<td>401,381</td>
<td>(18,681)</td>
<td>(4.7)</td>
</tr>
</tbody>
</table>

### Maintenance

<table>
<thead>
<tr>
<th>Description</th>
<th>Actual</th>
<th>Budget</th>
<th>Over (Under)</th>
<th>Percent of Increase (Decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production</td>
<td>14,024</td>
<td>15,570</td>
<td>(1,546)</td>
<td>(9.9)</td>
</tr>
<tr>
<td>Transmission and distribution</td>
<td>35,651</td>
<td>30,764</td>
<td>4,887</td>
<td>15.9</td>
</tr>
<tr>
<td>Total maintenance</td>
<td>49,675</td>
<td>46,334</td>
<td>3,341</td>
<td>7.2</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>Actual</th>
<th>Budget</th>
<th>Over (Under)</th>
<th>Percent of Increase (Decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Depreciation</td>
<td>85,310</td>
<td>83,540</td>
<td>1,770</td>
<td>2.1</td>
</tr>
<tr>
<td>Depletion</td>
<td>-</td>
<td>1,616</td>
<td>(1,616)</td>
<td>(100.0)</td>
</tr>
<tr>
<td>Amortization of regulatory asset</td>
<td>14,381</td>
<td>14,639</td>
<td>(258)</td>
<td>(1.8)</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>532,066</td>
<td>547,510</td>
<td>(15,444)</td>
<td>(2.8)</td>
</tr>
</tbody>
</table>

## OPERATING INCOME (LOSS)

<table>
<thead>
<tr>
<th>Description</th>
<th>Actual</th>
<th>Budget</th>
<th>Over (Under)</th>
<th>Percent of Increase (Decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total operating expenses</td>
<td>557,899</td>
<td>534,781</td>
<td>23,118</td>
<td>4.3</td>
</tr>
</tbody>
</table>

## NON-OPERATING REVENUES AND EXPENSES

### Other revenues/(expenses)

<table>
<thead>
<tr>
<th>Description</th>
<th>Actual</th>
<th>Budget</th>
<th>Over (Under)</th>
<th>Percent of Increase (Decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest income</td>
<td>7,005</td>
<td>5,158</td>
<td>1,847</td>
<td>35.8</td>
</tr>
<tr>
<td>Investment revenue (expense)</td>
<td>(1,229)</td>
<td>(659)</td>
<td>(570)</td>
<td>(86.5)</td>
</tr>
<tr>
<td>Other income (expense) - net</td>
<td>20,237</td>
<td>2,490</td>
<td>17,747</td>
<td>712.7</td>
</tr>
<tr>
<td>Unrealized holding gains (losses)</td>
<td>3,658</td>
<td>-</td>
<td>3,658</td>
<td>*</td>
</tr>
<tr>
<td>Revenue - CIAC</td>
<td>7,166</td>
<td>5,726</td>
<td>1,440</td>
<td>25.1</td>
</tr>
<tr>
<td>Total other revenues</td>
<td>36,837</td>
<td>12,715</td>
<td>24,122</td>
<td>189.7</td>
</tr>
</tbody>
</table>

### Interest charges

<table>
<thead>
<tr>
<th>Description</th>
<th>Actual</th>
<th>Budget</th>
<th>Over (Under)</th>
<th>Percent of Increase (Decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest on long-term debt</td>
<td>43,099</td>
<td>42,527</td>
<td>572</td>
<td>1.3</td>
</tr>
<tr>
<td>Interest on commercial paper</td>
<td>515</td>
<td>1,364</td>
<td>(849)</td>
<td>(62.2)</td>
</tr>
<tr>
<td>Total interest charges</td>
<td>43,614</td>
<td>43,891</td>
<td>(277)</td>
<td>(0.6)</td>
</tr>
</tbody>
</table>

## CHANGE IN NET POSITION

<table>
<thead>
<tr>
<th>Description</th>
<th>Actual</th>
<th>Budget</th>
<th>Over (Under)</th>
<th>Percent of Increase (Decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CHANGE IN NET POSITION</td>
<td>$ 19,056</td>
<td>$(43,905)</td>
<td>$ 62,961</td>
<td>143.4 %</td>
</tr>
</tbody>
</table>

* Equals 1000% or greater.
SACRAMENTO MUNICIPAL UTILITY DISTRICT
SOURCES AND USES OF ENERGY - COMPARED TO BUDGET
For the Period Ended May 31, 2020

<table>
<thead>
<tr>
<th>Sources of Energy (GWh)</th>
<th>Month</th>
<th>Increase (Decrease)</th>
<th>Year-to-Date</th>
<th>Increase (Decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual</td>
<td>Budget</td>
<td>Percentage</td>
<td>Actual</td>
</tr>
<tr>
<td>Hydro</td>
<td>74</td>
<td>230</td>
<td>(67.8) %</td>
<td>176</td>
</tr>
<tr>
<td>Carson Ice (CVFA)</td>
<td>12</td>
<td>2</td>
<td>500.0</td>
<td>85</td>
</tr>
<tr>
<td>Procter &amp; Gamble (SCA)</td>
<td>42</td>
<td>5</td>
<td>740.0</td>
<td>256</td>
</tr>
<tr>
<td>Campbell Soup Project (SPA)</td>
<td>16</td>
<td>5</td>
<td>220.0</td>
<td>213</td>
</tr>
<tr>
<td>SMUD Financing Authority (SFA)</td>
<td>289</td>
<td>164</td>
<td>76.2</td>
<td>1,329</td>
</tr>
<tr>
<td>Other</td>
<td>55</td>
<td>77</td>
<td>(28.6)</td>
<td>184</td>
</tr>
<tr>
<td><strong>Total net generation</strong></td>
<td><strong>488</strong></td>
<td><strong>483</strong></td>
<td><strong>1.0</strong></td>
<td><strong>2,243</strong></td>
</tr>
</tbody>
</table>

Purchased Power less transmission losses:

<table>
<thead>
<tr>
<th>Source</th>
<th>Actual</th>
<th>Budget</th>
<th>Percentage</th>
<th>Actual</th>
<th>Budget</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Avangrid</td>
<td>7</td>
<td>15</td>
<td>(53.3)</td>
<td>20</td>
<td>42</td>
<td>(52.4)</td>
</tr>
<tr>
<td>Calpine Sutter</td>
<td>38</td>
<td>12</td>
<td>216.7</td>
<td>69</td>
<td>60</td>
<td>15.0</td>
</tr>
<tr>
<td>Feed in Tariff</td>
<td>24</td>
<td>25</td>
<td>(4.0)</td>
<td>81</td>
<td>86</td>
<td>(5.8)</td>
</tr>
<tr>
<td>Grady Wind</td>
<td>79</td>
<td>80</td>
<td>(1.3)</td>
<td>390</td>
<td>415</td>
<td>(6.0)</td>
</tr>
<tr>
<td>Great Valley Solar</td>
<td>19</td>
<td>19</td>
<td>0.0</td>
<td>65</td>
<td>67</td>
<td>(3.0)</td>
</tr>
<tr>
<td>Kiefer - Greenergy</td>
<td>9</td>
<td>10</td>
<td>(10.0)</td>
<td>47</td>
<td>47</td>
<td>0.0</td>
</tr>
<tr>
<td>Pataua</td>
<td>12</td>
<td>13</td>
<td>(7.7)</td>
<td>58</td>
<td>68</td>
<td>(14.7)</td>
</tr>
<tr>
<td>Simpson</td>
<td>26</td>
<td>27</td>
<td>(3.7)</td>
<td>126</td>
<td>106</td>
<td>18.9</td>
</tr>
<tr>
<td>WAPA</td>
<td>108</td>
<td>96</td>
<td>12.5</td>
<td>271</td>
<td>246</td>
<td>10.2</td>
</tr>
<tr>
<td>WSSP and other</td>
<td>218</td>
<td>254</td>
<td>(14.2)</td>
<td>1,338</td>
<td>907</td>
<td>47.5</td>
</tr>
<tr>
<td>Other long term power</td>
<td>23</td>
<td>32</td>
<td>(28.1)</td>
<td>93</td>
<td>121</td>
<td>(23.1)</td>
</tr>
<tr>
<td><strong>Total net purchases</strong></td>
<td><strong>563</strong></td>
<td><strong>583</strong></td>
<td><strong>(3.4)</strong></td>
<td><strong>2,558</strong></td>
<td><strong>2,165</strong></td>
<td><strong>18.2</strong></td>
</tr>
</tbody>
</table>

**Total sources of energy**

<table>
<thead>
<tr>
<th>Actual</th>
<th>Budget</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,051</td>
<td>1,066</td>
<td>(1.4)</td>
</tr>
</tbody>
</table>

**Total uses of energy**

| SMUD electric sales and usage | 817 | 815 | 0.2 | 3,827 | 3,887 | (1.5) |
| Surplus power sales           | 203 | 219 | (7.3) | 839 | 846 | (0.8) |
| System losses                 | 31  | 32  | (3.1) | 135 | 215 | (37.2) |

**Total uses of energy**

<table>
<thead>
<tr>
<th>Actual</th>
<th>Budget</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,051</td>
<td>1,066</td>
<td>(1.4) %</td>
</tr>
</tbody>
</table>

* Change equals 1000% or more.

Net generation is lower than budget for the five-month period.
- Hydro generation is lower than planned (74 percent).
- JPA generation is lower than planned (0.8 percent).

Purchased power, less surplus power sales, is higher than plan (30.3 percent).
### ELECTRIC UTILITY PLANT

<table>
<thead>
<tr>
<th>Description</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plant in service, original cost</td>
<td>$5,282,442</td>
<td>$153,440</td>
</tr>
<tr>
<td>Less accumulated depreciation</td>
<td>2,430,653</td>
<td>144,544</td>
</tr>
<tr>
<td>Plant in service - net</td>
<td>2,851,789</td>
<td>34,893</td>
</tr>
<tr>
<td>Construction work in progress</td>
<td>450,223</td>
<td>281</td>
</tr>
<tr>
<td>Investment in Joint Power Agencies</td>
<td>298,004</td>
<td>12,228</td>
</tr>
<tr>
<td>Total electric utility plant - net</td>
<td>3,600,016</td>
<td>34,828</td>
</tr>
</tbody>
</table>

### RESTRICTED ASSETS

<table>
<thead>
<tr>
<th>Description</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue bond reserves</td>
<td>4,748</td>
<td></td>
</tr>
<tr>
<td>Restricted for payment of debt service</td>
<td>99,165</td>
<td></td>
</tr>
<tr>
<td>JPA funds</td>
<td>8,869</td>
<td></td>
</tr>
<tr>
<td>Nuclear decommissioning trust fund</td>
<td>135,364</td>
<td></td>
</tr>
<tr>
<td>Rate stabilization fund</td>
<td>6,684</td>
<td></td>
</tr>
<tr>
<td>Due (to) from unrestricted funds (decommissioning)</td>
<td>6,684</td>
<td></td>
</tr>
<tr>
<td>Lesse current portion</td>
<td>100,893</td>
<td>(10,501)</td>
</tr>
<tr>
<td>Total restricted assets</td>
<td>159,845</td>
<td>2,840</td>
</tr>
</tbody>
</table>

### CURRENT ASSETS

<table>
<thead>
<tr>
<th>Description</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash, cash equivalents and investments</td>
<td>784,206</td>
<td>5,171</td>
</tr>
<tr>
<td>Unrestricted - collateral obligation</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Restricted</td>
<td>109,893</td>
<td>10,501</td>
</tr>
<tr>
<td>Accounts receivable - net</td>
<td>201,616</td>
<td>3,082</td>
</tr>
<tr>
<td>Energy efficiency loans due within one year</td>
<td>3,020</td>
<td></td>
</tr>
<tr>
<td>Interests receivable</td>
<td>3,113</td>
<td>10,42</td>
</tr>
<tr>
<td>Regulatory costs to be recovered within one year</td>
<td>37,455</td>
<td>45,91</td>
</tr>
<tr>
<td>Inventories</td>
<td>56,741</td>
<td>2,236</td>
</tr>
<tr>
<td>Prepaid gas to be delivered within one year</td>
<td>21,895</td>
<td>807</td>
</tr>
<tr>
<td>Prepaid and payments other</td>
<td>21,895</td>
<td>807</td>
</tr>
<tr>
<td>Total current assets</td>
<td>1,224,888</td>
<td>11,306</td>
</tr>
</tbody>
</table>

### NONCURRENT ASSETS

<table>
<thead>
<tr>
<th>Description</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regulatory costs for future recovery</td>
<td>73,334</td>
<td>3,916</td>
</tr>
<tr>
<td>Bond issues</td>
<td>367,504</td>
<td>367,504</td>
</tr>
<tr>
<td>OPEB</td>
<td>301,234</td>
<td>301,234</td>
</tr>
<tr>
<td>Bond issues</td>
<td>-</td>
<td>948</td>
</tr>
<tr>
<td>Derivative financial instruments</td>
<td>9,016</td>
<td>9,016</td>
</tr>
<tr>
<td>Derivative financial instruments</td>
<td>8,391</td>
<td>8,391</td>
</tr>
<tr>
<td>Prepaid gas</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Prepaid power and capacity</td>
<td>709</td>
<td></td>
</tr>
<tr>
<td>Energy efficiency loans - net</td>
<td>21,338</td>
<td>21,338</td>
</tr>
<tr>
<td>Other</td>
<td>45,369</td>
<td>2</td>
</tr>
<tr>
<td>Total noncurrent assets</td>
<td>826,895</td>
<td>2</td>
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</table>

### TOTAL ASSETS

<table>
<thead>
<tr>
<th>Description</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>$5,811,644</td>
<td>$46,136</td>
<td>$81,389</td>
</tr>
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</table>

### DEFERRED OUTFLOWS OF RESOURCES

<table>
<thead>
<tr>
<th>Description</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accumulated decrease in fair value of hedging derivatives</td>
<td>79,252</td>
<td>-</td>
</tr>
<tr>
<td>Deferred pension outflows</td>
<td>78,516</td>
<td>-</td>
</tr>
<tr>
<td>Deferred OPEB outflows</td>
<td>24,866</td>
<td>-</td>
</tr>
<tr>
<td>Deferred ARO outflows</td>
<td>1,820</td>
<td>-</td>
</tr>
<tr>
<td>Unamortized bond losses</td>
<td>15,239</td>
<td>-</td>
</tr>
<tr>
<td>TOTAL DEFERRED OUTFLOWS OF RESOURCES</td>
<td>197,873</td>
<td>1,820</td>
</tr>
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</table>

### TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

<table>
<thead>
<tr>
<th>Description</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>$6,099,517</td>
<td>$47,956</td>
<td>$81,389</td>
</tr>
<tr>
<td>LIABILITIES AND NET ASSETS</td>
<td>SMUD</td>
<td>CVFA</td>
</tr>
<tr>
<td>----------------------------</td>
<td>------</td>
<td>------</td>
</tr>
<tr>
<td><strong>LONG-TERM DEBT - NET</strong></td>
<td>$2,543,947</td>
<td>$ -</td>
</tr>
<tr>
<td><strong>CURRENT LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercial paper notes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>66,466</td>
<td>1,145</td>
</tr>
<tr>
<td>Purchased power payable</td>
<td>60,607</td>
<td>1,026</td>
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<tr>
<td>Credit support collateral obligation</td>
<td>533</td>
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<tr>
<td>Long-term debt due within one year</td>
<td>92,920</td>
<td></td>
</tr>
<tr>
<td>Accrued decommissioning</td>
<td>5,649</td>
<td></td>
</tr>
<tr>
<td>Interest payable</td>
<td>26,146</td>
<td></td>
</tr>
<tr>
<td>Accrued salaries and compensated absences</td>
<td>33,298</td>
<td></td>
</tr>
<tr>
<td>Derivative financial instruments maturing within one year</td>
<td>37,980</td>
<td></td>
</tr>
<tr>
<td>Customer deposits</td>
<td>23,519</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>23,573</td>
<td></td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>370,691</td>
<td>2,203</td>
</tr>
<tr>
<td><strong>NONCURRENT LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accrued decommissioning - net</td>
<td>75,700</td>
<td>8,529</td>
</tr>
<tr>
<td>Derivative financial instruments</td>
<td>52,111</td>
<td></td>
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<tr>
<td>Net pension liability</td>
<td>467,648</td>
<td></td>
</tr>
<tr>
<td>Net OPEB liability</td>
<td>32,211</td>
<td></td>
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<tr>
<td>Other</td>
<td>88,762</td>
<td></td>
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<tr>
<td><strong>Total noncurrent liabilities</strong></td>
<td>716,432</td>
<td>8,529</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td>3,631,070</td>
<td>10,732</td>
</tr>
<tr>
<td><strong>DEFERRED INFLOWS OF RESOURCES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accumulated increase in fair value of hedging derivatives</td>
<td>15,306</td>
<td></td>
</tr>
<tr>
<td>Deferred pension inflows</td>
<td>36,977</td>
<td></td>
</tr>
<tr>
<td>Deferred OPEB inflows</td>
<td>36,760</td>
<td></td>
</tr>
<tr>
<td>Regulatory credits</td>
<td>479,715</td>
<td></td>
</tr>
<tr>
<td>Unamortized bond gains - other</td>
<td>6,047</td>
<td></td>
</tr>
<tr>
<td>Unearned revenue</td>
<td>3,601</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL DEFERRED INFLOWS OF RESOURCES</strong></td>
<td>578,406</td>
<td></td>
</tr>
<tr>
<td><strong>NET POSITION</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at beginning year</td>
<td>1,777,144</td>
<td>38,724</td>
</tr>
<tr>
<td>Net increase (decrease) for the year</td>
<td>22,897</td>
<td>(1,500)</td>
</tr>
<tr>
<td>Member contributions (distributions) - net</td>
<td></td>
<td>46</td>
</tr>
<tr>
<td><strong>TOTAL NET POSITION</strong></td>
<td>1,800,041</td>
<td>37,224</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</strong></td>
<td>$6,009,517</td>
<td>$47,956</td>
</tr>
</tbody>
</table>

*Numbers may not add across due to elimination entries not shown on this sheet.
<table>
<thead>
<tr>
<th>Requested Action:</th>
<th>Provide the Board with SMUD’s current Power Supply Costs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Summary:</td>
<td>Staff will present the Board with SMUD’s Power Supply Costs for the year-to-date period for 2020.</td>
</tr>
<tr>
<td>Board Policy:</td>
<td>GP-3</td>
</tr>
<tr>
<td>(Number &amp; Title)</td>
<td></td>
</tr>
<tr>
<td>Benefits:</td>
<td>Provides the Board Members with current information on power supply costs for SMUD.</td>
</tr>
<tr>
<td>Cost/Budgeted:</td>
<td>n/a</td>
</tr>
<tr>
<td>Alternatives:</td>
<td>None</td>
</tr>
<tr>
<td>Affected Parties:</td>
<td>Planning, Pricing &amp; Enterprise Performance</td>
</tr>
<tr>
<td>Coordination:</td>
<td>Planning, Pricing &amp; Enterprise Performance</td>
</tr>
<tr>
<td>Presenter:</td>
<td>Jennifer Davidson</td>
</tr>
<tr>
<td>Additional Links:</td>
<td></td>
</tr>
</tbody>
</table>
NARRATIVE:

Requested Action: Allow the Board’s Consultant, Eric Douglas, to conduct a Holistic Policy Review of GP-2 Governance, GP-3 Board Job Description, and GP-7 Guidelines for Board Member Behavior.

Summary: The Board requested a presentation on and discussion of its policies to be done in a holistic fashion. This discussion will allow the Board to view multiple policies in this session and help them determine which policies have language in need of refinement and allow them an opportunity to discuss potential policy changes.

Board Policy:

(Number & Title) GP-2 Governance Focus states the Board will discuss and evaluate its performance.

Benefits: Having this discussion will give the Board members an opportunity to review, edit, and update language in the policies that are under review.

Cost/Budgeted: N/A

Alternatives: Table this discussion for a later time.

Affected Parties: Board of Directors

Coordination: Donna Lofton, Special Assistant to the Board and Eric Douglas, Board Consultant

Presenter: Eric Douglas, Board Consultant

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

Specifically:

a) The Board will cultivate a sense of group responsibility. The Board will be responsible for excellence in governing. The Board will be an initiator of policy. The Board will use the expertise of individual members to enhance the ability of the Board as a body.

b) The Board will direct, evaluate and inspire the organization through the establishment of written policies reflecting the Board’s values. The Board’s major policy focus will be on SMUD’s intended impacts outside the organization, not on the administrative or programmatic means of achieving those effects.

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

Monitoring Method: Board Report
Frequency: Semi-Annual
The specific job duty of Board members as elected representatives is to ensure appropriate organizational performance.

Specifically, the Board shall:

a) Produce and maintain written policies that ensure high quality of governance and clear roles in decision-making between Board and staff.

b) Regularly monitor and evaluate the performance of the General Manager.

c) Seek to understand the strategic viewpoints and values of our customers, owners, the community and other interested stakeholders.

d) Develop and adopt Strategic Directive policies for SMUD that define the outcomes the Board wants SMUD to achieve.

e) Conduct a comprehensive review of the Strategic Directives every three years (or sooner, if circumstances warrant) commencing in 2013. Review the Strategic Directives regularly, on the timetable specified in each policy, and communicate to the General Manager whether the Board finds SMUD to be in compliance. For the purpose of this policy, compliance is defined as substantially meeting the requirements of the Strategic Directive.
f) Adopt the SMUD budget on an annual basis.

g) Serve as ambassadors for SMUD and build relationships throughout SMUD’s service territory and the region.

h) Contract with an external independent auditor to audit SMUD’s finances and procedures; such audits are to be performed on an annual basis.

i) Set the rates, rules and regulations for services and commodities provided by SMUD.

j) Take such other actions as may be required by law.

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

Specifically:

a) Board members shall conduct themselves in accordance with all laws.

b) Board members should conduct themselves with civility and respect at all times with one another, with staff, and with members of the public.

c) Board members are expected to demonstrate loyalty to the interests of SMUD owners and ratepayers. This supersedes any conflicting loyalty such as that to advocacy or interest groups and membership on other Boards or staffs. It also supersedes the personal interest of any Board member acting as a consumer of the organization’s activities.

d) Board members may not attempt to exercise individual authority over the organization except as explicitly set forth in Board policies.

i) Board members must recognize the lack of authority vested in them as individuals in their interactions with the General Manager or with staff, except where explicitly Board authorized.
ii) In their interactions with the public, press or other entities, Board members should recognize the same limitation and the inability of any Board member to speak for the Board or for other Board members except to repeat explicitly stated Board decisions.

e) Board members shall at all times endeavor to express their individual opinions in a responsible manner, without causing harm to SMUD, to SMUD’s owners and customers, or to other Board members and staff.

i) Each member of the Board is expected to support the legitimacy and authority of the decisions of the Board concerning any matter, irrespective of the member’s personal position.

ii) Board members retain the right to criticize the decisions of SMUD, but in doing so should make it clear that it is their opinion, and not the opinion of the Board or other Board members, and so long as it complies with the limitations set forth in these policies. Board members are encouraged to notify the General Manager in advance when they plan to speak publicly in opposition to SMUD decisions and policies.

f) Members should prepare themselves for Board deliberations.

g) Board members shall discourage former Board members from attempting to influence the Board, individual Board members or staff, on behalf of any third party (other than a governmental entity) from whom the former Board member is receiving compensation, on any matter that the former Board member substantially participated in during his or her tenure with the Board. This provision shall not apply to: (i) communications by a former Board member acting in his or her capacity as an individual or ratepayer and for which the Board member receives no compensation; or (ii) communications with a former Board member who has not been a Board member for more than two years.

Monitoring Method: Board Report
Frequency: Semi-Annual
TO
1. Claire Rogers
2. Nicole Howard
3. Paul Lau
4. Jennifer Davidson
5. Erik Krause

TO
6. 
7. 
8. 
9. Legal
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 |
Erik Krause | Retail Products Delivery and Sales (RPDS) |
MAIL STOP | EXT. | DATE SENT |
A102 | 7152 | 6/09/2020 |

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


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.”

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: Erik Krause

Additional Links:
Audit and Quality Services (AQS) reviewed the SD-13 Economic Development 2019 Annual Board Monitoring Report and performed the following:

- Reviewed the information presented in the report to determine the possible existence of material misstatements;
- Interviewed report contributors and verified the methodology used to prepare the monitoring report; and
- Validated the reasonableness of a selection of the report’s statements and assertions.

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

CC:
Arlen Orchard
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 2019, we continued our visible support for and engagement with the business community. We developed key partnerships to support a shared vision, to deliver greater collective impact and an inclusive economy. Additionally, we continue to focus our economic development support through SMUD’s Sustainable Communities Initiative. With Sustainable Communities, we’re aligning our programs, goals and investments around supporting healthy, vibrant and economically sustainable neighborhoods for ALL of our customers with a special eye to improving equity in our region.

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:

- Supporting the developer community.
- Ensuring our commercial and industrial service connection costs are in-line with other West Coast electric utilities.
- Supporting business formation, attraction, retention and expansion efforts.
- Providing business development resources for entrepreneurs.
- Improving the Supplier Education and Economic Development (SEED) contracting program for local small businesses.
- Continuing to offer and enhance economic development rates.
- Providing program energy efficiency and electrification incentives and rebates.
• Expanding partnerships with local agencies and non-profits to facilitate community development.

• Broadening support of the region’s emerging innovation ecosystem, including the California Mobility Center.

• Deploying significant resources to support a Sustainable Communities plan that can be replicated and measured for effectiveness and impact.

Establishing and sustaining an innovation ecosystem that translates to entrepreneurial success is essential to driving meaningful societal and business impacts within the region. This is why SMUD continues to grow and evolve our engagement with key organizations like CleanStart, Hacker Lab, InnoGrove, Startup Sac, and Urban Hive. The Entrepreneurs Campus’ Global Venture Impact Summit offered the opportunity to develop a new SMUD Challenge competition and showcased our efforts to drive new business initiatives. Furthermore, this work creates continued opportunities to leverage SMUD’s research and development and New Business Development efforts to advance strategic goals and objectives of the company.

Through outreach and education, SMUD’s Supplier Education and Economic Development (SEED) team teaches local small businesses how to contract with SMUD and positively impact their bottom line. SEED offers incentives to local small businesses that participate in SMUD’s competitive bid process. It also helps prime contractors find local sub-contractors, which helps them gain a competitive edge when developing their bids or proposals. In 2019, the SEED program partnered with Supply Chain Services, conducting a variety of outreach and education events and awarding 33.81% of SMUD’s contracts to SEED-certified small businesses, exceeding the Board-established goal of 20%. One hundred eighty-four (184) SEED contracts were awarded in 2019, totaling $130,026,977.

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

Business attraction was a key economic development focus in 2019. We participated in 23 new business attraction, retention and expansion projects. Our work supported five wins and the creation of an estimated 525 jobs within our service area. Projects included a large video game developer from the Bay Area, another arm of Amazon, and a dental implant manufacturer from the Northern Bay Area. To cultivate additional projects, SMUD participated in eight business attraction, retention and expansion missions and tradeshows in and outside of California, including Select USA with the Governor’s Office of Business and Economic Development in Washington D.C. Staff engaged with site selection consultants and key attraction prospects at conferences hosted by groups including the Site Selectors Guild and the Industrial Asset Management Council.
3. Information about our 2019 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.

Electrification and transportation continue to be strategic areas of focus for SMUD, as well as the public power industry in general. This year, SMUD utilized its relationships with Hacker Lab, CleanStart, and the Impact Global Venture Summit to promote awareness, innovation and job creation with local startups to address these challenges. From growing participation in CleanTech meetups, to showcasing the opportunity of the California Mobility Center (CMC), these efforts are increasing investments to develop new solutions in these areas.

The New Business Development (NBD) Team introduced four new business opportunities to the Executive Committee. The Committee decided to proceed with the planning and implementation of the EV Charging as a Service. The Committee also decided to proceed with the feasibility and implementation phases of the California Mobility Center (CMC). The NBD Team helped incorporate CMC as a non-profit entity in California. Late 2019, they also started working on implementation activities with the focus of making the CMC operational in 2020.

This year, the cross-collaboration with Sustainable Communities and Economic Development resulted in a deeper impact in our relationship with Hacker Lab, increasing our investment in their startup and entrepreneur’s program while also broadening our reach with support of their Pathways program to drive innovation in underserved communities. Detailed information about our 2019 partnerships that promote innovation is provided in Appendix A.

SMUD continues to effectively balance our goal of fostering innovation with our commitment to keeping rates low. SMUD’s average rates will remain competitive even after the adopted rate increases for 2020 and 2021. In 2019, SMUD’s system average rate was 36.5% below PG&E. On December 13, 2018, PG&E filed its 2020 General Rate Case application with the CPUC requesting a 6.8% electric revenue increase in 2020, which includes the Tax Act reduction. 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

Business attraction is a key regional priority. SMUD plays a critical role in GSEC with SMUD’s CEO serving on its Executive Committee and staff members serving as active members of its Economic Development Directors’ Task Force. Through these roles, SMUD provided indirect support in the attraction of five companies that will create 525 jobs in SMUD’s service territory. Detailed information about SMUD’s role in key regional economic development organizations is provided in Appendix B.

To promote workforce and equitable economic and community development, SMUD continues targeting economic development, community/environmental health, and neighborhood outreach activities in vulnerable and disadvantaged communities through its Sustainable Communities initiative. SMUD has invested over $3 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.
SMUD demonstrated leadership in several regional business advocacy programs to Washington D.C. in 2019. SMUD had a strong representation during the Metro Chamber’s 49th Annual Cap-to-Cap program where the Board and staff advocated for a number of issues, including air quality, electric vehicles and climate change. SMUD played a key role in executing the 3rd Annual Capital Region Executive Leadership Mission hosted by Congresswoman Matsui, chaired by City of Sacramento Mayor Steinberg, and organized by the Sacramento Asian Pacific Chamber of Commerce, GSEC, SACOG and the Building Trades. Also, SMUD staff spoke on a panel at the Congressional Black Caucus to promote economic development in underserved communities.

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

In addition to our 23 new attraction, retention and expansion projects, staff cultivated potential projects by conducting and participating in 9 missions and tradeshows during 2019.

The Commercial Development team actively engaged with 240 commercial, mixed-use and residential project developers throughout our service territory.

Staff from numerous departments partnered with the Sacramento Metro Chamber and the Capital Region Small Business Development Center (SBDC). To support the creation and growth of small businesses, the SBDC helped 36 businesses start up, retained 2,539 jobs, created 474 new jobs and helped businesses access $15.5 million in capital during 2019.

The Revenue Operations, DG Interconnections team continued to partner with various local agencies and chambers to provide energy efficiency expertise for prospective, proposed, and existing customer startups related to the Indoor Cultivation industry in the greater Sacramento area. In 2019 we offered insight and education to the first Cannabis Opportunity Reinvestment and Equity (CORE) cohort hosted by the Greater Sacramento Urban League. We were able to better explain the process new business owners need to complete for permitting and permission to operate. We demonstrated differences in lighting options, rebates available, and the potential for cost savings through energy efficiency in the Indoor Cultivation facilities. Also, the Cannabis Operations team monitors all existing Indoor Cultivation Rule 16 projects for progress and works to keep Grid Assets and Grid Operations teams aware if dates are going to change. Once operational the team monitors the customer load and provides insight to lighting irradiation levels within their facilities, and ways to effectively use their energy to reduce operational costs.

d) SMUD shall offer economic development rates and program incentives

In 2019, 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, multifamily developments about its Smart Homes program offerings and incentives for All Electric and SolarShares.

Our Small and Midsize Business (SMB) Team actively engaged with 3,712 customers, providing personalized assistance and tailored energy advice and solutions, to meet the individual customer needs. SMB customers took advantage of a variety of SMUD incentive
programs, including Express Energy Solutions, Complete Energy Solutions and the Custom Incentive Program.

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 sub-contractors to gain an advantage in developing their bids or proposals.

Our SEED team held 12 workshops, orientations or panel discussions and coordinated participation in over 112 outreach events, reaching approximately 13,750 people with information about SEED.

SMUD’s annual goal is to award 20% of all contracts to certified small businesses. We exceeded that goal in 2019, awarding 33.81% of contracts to SEED qualified vendors, totaling $130,026,977.

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

For more information about our 2019 efforts to promote our SEED program and achievement of our SEED goals, please see Appendix E.

4. **Challenges:** The regulatory climate in California, particularly the costs of doing business and regulatory compliance, are often cited as reasons why companies choose to locate in other states.

Additionally, the Sacramento Area saw a very low vacancy rate for industrial real estate in 2019, which hindered our ability to attract large employers. With limited new construction and the start of the cannabis market, it is projected to continue on this path.

SMUD is actively working with regional and state partners, such as GSEC, GO-Biz and the California Association of Local Economic Development, to address the state and local regulatory challenges that limit our ability to attract or develop new businesses.

5. **Recommendation:** It is recommended that the Board accept the Monitoring Report for SD-13, Economic Development.
SMUD shall promote innovation while maintaining rate affordability and balancing the other strategic directions.

In a healthy innovation ecosystem, resources invested in the knowledge economy through private, government, or direct business investment are subsequently replenished by innovation-induced profit increases in the commercial economy. SMUD’s approach to innovation includes investments in the knowledge economy that complement business development efforts.

For corporations and startups alike, achieving success and growth depends on a support network and ecosystem in which to collaborate. SMUD’s strategy 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. The following outlines key 2019 developments in the partnerships Economic Development and Partnerships supports in the innovative entrepreneurship ecosystem:

**Hacker Lab** is an all-in-one makerspace, coworking facility and workforce incubator that has come to be one of the most recognized centers for innovation in the region. As such, SMUD continues to invest in their programs end-to-end, including their maker education programs, entrepreneurship business accelerator (StartUp Hustle), as well as their 8-month long career pathway development program to support the dreams of underserved Sacramentans. SMUD also leveraged its collaborative relationships with the region to begin a dialogue between Hacker Lab, Volunteers of America, the City of Rancho Cordova and the Rancho Cordova Chamber of Commerce to deepen and expand the program offerings within the Rancho Cordova Hacker Lab facility.

Hacker Lab’s programs continue to provide amazing impact within our region. Hacker Lab supported 424 new companies in our region during 2019, in industries including information & communication technology, health, food & agriculture and advanced manufacturing. Hacker Lab trained more than 2,160 people in diverse course offerings including 3D printing, business entrepreneurship, robotics, and, electronics. We also featured Gina Lujan, Co-Founder of Hacker Lab, and Retail Products Delivery and Sales Director Erik Krause in an innovation-themed ad campaign launched in 2019.

Our partnership with **InnoGrove** in the southern service area continues to provide support for their STEM-related summer camps and other programs throughout the academic year. These camps, focused on students ages 8 to 15, utilized Construct 2, a free game design tool, to give students the ability to continue their game design and development on their own home PCs as well as learning in the class. Students were also able to use the PodPi comics-based system to learn programming and robotics principals as well as standardized languages JavaScript and Arduino. Infusing these marketable skills into our region’s youth, utilized by innovators around the globe, helps ensure our innovation ecosystem will continue to grow and thrive. InnoGrove’s ongoing sponsorship includes a seat on their Board of Directors, as well as access to their co-working facilities and other visibility and recognition benefits.

Another region-wide partnership, **CleanStart Inc.**, continued working to build the clean tech hub in the Sacramento region. Through SMUD’s partnership the organization was not only able to continue publication of their annual progress report for the region’s Clean Tech industry, but grow their monthly meetup program, as well as restart their Clean Tech Showcase after a five-year hiatus. The Showcase highlighted 18 up-and-coming companies from the area, innovation in clean tech and the $50 million of new investment in our region’s startup ecosystem. Their monthly meetup program focused on cleantech topics such as mobility, solar & micro grids and energy
efficiency and featured four presentations by SMUD board members, senior leadership, and CEO Arlen Orchard.

Our expanded partnership with the **Entrepreneurs Campus** helped grow their annual Global Venture Impact Summit event, resulting in 200 mentor matches, 25 startup exhibitors, and a new SMUD challenge. This challenge offered local college student teams the opportunity to innovate on mobility issues affecting our region, creating potential solutions.

Our partnership with **Startup Sac** continues into its second year. They are engaged in the acceleration of Sacramento’s startup and innovation ecosystem through educating, empowering and connecting startups to founders and innovators, and are involved in many local activities, including Startup Sac Happy Hour presentation and networking sessions, and Warm-Up Pitch events for local entrepreneurs seeking investment capital.

SMUD also holds a membership at The Urban Hive, a coworking community and shared workspace supporting entrepreneurs, designers, changemakers and creators, in their Cannery facilities off Alhambra Blvd.

**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 10 years. On a system average basis, SMUD’s system average rates have averaged 28% below PG&E’s since 2010.

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

<table>
<thead>
<tr>
<th>Customer</th>
<th>Rate Categories</th>
<th>Average Annual Rate</th>
<th>Difference Below PG&amp;E*</th>
<th>Difference Below PG&amp;E*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class</td>
<td>Description</td>
<td>PG&amp;E</td>
<td>SMUD</td>
<td>2019</td>
</tr>
<tr>
<td>Residential</td>
<td>Standard E-1</td>
<td>$0.2505</td>
<td>$0.1509</td>
<td>-39.8%</td>
</tr>
<tr>
<td></td>
<td>Low Income CARE**</td>
<td>$0.1471</td>
<td>$0.0997</td>
<td>-32.2%</td>
</tr>
<tr>
<td>All Residential</td>
<td></td>
<td>$0.2205</td>
<td>$0.1439</td>
<td>-34.7%</td>
</tr>
<tr>
<td>Small Commercial****</td>
<td>&lt;= 20 kW A-1</td>
<td>$0.2572</td>
<td>$0.1502</td>
<td>-41.6%</td>
</tr>
<tr>
<td></td>
<td>21 - 299 kW A-6</td>
<td>$0.2456</td>
<td>$0.1391</td>
<td>-43.4%</td>
</tr>
<tr>
<td>Medium Commercial****</td>
<td>300 - 999 kW E-19 TOU-2</td>
<td>$0.2265</td>
<td>$0.1305</td>
<td>-42.4%</td>
</tr>
<tr>
<td></td>
<td>500 - 999 kW E-19 TOU-2</td>
<td>$0.2006</td>
<td>$0.1227</td>
<td>-38.8%</td>
</tr>
<tr>
<td>Large Commercial****</td>
<td>=&gt; 1 MW E-20</td>
<td>$0.1598</td>
<td>$0.1038</td>
<td>-35.1%</td>
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<tr>
<td>Lighting</td>
<td>Traffic Signals TC-1</td>
<td>$0.2453</td>
<td>$0.1178</td>
<td>-52.0%</td>
</tr>
<tr>
<td></td>
<td>Street Lighting various SLS,NLGT</td>
<td>$0.2614</td>
<td>$0.1302</td>
<td>-50.2%</td>
</tr>
<tr>
<td></td>
<td>Agriculture AG &amp; Pumping AG ASN/D,AON/D</td>
<td>$0.2162</td>
<td>$0.1332</td>
<td>-38.4%</td>
</tr>
<tr>
<td>System Average</td>
<td></td>
<td>$0.2109</td>
<td>$0.1340</td>
<td>-36.5%</td>
</tr>
</tbody>
</table>

** CARE vs. EAPR includes EAPR & EAPRMED customers.
*** Commercial rates include WAPA credits. The revenue forecast does not consider economic development discounts for year 2019.

As shown in Figure 1, the rate competitiveness by class varies for the different customer classes and is at least 32.2% below comparable PG&E class average rates. Since the creation of this annual 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.

Throughout 2019, 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:

- Align Capital Region, Board of Directors
- Business Environmental Resource Center, Advisory Committee
- California Capital, Loan Advisory Committee
- Capital Region Executive Leadership Mission, Steering Committee
- Capital Region Prosperity Plan, Steering Committee
- Carmichael Chamber of Commerce, Board President
- Capital Region Small Business Development Center, Advisory Board
- Downtown Sacramento Partnership, Board of Directors
- Folsom Tourism and Economic Development Corporation, Board
- Greater Sacramento Economic Council, Board of Directors
- Greater Sacramento Economic Council, Economic Development Directors Taskforce
- Greater Sacramento Urban League, Board of Directors
- Grow Sacramento Fund, Loan Advisory Committee
- Hacker Lab, Board of Directors
- InnoGrove, Board of Directors
- Metro EDGE, Leadership Council
- Midtown Business Association, Board of Directors
- North State Building Industry Association, Board of Directors
- North Sacramento Chamber of Commerce, Board of Directors
- Power Inn Alliance, Board President
- Power Inn Alliance, Planning & Business Development Committee
- Sacramento Construction Management Education Foundation, Executive Committee
- Sacramento Asian Pacific Chamber of Commerce, Board of Directors
- Sacramento Asian Pacific Chamber of Commerce, Internal Study Mission
- Sacramento Black Chamber of Commerce, Board of Directors
- Sacramento Employment and Training Agency, Board
- Sacramento Metro Chamber of Commerce, Executive Committee
- Sacramento Metro Chamber, Study Mission Steering Committee
- Sacramento Metro Chamber, Cap-to-Cap Economic Development Team
- Sacramento Public Agency Consortium, Member
- Urban Land Institute, Board President
- Valley Vision, Executive Committee

Capital Region Prosperity Plan:

SMUD was a funding partner and Steering Committee member for development of the Capital Region Prosperity Plan. The plan was the direct result of the Brookings analysis conducted in 2018 and included strategic growth plans for the leading regional economic clusters (Life
Sciences, Food & Agriculture and Advanced Mobility); informed the region’s Metropolitan Transportation Plan investment priorities; and was the basis for an updated Comprehensive Economic Development Strategy (CEDS) for the region, which is a necessary step in maintaining regional eligibility for competitive grant funding from the U.S. Economic Development Administration (U.S. EDA).

**Sustainable Communities Initiative:**

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

An important corollary to Sustainable Communities is our 20-year, $7 billion investment plan to dramatically cut our region’s carbon footprint, improve air quality, and support inclusive economic development. As an example, the plan calls for a $2 billion investment in building and transportation electrification. A recent Brookings report prompted us to dramatically rethink how we provide value to the communities we serve. Brookings found that 34 percent of our residents live in households that don’t earn enough to cover basic expenses.

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

SMUD is partnering with several leading businesses to increase the use of solar in public places, particularly in underserved communities. The project will educate up to 200 students in the hands-on technical skills needed to install solar trees being placed across the Sacramento region. Each solar tree produces nearly 5,000 kilowatt-hours of solar energy, reducing carbon dioxide emissions by 3.4 metric tons. That’s equivalent to planting 58 trees.

Partnering with us are the Sacramento Promise Zone Collaborative, the Sacramento Black Chamber of Commerce, the Greater Sacramento Urban League, the Sacramento Kings, Baker Energy Team, UC Davis and Spotlight Solar.

In its third year, the SMUD Shine awards program continued to promote neighborhood improvements and encourage community development across our region, awarding more than $400,000 to 19 organizations.

The Stockton Boulevard Partnership is receiving up to $15,000 for their Block by Block Program. The Block by Block program will enhance the physical environment of Stockton Boulevard in order to reduce criminal activity and encourage a safe environment for businesses to thrive and residents and patrons to live, work, and play.

Lastly, the Sacramento Asian Pacific Chamber of Commerce partnered with the Sacramento Hispanic, Rainbow, Black Chambers, as well as with SMUD and Wells Fargo, to highlight the diversity of Sacramento with an art exhibit at the Sacramento International Airport. This interactive exhibit — *This is Sacramento* — features artwork from local artists and provides a pathway for emerging artists to grow their careers and display their artistic interpretations of Sacramento to visitors to Sacramento and their own neighborhoods. The exhibit is located on the third floor of Terminal B and includes murals, sculptures and multimedia displays. Phase 2 will expand into neighborhoods with a total of six to eight art installations.
SMUD shall assist in retaining, recruiting and growing commercial and industrial rate-paying customers.

Projects announced in 2019 include 5 new companies creating 525 new jobs:

- **EA Sports** – The expansion of this company in Midtown created 200 new jobs.
- **Metro Mail** – A consolidation and expansion in Natomas creating 100 new Sacramento jobs.
- **Amazon** – Another arm of this company opened a division at SMF for better distribution creating 100 jobs.
- **El and El Woodworks** – An expansion of an existing Galt company creating 75 jobs.
- **Dental Masters** – A Bay Area dental implant manufacturer opened a site in Sacramento County creating 50 jobs.

Below is a list of the strategic business attraction and expansion missions and tradeshows that staff supported and/or attended in 2019, targeting industries of regional importance to the Sacramento economy and our local partners.

<table>
<thead>
<tr>
<th>CA Association for Local Economic Development</th>
<th>March</th>
<th>Anaheim, CA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial Asset Management Council</td>
<td>May</td>
<td>Santa Barbara, CA</td>
</tr>
<tr>
<td>Site Selector Guild</td>
<td>May</td>
<td>Salt Lake City, UT</td>
</tr>
<tr>
<td>Area Development</td>
<td>June</td>
<td>Charlotte, NC</td>
</tr>
<tr>
<td>Select USA</td>
<td>June</td>
<td>Washington, D.C.</td>
</tr>
<tr>
<td>Site Selector Guild</td>
<td>September</td>
<td>Plano, TX</td>
</tr>
<tr>
<td>Industrial Asset Management Council</td>
<td>September</td>
<td>Milwaukee, WI</td>
</tr>
<tr>
<td>Area Development – Women in Economic Development</td>
<td>October</td>
<td>Chicago, IL</td>
</tr>
<tr>
<td>Area Development</td>
<td>December</td>
<td>Houston, TX</td>
</tr>
</tbody>
</table>

**Business Walks:** There were several business walks in 2019 organized and hosted by a variety of local chamber organizations. The SMB team supported over 50 Chamber and PIB events throughout 2019, including the Business Walks listed below:

- March – Folsom Chamber of Commerce Business Walk
- May – Mack Road Partnership Business Walk
- September – Folsom Chamber of Commerce Business Walk
- September – Downtown Sacramento Business Walk
- October – Arden Arcade Business Walk
- October – Citrus Heights Chamber of Commerce Business Walk
- October – Vietnamese Chamber of Commerce Business Walk

While the Business Walks successfully meet with over a hundred business customers, the SMUD personnel associated are able to meet with between 20-40 business customers on each Walk, introducing them to our suite of products to support their success.
In 2019, the Small and Midsize Business (SMB) team of Strategic Account Advisors (SAA) engaged with the community by supporting business walks and presenting SMUD programs at a variety of events.

SMB SAA’s Presented at:
- Oak Park Business Association
- Metro Chamber of Commerce
- Midtown Business Association
- CAAPS New Member Orientation
- CAAPS Sacramento Business Exchange Networking
- SMUD Business Advisory Council
- Rancho Cordova Chamber New Member Orientation
- Sacramento Rainbow Chamber SacPAC Meeting
- NAWBO New Member Orientation
- Galt Chamber of Commerce
- California Capital Procurement Technical Assistance Center
- Sacramento Asian Chamber New Member Orientation

Additionally, the SMB team created, organized, and participated in a Commercial Blitz; where 27 SMUD employees from Commercial Delivery, Energy Advisor, SEED and Interconnections teams ventured out into the community to engage with Small and Midsize business customers. The Blitz was built around a quarterly message; Easy Business Tools. The Easy Business Tools message educated customers to the benefits of SMUD My Account, the variety of billing and payment options available to Small and Midsize businesses, as well and the Collective Billing option. The messaging also included information on how a customer could connect with their personal Strategic Account Advisor. This Blitz resulted in over 300 interactions of Small and Midsize businesses with SMUD experts and SAA’s. The Blitz provided approximately 100 new “leads” for SMB SAA’s to follow up on.

Commercial Development: Over the course of 2019, our Commercial Development team actively engaged with approximately 240 commercial, mixed-use and residential project developers throughout our service area. Some highlights include:
- Completed three developer and builder workshops to promote new SMUD program offerings;
- Provided strategic outreach on SMUD bundled programs to developers and builders.
- Completed a second developer and home Builder Breakfast;
- Managing the Statewide Community Infrastructure Program (SCIP) which allows development projects to levy property taxes to finance eligible infrastructure expenses. In 2019, SMUD processed two acquisition agreements for SMUD Fees and Infrastructure. Anticipate additional projects gaining SCIP approval in 2020;
- Distributed four “Developer Connections” quarterly e-newsletters. The open and read rate is consistently at 50% or more;
- Completed the “Central City 21kV Extension Plan.” Staff has identified development projects that are in the “queue” for future years and mapped out a plan to extend our 21kV system to address this aggressive development activity;
- Staff expanded its research into vacant property parcels and or “under-utilized” parcels in opportunity areas on the I-5 Corridor in Natomas and portions of the Power Inn and 65th Street areas. To identify future development plans on those parcels, staff plans to communicate with all parcel owners to determine what, if anything, the parcel owner
intends to do with said parcel. With this information, SMUD is then able to appropriately, and proactively, plan electric utility infrastructure to meet the customer’s needs.

**Central City Growth:** The unprecedented new construction and significant building renovations continued to be robust in 2019; at the close of the year, over 120 new development or significant building renovation projects were actively engaged by SMUD’s Commercial Development team within the central city zone (which covers roughly 7 square miles). These 120+ projects – in varying stages of design or construction – equate to 15 million square feet of space under construction or renovation, with a total planned expenditure of just over $6 billion. Included in these projects, are some 30,000+ planned new housing units, apartments, duplexes, and fourplexes.

As an example of different approaches to central city development, 19J opened to tenants in fall of 2019. This 11-story mixed use building was exceptionally unique from SMUD’s perspective, in that existing overhead utility lines had to be undergrounded to accommodate the vertical construction and space had to be identified within the building’s footprint to accommodate necessary SMUD facilities. Additionally, to meet the developer’s request of providing “green energy resources”, SMUD provided its first-ever Developer SolarShares offering – whereby all 173 apartment tenants automatically are signed up for SMUD’s SolarShares product, as a condition of tenancy. This is believed to be the first of its kind in the nation.

2019 was a year of substantial progress for development north of downtown. At Metro Air Park, NorthPoint Development LLC, based out of Kansas City, Missouri, purchased 132 acres north of the existing Amazon facility. NorthPoint is planning to construct two phases a Metro Air Park. The first phase, which is under construction, consists of 1.13 million square feet of warehouse space and is slated to be completed in late 2020. Buzz Oates began construction of their first phase at Metro Air Park, a 500,000-square foot building at the intersection of Elverta at Metro Air Parkway. Centene, a Fortune 500 company based out of Saint Louis, Missouri, began construction of the first phase of its West Coast Headquarters at the intersection of I-5 and Arena Blvd.

In addition, the Commercial Development team worked closely in numerous, high-profile developments, the Railyards, Folsom South, California Military HQ Campus, and on additional infrastructure completion to support development in the Sunridge Specific Plan Area along Douglas Road and Sunrise Blvd in Rancho Cordova.
APPENDIX D

SMUD shall offer economic development rates and program incentives.

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

Economic Development Rate: Customers that exceed 299kw for three consecutive months may qualify for the EDR. This rate has multiple options for our customers: 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.

<table>
<thead>
<tr>
<th>Size</th>
<th>Term</th>
<th>Industry Requirements</th>
<th>Job Requirements</th>
<th>Full Service Requirement</th>
<th>Discount</th>
</tr>
</thead>
<tbody>
<tr>
<td>300kW+</td>
<td>10 years</td>
<td>No limitations</td>
<td>No minimum requirement</td>
<td>No</td>
<td>Two options for customers to choose:</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Standard EDR</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Opt A: 6% for years 1-5, declining 1% per year for years 6-10</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Opt B: 4.5% for 10 years</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Rate for Disadvantaged Communities</td>
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<td></td>
<td>Opt A: 8% for years 1-5, declining 1.5% per year for years 6-10</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Opt B: 6% for 10 years</td>
</tr>
</tbody>
</table>

Program Incentives: SMUD offered several energy efficiency and Go Electric business incentives to help meet the financial responsibility goals and growing sustainability needs of our commercial customers. Our Integrated Design Solutions, Custom Energy Efficiency, Complete Energy Solutions, and Express Energy Solutions programs offered incentives to help customers finance and install new energy-saving equipment and make energy efficiency modifications to their building. We offered new Go Electric rebates for businesses upgrading to cleaner and more efficient technologies for water heating, space heating, cooking, and new building construction. The effort is part of SMUD’s goal to achieve 100% net-zero-carbon by 2040. We also offered assistance with energy management and incentives for load shifting and curtailment.

Our SMB Team provided incentives to 691 SMB customers, for a combined energy savings of 18.08 GWh and demand savings of 4.27 MW.
APPENDIX E

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

In 2019, we exceeded our goal of awarding at least 20% of all contracts to certified small businesses. Specifically, we awarded 33.81% through 184 SEED contracts totaling over $130 million.

<table>
<thead>
<tr>
<th>Award Type</th>
<th>2019</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total PO $</td>
<td>PO Count</td>
</tr>
<tr>
<td>SEED Prime</td>
<td>$ 84,393,559.45</td>
<td>82</td>
</tr>
<tr>
<td>SEED Sub</td>
<td>$ 43,073,253.32</td>
<td>0</td>
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<tr>
<td>Sheltered Market</td>
<td>$ 1,843,970.90</td>
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<tr>
<td>Exempt</td>
<td>$716,193.64</td>
<td>92</td>
</tr>
<tr>
<td>Grand Total</td>
<td>$130,026,977.31</td>
<td>184</td>
</tr>
</tbody>
</table>

Note: The acronym PO refers to “Purchase Orders.”

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

- **Availability Study & Electronic Bid Solicitation Mapping**: Following the original 2005 study, the SEED team launched a new business Availability Study (awarded to a SEED vendor) to provide an overview of the current regional business market. The results will inform our business outreach strategy, and may also be used by other internal partners. The SEED team also continues to analyze outreach efforts by ward segments to identify opportunities of engagement.

- **Business Advisory Committee (BAC)**: SEED hosted four quarterly meetings in 2019 for BAC business organization leaders, raising awareness about the SEED program, sponsored events, incentives, commercial programs and contracts awarded to BAC members’ constituents. This included over 67 SMUD contracts totaling over $80 million dollars (doubled from 2018). With Marketing, the SEED team also conducted a member needs and satisfaction survey which resulted in high marks for the committee’s value to its members.

- **Connecting Point Conference**: With SacPAC, SEED coordinated the Connecting Point conference in May. With more than 200 local businesses and over 65 public and private sector exhibitors, the event promoted contracting opportunities and offered a “Cyber Café”, allowing vendors to register on the spot in SMUD’s Electronic Bid Solicitation System (EBSS). Workshops and panel discussions, including the new “Doing Business in the Public Sector” panel, featured five small business owners sharing their experience and providing tips to other small businesses on contracting with SMUD.

- **Capital Region Small Business Week (CRSBW)**: As the “Powered by” sponsor, SMUD received high visibility and supported 7 events during the regional CRSBW.

- **How to Do Business with SMUD**: The SEED team collaborated with Supply Chain to deliver workshops to raise awareness of SMUD’s procurement program and encourage future participation.

- **Sacramento Public Agency Consortium (SacPAC)**: SMUD was an active member of SacPAC, a collaborative effort of regional public agencies and small business assistance organizations, such as the State of California, County of Sacramento, CalTrans,
Regional Transit, Small Business Association, SCORE, Sacramento Small Business Development Center, and various chamber partners. SEED team spoke on panel presentations about SEED and how to do business with SMUD.

- **“Meet the Buyers” Conference:** SMUD, with SacPAC, hosted the 8th annual “Meet the Buyers” Conference, a forum for small, local contractors to meet SMUD buyers and learn about contracting opportunities. Two new, popular panel presentations featured Contract Managers, Procurement Professionals, and special SEED vendors who were awarded contracts with SMUD. The nearly 200 attendees were able to meet with buyers and register on-site in SMUD’s EBSS or update their profile.

- **New Partners:** SEED team identified new business partners, including the Natomas and Orangevale Chambers of Commerce, and construction industry associations, including the Sacramento Regional Builders Exchange (SRBX) and Associated General Contractors of California (AGC), and continues to engage with Sacramento Business Journal to market SEED and Economic Development incentives.

- **SEED Internal Awareness:** The SEED team developed outreach initiatives to enhance internal awareness of, and engagement in, the SEED program.
  - **SEED Road Show:** Across SMUD, SEED shares information about the purpose and benefits of the program to business units and to the local economic community, and completed presentations to 10 internal teams in 2019. With an overall evaluation satisfaction rate of 98%, the Road Show will continue to be offered across SMUD to raise awareness of, and participation in, the SEED program.
  - **SEED Ambassador Program:** This new program engages designated employees within SMUD business units in promoting the use of SEED vendors in their workgroup’s contracting activities. The SEED team conducted recruitment and initial training of over 33 participants. Employees have provided very positive feedback for the program and have already begun to identify SEED opportunities for their workgroups. The Program continues to see more referrals from employees.

- **Sheltered Market Initiatives:** The SEED team continually explores innovative ways to foster small business participation in solicitations, including promotional product opportunities and various other solicitations. SEED worked closely with Supply Chain to identify 10 sheltered market contracting opportunities in the areas of commodities and professional services. The contracts are specific only to verified SEED vendors and totaled approximately $829,150. Forty-four percent (44%) of the sheltered market opportunities were 2-to-4-year contracts.

- **SB605:** The SEED team adopted and implemented new legislation expanding the definition of “small business” to include Public Works projects. As a result, more than 40 previous SEED vendors have been reclassified under the new definition. All SEED collateral was updated to reflect SMUD’s acceptance of the public works certification, with the team conducting research to identify vendors with public works certifications.

- **SEED Quarterly Newsletter:** Mid-year, the SEED team launched a 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.

- **Social Media:** The SEED team collaborated with Marketing and Corporate Communications to establish a weekly schedule for submitting social media content to promote small business solicitation opportunities and events.
RESOLUTION NO. ______________

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

This Board accepts the monitoring report for Strategic Direction SD-13,
Economic Development, substantially in the form set forth in Attachment ____ hereto
and made a part hereof.
### BOARD AGENDA ITEM

**STAFFING SUMMARY SHEET**

<table>
<thead>
<tr>
<th>TO</th>
<th>TO</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Paul Lau</td>
</tr>
<tr>
<td>2.</td>
<td>Frankie McDermott</td>
</tr>
<tr>
<td>3.</td>
<td>Jennifer Davidson</td>
</tr>
<tr>
<td>4.</td>
<td>Claire Rogers</td>
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<td>5.</td>
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<td>8.</td>
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</tr>
<tr>
<td>10.</td>
<td>CEO &amp; General Manager</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Consent Calendar</th>
<th>Yes</th>
<th>No</th>
<th>If no, schedule a dry run presentation.</th>
<th>Budgeted</th>
<th>Yes</th>
<th>No</th>
<th>(If no, explain in Cost/Budgeted section.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FROM (IPR)</td>
<td></td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>Maria Veloso Koenig</td>
<td>Grid Planning</td>
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<td>EXT.</td>
<td>5794</td>
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<td>DATE SENT</td>
<td>6/24/20</td>
<td></td>
<td></td>
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</tbody>
</table>

**NARRATIVE:**

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

**Summary:** The purpose is to provide the Board with the annual update on SD-14, System Enhancement, for the year 2019. The information in the monitoring report could be used by the Board to determine if the policy needs to be revised or further developed. If so, those items could be scheduled for subsequent meetings.

**Board Policy:** SD-14, System Enhancement.

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

**Cost/Budgeted:** For 2019, the policy threshold was approximately $7 million, of which $625,000 were budgeted for two specific projects. The 2019 actual spending was approximately $33,000.

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

**Affected Parties:** N/A

**Coordination:** Grid Assets; Local Government Affairs

**Presenter:** Maria Veloso Koenig; Director, Grid Planning

**Additional Links:**

**SUBJECT**
SD-14 System Enhancement Monitoring Report

**ITEM NO. (FOR LEGAL USE ONLY):** 9

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

FROM: Claire Rogers

SUBJECT: Audit Report No. 28007208
        Board Monitoring Report; SD-14: System Enhancement Policy

Audit and Quality Services (AQS) reviewed the SD-14 System Enhancement Policy 2019 Annual Board Monitoring Report and performed the following:

- Reviewed the information presented in the report to determine the possible existence of material misstatements;
- Interviewed report contributors and verified the methodology used to prepare the monitoring report; and
- Validated the reasonableness of a selection of the report’s statements and assertions.

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

CC:

Arlen Orchard
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.” For 2019, this threshold was approximately $7 million.

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

One project was completed in 2019 as shown on Table 1 below. Table 2 shows the committed projects that are currently in progress. The budget for these four projects is included in the approved 2020 - 2022 operational plan.

Table 1: SD-14 Projects Completed in 2019

<table>
<thead>
<tr>
<th>Local Jurisdiction</th>
<th>Project Title</th>
<th>Total Project Budget</th>
<th>Total Project Spend</th>
<th>2019 Project Budget</th>
<th>2019 Project Spend</th>
<th>Construction Completion Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Sacramento</td>
<td>Sutter Village (~200 feet)</td>
<td>$101.3K</td>
<td>$121.8K</td>
<td>$75K</td>
<td>$22.2K</td>
<td>March 2019</td>
</tr>
</tbody>
</table>

Table 2: SD-14 Projects in Progress

<table>
<thead>
<tr>
<th>Local Jurisdiction</th>
<th>Project Title</th>
<th>SMUD Ballpark Estimate</th>
<th>2019 Project Budget</th>
<th>2019 Project Spend</th>
<th>Planned Construction Start Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sacramento County</td>
<td>Hazel Avenue Phase 3 Sunset to Madison (0.7 mile)</td>
<td>$1,300K</td>
<td>$0</td>
<td>$0</td>
<td>2020</td>
</tr>
<tr>
<td>Sacramento County</td>
<td>Fair Oaks Blvd Landis to Angelina (0.3 mile)</td>
<td>$300K</td>
<td>$550K</td>
<td>$4K</td>
<td>2020</td>
</tr>
<tr>
<td>Citrus Heights</td>
<td>Auburn Blvd. Rusch Park to I-80 (0.75 mile)</td>
<td>$2,500K</td>
<td>$0</td>
<td>$0</td>
<td>2022</td>
</tr>
<tr>
<td>Elk Grove</td>
<td>Elk Grove Blvd b/w Waterman &amp; School Streets (~0.5 mile)</td>
<td>$800K</td>
<td>$0</td>
<td>$7K</td>
<td>2022</td>
</tr>
</tbody>
</table>

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

3) **Additional supporting information**

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

**Table 3: Completed Projects Since Policy Adoption**

<table>
<thead>
<tr>
<th>Local Jurisdiction</th>
<th>Project Description</th>
<th>SMUD Construction Completion</th>
<th>SMUD Project Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sacramento County</td>
<td>North Highlands Town Ctr. at Watt Ave. &amp; Freedom Park Dr. (0.5 mile)</td>
<td>2012</td>
<td>$1.1 M</td>
</tr>
<tr>
<td>City of Sacramento</td>
<td>7th St. b/w North B &amp; Richards Blvd. (1,500 ft.)</td>
<td>2012</td>
<td>$1.3 M</td>
</tr>
<tr>
<td>City of Sacramento</td>
<td>Richards Blvd. b/w North 5th &amp; North 7th Streets (1,000 ft.)</td>
<td>2012</td>
<td>$1.2 M</td>
</tr>
<tr>
<td>Citrus Heights</td>
<td>Auburn Blvd. b/w Sylvan Corners &amp; Rusch Park (1 mile)</td>
<td>2013</td>
<td>$2.6 M</td>
</tr>
<tr>
<td>City of Sacramento</td>
<td>16th and O Streets (1,000 ft.)</td>
<td>2013</td>
<td>$0.3 M</td>
</tr>
<tr>
<td>Sacramento County</td>
<td>Fair Oaks Blvd. b/w Landis Ave. &amp; Engle Rd. (0.5 mile)</td>
<td>2016</td>
<td>$1.2 M</td>
</tr>
<tr>
<td>Sacramento County</td>
<td>Hazel Avenue Phase 2 b/w Curragh Downs &amp; Sunset Ave. (1 mile)</td>
<td>2017</td>
<td>$2.3 M</td>
</tr>
<tr>
<td>City of Sacramento</td>
<td>Ice Blocks Project R Street b/w 16th &amp; 18th Streets (1,000 ft.)</td>
<td>2017</td>
<td>$0.47 M</td>
</tr>
<tr>
<td>City of Sacramento</td>
<td>Sutter Village (~200 feet)</td>
<td>2019</td>
<td>$0.12 M</td>
</tr>
</tbody>
</table>

**Total:** $10.6M
4) **Challenges**

There were no challenges encountered with the implementation of the Board policy in 2019.

5) **Recommendation**

It is recommended that the Board accept the 2019 Monitoring Report for SD-14, System Enhancement.

6) **Appendices**

The photographs below are of a previously completed phase of the Fair Oaks Blvd. project, showing two locations before and after project construction.
Sacramento County - Fair Oaks Boulevard Project before construction

Sacramento County - Fair Oaks Boulevard Project after construction
Sacramento County - Fair Oaks Boulevard Project *before construction*

![Image of Fair Oaks Boulevard before construction](Image)

Sacramento County - Fair Oaks Boulevard Project *after construction*

![Image of Fair Oaks Boulevard after construction](Image)
RESOLUTION NO. ______________

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

This Board accepts the monitoring report for Strategic Direction SD-14, System Enhancement, substantially in the form set forth in Attachment ____ hereto and made a part hereof.
### BOARD AGENDA ITEM

**STAFFING SUMMARY SHEET**

<table>
<thead>
<tr>
<th>TO</th>
<th>TO</th>
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<td>6.</td>
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<td>2.</td>
<td>7.</td>
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<td>8.</td>
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<td>4.</td>
<td>9.</td>
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<tr>
<td>5.</td>
<td>10.</td>
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</table>

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<tr>
<th>Consent Calendar</th>
<th>Yes</th>
<th>No</th>
<th>If no, schedule a dry run presentation.</th>
<th>Budgeted</th>
<th>Yes</th>
<th>No</th>
<th>If no, explain in Cost/Budgeted section.</th>
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<td>FROM (IPR)</td>
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<td>MAIL STOP</td>
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<tr>
<td>Joni Downey</td>
<td>Executive Office</td>
<td>5625</td>
<td>2/29/2020</td>
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**NARRATIVE:**

**Requested Action:** Approve proposed revisions to **Board-Staff Linkage BL-8, Delegation to the Chief Executive Officer and General Manager with Respect to Procurement.**

**Summary:** A Board Ad Hoc Committee consisting of President Rob Kerth and Director Heidi Sanborn, along with supporting staff (Arlen Orchard, Laura Lewis, Gary King and Casey Fallon) and facilitated by Eric Douglas, was convened last year to review the BL-7 and BL-8 policies for potential revision. The goal of the review was to ensure the policies provided adequate guidance to ensure SMUD does business with reputable companies. The committee considered and discussed concepts to enhance the policy, such as ethical behavior, and a benchmarking analysis for procurement practices of other companies. The outcome of the ad hoc committee’s work are proposed changes to the BL-8 policy.

**Board Policy:**

- **BL-8, Delegation to the Chief Executive Officer and General Manager with Respect to Procurement.**

**Benefits:** Provides clarity and updated language for policy guidance to align SMUD’s procurement with the company’s values

**Cost/Budgeted:** Not applicable

**Alternatives:** Maintain BL-8 as currently written.

**Affected Parties:** Supply Chain / Procurement Services and all other SMUD business units.

**Coordination:** Supply Chain / Procurement Services

**Presenter:** Gary King, Chief Workforce Officer

**Additional Links:**
The procurement of goods and services is an integral part of SMUD operations. SMUD’s procurement activities shall take place in accordance with the following principles:

a) **Competition:** SMUD’s procurement activities shall be competitive whenever practical.

b) **Direct Procurement:** Direct procurement may be utilized when it is in SMUD’s best interest. Direct procurement is the purchase of goods or services without competition when multiple sources of supply are available.
c) **Sole Source Procurement:** Sole source procurement shall be performed only in the case of emergency or when a competitive process would be an idle act.

d) **Inclusiveness:** SMUD’s procurement practices shall promote inclusiveness of the entire supplier community in its contracting opportunities.

e) **Economic Development:** SMUD’s procurement practices shall promote the economic development of the rate-paying community we serve.

f) **Environmental Procurement:** SMUD shall minimize the impact on the environment through its procurement practices. In making procurement decisions, staff shall consider the environmental impacts in assessing total cost and benefits.

g) **Responsible Bidder:** SMUD shall only do business with reputable and responsible suppliers. A Responsible Bidder demonstrates the attribute of trustworthiness, as well as quality, fitness, capacity, financial capability, fair labor practices, and experience to satisfactorily perform SMUD work through the bidding and evaluation process. In addition, SMUD will determine Responsible Bidders by considering a supplier’s social, environmental ethical, and safety accountability where applicable.

h) **Best Value Procurement:** SMUD may procure supplies and materials goods and services by the best value at the lowest cost methodology where cost and other factors are used to obtain the maximum value while ensuring a fair and equitable process.

i) **Strategic Alliances:** SMUD may enter into strategic alliance contracts for the procurement of goods or services. A Strategic Alliance is a competitively bid multi-year contract for goods and/or services in which the Supplier and SMUD work collaboratively over the life of the contract to improve quality, and to explore design and process improvements to reduce the cost of production, service delivery, and the total cost of ownership. These benefits are shared both by SMUD and the Supplier.

j) **Supply Chain Risk:** SMUD’s procurement activities shall identify, manage, and mitigate supply chain risks through a coordinated effort across the enterprise.

k) **Protest Policy:** SMUD shall ensure that suppliers are afforded the opportunity to have their grievances heard through a fair protest process.

l) **Delegation of Authority to the Chief Executive Officer and General Manager:** The Chief Executive Officer and General Manager is delegated authority to perform and approve the procurement activities in accordance with the below matrix. *This delegation includes the authority to amend contracts for time extensions or other changes that create no additional cost to SMUD.*
<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td><strong>Competitive Awards:</strong></td>
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</tr>
<tr>
<td>Operational Inventory</td>
<td>$8 million</td>
</tr>
<tr>
<td>Non-inventory Materials</td>
<td>$8 million</td>
</tr>
<tr>
<td>Construction and Maintenance Services</td>
<td>$8 million</td>
</tr>
<tr>
<td>Information Technology</td>
<td>$8 million</td>
</tr>
<tr>
<td>Professional and Consulting Services</td>
<td>$2 million</td>
</tr>
<tr>
<td>Rents and Leases</td>
<td>$1 million</td>
</tr>
<tr>
<td><strong>Sole Source:</strong></td>
<td></td>
</tr>
<tr>
<td>All types except Maintenance/Licensing Fees</td>
<td>$1 million</td>
</tr>
<tr>
<td>Maintenance/Licensing Fees</td>
<td>$3 million or original</td>
</tr>
<tr>
<td>approved amount</td>
<td></td>
</tr>
<tr>
<td><strong>Direct Procurement:</strong></td>
<td></td>
</tr>
<tr>
<td>Materials/Supplies/Services</td>
<td>$50k</td>
</tr>
<tr>
<td>Government Entities</td>
<td>$1 million</td>
</tr>
<tr>
<td>Nonprofit Entities (services/goods)</td>
<td>$1 million</td>
</tr>
<tr>
<td><strong>Emergency Procurements:</strong></td>
<td></td>
</tr>
<tr>
<td>All types</td>
<td>$1 million</td>
</tr>
<tr>
<td><strong>Nonprofit Entities:</strong></td>
<td></td>
</tr>
<tr>
<td>Memberships/Project Participation Agreement</td>
<td>N/A$5 million</td>
</tr>
<tr>
<td><strong>Contract Amendments:</strong></td>
<td></td>
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<tr>
<td>Time Extension Only</td>
<td>N/A</td>
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<tr>
<td>Other Non-cost changes</td>
<td>N/A</td>
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<tr>
<td><strong>Contingencies:</strong></td>
<td></td>
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<tr>
<td>Board Awarded Contracts</td>
<td>Up to 10% of contract award</td>
</tr>
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</table>

**Monitoring Method:** GM Report  
**Frequency:** Quarterly
RESOLUTION NO. ________________

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

This Board approves the revisions to the Board-Staff Linkage BL-8,
Delegation to the Chief Executive Officer and General Manager with Respect to
Procurement, substantially in the form as set forth in Attachment ____.
TO                  TO
1. Paul Lau
2. 
3. 
4. 
5. 
6. 
7. 
8. 
9. Legal
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) | DEPARTMENT | MAIL STOP | EXT. | DATE SENT
Laura Lewis | Office of the General Counsel | B308 | 6123 | 07/09/20

NARRATIVE:

Requested Action: Adopt the Resolution of the Sacramento Municipal Utility District Board of Directors declaring a climate emergency (Climate Emergency Resolution).

Summary: At its May 21st meeting, the Board voted to discuss whether to declare a climate emergency. The item was on the June 18, 2020, Board meeting agenda, but it was determined that no action would be taken at that meeting in order to allow for additional input on the draft resolution. The draft resolution reflects additional input received since the June 18th Board meeting.

In the proposed Climate Emergency Resolution, the SMUD Board of Directors declares a climate emergency within its jurisdiction. The resolution recognizes the work SMUD has done to reduce local carbon emissions and commits to work toward carbon neutrality by 2030. SMUD’s carbon reduction plan utilizes a combination of measures and includes nearly $7 billion in investments in electrification of transportation and buildings, programs that will result in reduced energy consumption through energy efficiency and demand response, and the development of additional zero-emission generation resources and energy storage. SMUD will focus investments in Sacramento communities disproportionally impacted by environmental hazards including those in low-income and in disadvantaged communities through its Sustainable Communities program. SMUD will continue to advocate for climate mitigation and adaptation while working with other local agencies and partners to achieve greater climate benefits across our region.

Board Policy:
(Number & Title) SD-7, Environmental Leadership; SD-9, Resource Planning; SD-10 Innovation; SD-11 Public Power Business Model

Benefits: Climate change mitigation, carbon reduction, and improvement of local air quality and community health

Cost/Budgeted: N/A

Alternatives: Not declare a climate emergency.

Affected Parties: SMUD and SMUD Service Territory

Coordination: Board of Directors, Board Office, and all SMUD Departments

Presenter: President Kerth

Additional Links:

SUBJECT Resolution Declaring Climate Emergency

ITEM NO. (FOR LEGAL USE ONLY) 11

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.
WHEREAS, carbon dioxide and other greenhouse gases (GHG) are known to trap heat at the Earth's surface, leading to increased atmospheric temperatures; and

WHEREAS, recent historical planetary carbon dioxide concentrations were below 280 parts per million (PPM) but current planetary concentrations exceed 415 PPM and continue to rise rapidly; and

WHEREAS, there is overwhelming scientific consensus that planetary temperatures have risen more than 1.8 degrees Fahrenheit (F) above late 19th century levels and that climate-related problems exist worldwide including unstable weather, droughts, wildfires, flooding, extreme heat, species loss, sea level rise, food shortages, and human displacement; and

WHEREAS, in 2016, 194 countries and the European Union agreed in the Paris Climate Agreement to attempt to limit the planetary temperature increase to 2.7 F above pre-industrial levels; and

WHEREAS, the United Nations' Intergovernmental Panel on Climate Change warned that planetary carbon dioxide levels must fall 45 percent below 2010 levels by 2030 in order to meet the 2.7 F goal; and

WHEREAS, worldwide GHG emissions exceeded 49,000,000,000 tonnes in 2010, and California GHG emissions were 424,000,000 tonnes in 2017; and

WHEREAS, SMUD GHG emissions were 1,755,000 tonnes in 2018; and
WHEREAS, each 1.8 F increase in average annual temperature is projected to reduce the Gross Domestic Product of Sacramento County by 4%, resulting in significant economic and public health impacts;¹ and

WHEREAS, the physical impacts of climate change are already impacting frontline, vulnerable communities which bear little responsibility for the crisis, exacerbating societal injustice; and

WHEREAS, for more than 70 years, the community-owned, not-for-profit Sacramento Municipal Utility District (SMUD) has been the Sacramento region's committed energy partner and has led the way in providing environmentally responsible energy and environmental stewardship to benefit its customers and community; and

WHEREAS, the SMUD Board of Directors has a long history of environmental stewardship including: (1) Pioneering renewable energy programs and standards, (2) Setting an early GHG emissions reduction goal of 90% below 1990 emission levels by 2050, (3) Partnering to plant over 500,000 shade trees throughout the region that have significantly improved air quality, sequestered carbon and lowered energy bills since 1990; and (4) Helped grow the local market for solar development by providing $130 million in customer incentives to install solar on over 15,000 rooftops; and

WHEREAS, the SMUD Board of Directors believes in creating a sustainable future for all of our customers and the community and has made significant investments in new technologies and progressive approaches to carbon reduction, which has resulted in

reduced GHG emissions of 50% from 1990 levels in 2018 (the equivalent of removing 377,000 vehicles from the road) and has reduced the carbon intensity of its power mix, which is now, on average, more than 50% percent carbon-free; and

WHEREAS, in 2018, SMUD’s Board of Directors adopted SMUD’s 2040 Energy Plan, which serves as an ambitious roadmap for how SMUD will achieve net-zero GHG emissions by 2040. SMUD’s regional approach will result in a 64% reduction in Sacramento County’s GHG emissions (about 8,500,000 tonnes), improve local air quality for the community and maintain low rates and reliability for our customers; and

WHEREAS, SMUD’s 2040 Energy Plan establishes an innovative and unique approach to GHG reduction that calls for nearly $7 billion in investments over the next 20 years that prioritizes local investment in regional building and transportation electrification, significantly increases procurement of zero-emission generation resources and energy storage and, encourages energy efficiency and demand response programs, in order to achieve SMUD’s GHG reduction goals while maintaining affordable rates and reliable electric service; and

WHEREAS, SMUD’s 2040 Energy Plan recognizes that the people most likely to be disproportionately burdened by the adverse effects of climate change live in underserved and low-income communities; and

WHEREAS, through SMUD’s Sustainable Communities Initiative, GHG emission reduction investments are leveraged by engaging our community partners to target and maximize the benefits to neighborhoods that are likely to be underserved or in distress by lack of community development, income, housing, education, employment opportunities and transportation. Together we strive to collectively promote, create and sustain diverse and healthy communities for all; and
WHEREAS, while SMUD has made significant progress in reducing GHG emissions associated with its power supply, the SMUD Board of Directors recognizes the risk of uncontrolled climate change and is committed to urgently do more to expand and accelerate the reduction of GHG emissions in pursuit of its 2040 Energy Plan and beyond; and

WHEREAS, SMUD, as a community-owned, not for profit electric utility, is uniquely situated to support and enable partner organizations and community members to reduce GHG emissions; NOW, THEREFORE

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

Section 1. The Board of Directors recognizes and acknowledges a planetary climate emergency and declares a climate emergency within its jurisdiction.

Section 2. The Board of Directors commits to work towards carbon neutrality by 2030 and to collaboratively find creative solutions to eliminate GHG emissions until a safe atmosphere is restored.

Section 3. The Board of Directors intends to involve the public in an open and transparent manner in planning for and reaching SMUD’s climate goals.

Section 4. The Board of Directors encourages and promotes the expansion of policies and partnerships with local cities, counties, agencies, businesses and other community organizations to leverage opportunities to achieve rapid transformative reductions in regional GHG emissions.

Section 5. The SMUD Board of Directors affirms our commitment to environmental justice principals and SMUD’s leadership through the Sustainable Communities Initiative.
Section 6. The Board of Directors directs staff to report within 180 days on clear, actionable and measurable strategies and plans to reach SMUD’s climate emergency goals.

Section 7. The Board of Directors instructs the CEO and General Manager to report annually on the measures taken to reduce GHG emissions and the results achieved.