Exhibit to Agenda Item # 1

Board Finance & Audit Committee and Special SMUD Board of Directors Meeting
Tuesday, August 17, 2021, scheduled to begin at 5:30 p.m.
Virtual Meeting (online)
Compliance BL-8

- Competition
- Inclusiveness
- Economic Development
- Supply Chain Risk
- Protests
- Responsible Bidder
- Environmental Procurement
### Competition – Contract Awards

#### Table: Contract Award Amounts

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Awarded</th>
<th>Competitively Awarded</th>
<th>Exempt</th>
<th>Sole Source</th>
<th>Direct Procurement</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>$208.1M</td>
<td>$175.3M</td>
<td>$10.9M</td>
<td>$20.1M</td>
<td>$1.8M</td>
</tr>
<tr>
<td>2018</td>
<td>$616.8M</td>
<td>$582.0M</td>
<td>$9.3M</td>
<td>$21.7M</td>
<td>$4.0M</td>
</tr>
<tr>
<td>2019</td>
<td>$374.0M</td>
<td>$345.3M</td>
<td>$8.3M</td>
<td>$13.2M</td>
<td>$7.2M</td>
</tr>
<tr>
<td>2020</td>
<td>$411.3M</td>
<td>$385.0M</td>
<td>$6.5M</td>
<td>$17.8M</td>
<td>$2.0M</td>
</tr>
<tr>
<td>2021-YTD</td>
<td>$158.5M</td>
<td>$91.3M</td>
<td>$4.4M</td>
<td>$9.5M</td>
<td>$53.3M</td>
</tr>
<tr>
<td>Q2-2021</td>
<td>$63.6M</td>
<td>$55.6M</td>
<td>$2.8M</td>
<td>$3.3M</td>
<td>$1.9M</td>
</tr>
</tbody>
</table>

#### Graph: Contract Award TRENDS

- Direct
- Sole Source
- Exempt
- Competitive

- $0
- $100
- $200
- $300
- $400
- $500
- $600
- $700

- Millions
## Inclusiveness – Bidders per Event

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021-YTD</th>
<th>Q2-2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Bidders</td>
<td>820</td>
<td>942</td>
<td>798</td>
<td>578</td>
<td>182</td>
<td>91</td>
</tr>
<tr>
<td>Number of Events</td>
<td>222</td>
<td>259</td>
<td>183</td>
<td>108</td>
<td>61</td>
<td>34</td>
</tr>
<tr>
<td>Events with ≥ 3 Bidders</td>
<td>135</td>
<td>139</td>
<td>123</td>
<td>72</td>
<td>27</td>
<td>12</td>
</tr>
<tr>
<td>% of Events with ≥ 3 (count)</td>
<td>61%</td>
<td>54%</td>
<td>67%</td>
<td>66%</td>
<td>44%</td>
<td>35%</td>
</tr>
</tbody>
</table>

![Chart showing trends in the number of awards, average number of bidders, and events with ≥3 bidders from 2017 to 2021-Q2.](chart.png)
Supplier Education & Economic Development (SEED) Participation

<table>
<thead>
<tr>
<th>Year</th>
<th>Participation</th>
<th>Goal</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>7.3%</td>
<td>$57.1M</td>
</tr>
<tr>
<td>2018</td>
<td>27.0%</td>
<td>$109.2M</td>
</tr>
<tr>
<td>2019</td>
<td>22.8%</td>
<td>$130M</td>
</tr>
<tr>
<td>2020</td>
<td>21.29%</td>
<td>$74.8M</td>
</tr>
<tr>
<td>2021-YTD</td>
<td>2.85%</td>
<td>$27M</td>
</tr>
<tr>
<td>2021 Q2</td>
<td>0.58%</td>
<td>$7.7M</td>
</tr>
</tbody>
</table>
Supplier Education & Economic Development (SEED) Compliance

Number of Closed Contracts

- 2016: 9
- 2017: 11
- 2019: 28
- 2020: 41
- 2021-YTD: 44

SEED Compliance %

- 2016: 69.0%
- 2017: 87.5%
- 2019: 83.6%
- 2020: 92.1%
- 2021-YTD: 92.7%
Protests

- Withdrawn
- Upheld
- Denied

![Protest Chart]

- 2017
  - 1 Withdrawn
  - 2 Upheld
  - 1 Denied

- 2018
  - 1 Withdrawn
  - 3 Upheld
  - 1 Denied

- 2019
  - 4 Upheld

- 2020
  - 1 Upheld

- 2021-YTD
  - 1 Upheld
  - 2 Denied

Q2-2021
Supply Chain Risk – Program Expansion

BL-8 Policy

- **Supply Chain Risk**: SMUD’s procurement activities shall identify, manage, and **mitigate supply chain risks through a coordinated effort across the enterprise.** *(updated 2020)*

Enterprise Risk Management:
Supply Chain, Material Lifecycle

Expanded Measures of Risk

- Demand Planning
- Supplier Base
- Logistics
- Market Dynamics
- Supplier Performance
- Natural Disasters
- Regulation
- Attract and Retain Talent
- Technology
- Environmental Sustainability

Narrowly Focused Risk Elements

- Customer Demand
- Service Need Dates
- Delivery Delays
- Single Supplier Source
Our Supplier Education & Economic Development (SEED) program provides contracting education and incentives for State of California certified small rate-paying businesses in construction, commodities, supplies, maintenance and professional services procurement areas. SMUD's goal is to award no less than 20% of all eligible contracts, annually, to SEED vendors.

Vendors who meet both of the following requirements:
Certification: The California Department of General Services (DGS) Office of Small Business and DVBE Certification must certify the vendor as a "Small Business or Microbusiness." This is the only certification that we accept, and it must be in place by the bid opening date (for an IFB/BR, or RFQ/E-Bid) or proposal due date (for RFPs) to qualify for the SEED Program.

Ratepayer qualification:
The vendor must qualify as a SMUD ratepayer for the preceding 6 months prior to the bid or proposal due date. The physical address of the business (as recorded by the Department of General Services in its Small Business Certification) must be located in SMUD service territory. If the address shown on the Small Business Certificate is a post office box, a mailbox at a private mailbox business, or a leased facility, the vendor must be able to demonstrate that the vendor is also a SMUD ratepayer.

Advantages:
• Up to a 5% price advantage awarded to SEED prime contractors or to prime contractors that choose to subcontract to SEED vendors.
• Up to 10 RFP evaluation points advantage awarded to SEED prime contractors or prime contractors that choose to subcontract to SEED vendors.
• Exclusive annual sheltered marketing (SEED set-aside bidding) opportunities up to $82,000 or multi-year agreements for SEED contractors.
Reference for SB605, slide #5

Senate Bill No. 605 – Small Business Procurement and Contract Act (SB605):

• Amended Government code 14837 & 14838 covering certification under the Small Business Procurement and Contract Act

• Increases the average Gross Annual Receipts (GARs) threshold for “small business” to $15M over the previous 3 years

• Increases the average GARs threshold for “microbusiness” to $5M over the previous 3 years

• Establishes a new definition of small business for the purposes of public works contracts and engineering contracts for public works projects, as specified, with eligibility threshold of $36M GARs over the previous 3 years and a maximum employee count of 200 based on recent 4 quarters

• The bill would allow directors of the department and other state agencies to count contractors that would be considered a small business or microbusiness in 2019, if the directors are unable to make the small business participation goals under existing law.

• The bill, by revising those definitions, would allow additional contractors to qualify as a small business or microbusiness, thus expanding the contractors authorized to request a preference filed under penalty of perjury.
Reference for protests, slide #7

RFP Doc2637505913 69KV Metering Units, $500k Award:

• Power Systems Distributing Inc. did Protest the Award to Mader Supply LLC for 69KV Metering Units.
• The Power Systems Distributing Inc. proposal was deemed non-responsive key technical specification requirements, and RFP Section 4.5, Technical Bid Data was referenced, which states, “As explicitly noted in this section failure to provide all information with bid may be cause for rejection of bid”.
• The protest was denied by the Director of Procurement, Warehouse and Fleet.

RFP Doc2675304016 Power Transformers 230 73.5KV, 224MVA, $7.9M Award:

• JSHP Transformer Protested the Award alleging that SMUD should not have declared the JSHP Transformer proposal as non-responsive.
• It was determined that SMUD appropriately deemed the JSHP Proposal as non-responsive per criteria clearly outlined in the bid request documentation.
• The protest was denied by the Director of Purchasing, Warehouse, Fleet.

RFP Doc2792391107 Two (2) VO12 Towable Generator 20KVA, $250k Award:

• Leete Generators protested the Award alleging that SMUD failed to meet the open bidding process on this project.
• The Protest Letter was not received to the Protest In Box within the required 3 Days to Protest a RFQ Award.
• The protest was denied by the Director of Purchasing, Warehouse, Fleet, and the appeal received by the SMUD GM (per appeal policy) and was also denied.
• The Director of Procurement, Warehouse and Fleet requested that the original RFQ be withdrawn, the technical specification reviewed and revised, and the RFQ reposted.
### Reference for slide #3, sole source contracts

**SOLE SOURCE**

<table>
<thead>
<tr>
<th>INDEX</th>
<th>Vendor Name</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>SAP AMERICA INC</td>
<td>SAP PROFESSIONAL SERVICES</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>2</td>
<td>APPLIED COMPUTER SOLUTIONS</td>
<td>NETAPP STORAGE ARRAY</td>
<td>$399,756</td>
</tr>
<tr>
<td>3</td>
<td>IRT/H NETWORK SERVICES</td>
<td>USA NORTH/IRTNET TICKET MANAGEMENT</td>
<td>$60,000</td>
</tr>
<tr>
<td>4</td>
<td>ENERGY EXEMPLAR LLC</td>
<td>(1) PLEXOS LICENSE</td>
<td>$26,938</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Total</strong></td>
<td><strong>$1,486,693</strong></td>
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</tbody>
</table>

**Software / Maintenance**

<table>
<thead>
<tr>
<th>INDEX</th>
<th>Vendor Name</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>OKTA INC</td>
<td>OKTA IDAAS</td>
<td>$1,068,552</td>
</tr>
<tr>
<td>6</td>
<td>TECH-NET INC.</td>
<td>CCA MSP ENHANCEMENT SUPPORT</td>
<td>$500,000</td>
</tr>
<tr>
<td>7</td>
<td>EVERBRIDGE, INC.</td>
<td>CRISIS MANAGEMENT &amp; MASS NOTIFICATION</td>
<td>$116,375</td>
</tr>
<tr>
<td>8</td>
<td>ZOOM VIDEO COMMUNICATIONS, INC.</td>
<td>ZOOM CONFERENCING SERVICES</td>
<td>$96,625</td>
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<tr>
<td></td>
<td></td>
<td><strong>Total</strong></td>
<td><strong>$1,781,552</strong></td>
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</tbody>
</table>

**Original Equipment Manufacturer**

<table>
<thead>
<tr>
<th>INDEX</th>
<th>Vendor Name</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>9</td>
<td>ENDRESS AND HAUSER, INC</td>
<td>H2O/H2S ANALYZER REBUILD/REPAIR SERVICE</td>
<td>$24,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Total</strong></td>
<td><strong>$24,000</strong></td>
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</tbody>
</table>

**Sole Source Procurement**

|             |                           | **Total**                                        | **$3,292,245** |
## Reference for slide #3, sole source contracts

### DIRECT PROCUREMENT

<table>
<thead>
<tr>
<th>INDEX</th>
<th>Vendor Name</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>ZEUS ELECTRIC CHASSIS, INC.</td>
<td>EQUIPMENT AND SERVICES</td>
<td>$1,105,917</td>
</tr>
<tr>
<td>11</td>
<td>ZEUS ELECTRIC CHASSIS, INC.</td>
<td>EQUIPMENT AND SERVICES</td>
<td>$356,653</td>
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<tr>
<td>12</td>
<td>STRATEGEN CONSULTING, LLC</td>
<td>AIR QUALITY CONTROL</td>
<td>$50,000</td>
</tr>
<tr>
<td>13</td>
<td>BELFOR PROPERTY RESTORATION</td>
<td>TRANSMISSION LINE MONITORING SYSTEM</td>
<td>$204,912</td>
</tr>
<tr>
<td>14</td>
<td>LINEVISION INC</td>
<td>TRAINING AND CONSULTING</td>
<td>$165,656</td>
</tr>
<tr>
<td>15</td>
<td>UPTOWN STUDIOS INC</td>
<td>CES MARKET IQ SERVICE CONTRACT RENEWAL</td>
<td>$38,400</td>
</tr>
<tr>
<td>16</td>
<td>CUSTOMIZED ENERGY SOLUTIONS LTD</td>
<td>PROCUREMENTIQ + SUPPLIERIQ SUBSCRIPTION</td>
<td>$28,000</td>
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</tbody>
</table>

**Total Direct Procurement: $1,939,538**