Exhibit to Agenda Item # 3

Provide update on the Multi-Party SMUD, UC Davis Health, and Sacramento State/University Enterprises, Inc. (UEI) Child Development Center, including construction, cost projections, schedule, and staff and family transition.

Board Finance & Audit Committee and Special SMUD Board of Directors Meeting
Tuesday, March 16, 2021, scheduled to begin at 5:30 p.m.
Virtual Meeting (online)
Purpose

To provide an update on the Child Development Center Project

- Renovations
- Operational Readiness
- Families & Staff
Agenda

I. Project Background / COVID Impact on Childcare
II. New Center Design & Update
III. Project Cost Estimate Update
IV. New Operator Selection
V. Project Timeline
VI. Family Communications
VII. Questions and Discussion
COVID Impact on Childcare

Sacramento Childcare and COVID-19 Benchmarking Survey by Childcare Consultant Fran McIntyre

- 25 childcare centers have permanently closed since March 2020*. This represents 6% of area centers and nearly 2,000 childcare slots.

- 46 (10%) centers are temporarily closed but anticipate re-opening by May 2021*.

- For centers that remain open, including the Lighthouse, enrollment is 70-80% per CDC group size guidelines

*Per Sacramento County Community Care Licensing, March 2021
SMUD COVID Childcare Survey of Partners

Parents with Kids in Licensed Childcare

<table>
<thead>
<tr>
<th>Age</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-1 year</td>
<td>87</td>
</tr>
<tr>
<td>1-2 YO</td>
<td>83</td>
</tr>
<tr>
<td>2-3 YO</td>
<td>66</td>
</tr>
<tr>
<td>3-5 YO</td>
<td>106</td>
</tr>
<tr>
<td>Total Children</td>
<td>342</td>
</tr>
</tbody>
</table>

Interest in the New Child Development Center

<table>
<thead>
<tr>
<th>Families</th>
<th>SMUD</th>
<th>UCDH</th>
<th>Sac State</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-COVID</td>
<td>56%</td>
<td>48%</td>
<td>44%</td>
</tr>
<tr>
<td>During COVID</td>
<td>38%</td>
<td>27%</td>
<td>24%</td>
</tr>
<tr>
<td>Post-COVID</td>
<td>85%</td>
<td>72%</td>
<td>90%</td>
</tr>
</tbody>
</table>

March 16, 2021
Innovative Solution

A partnership between SMUD, UC Davis Health and Sacramento State that:

✓ Leverages collective resources to expand high-quality childcare services for our employees and community we all serve
✓ Doubles current capacity up to 207
✓ Offers National Association for the Education of Young Children (NAEYC) accreditation
✓ Focuses on children, families & staff to create a quality experience for all

Cross-Functional Team that harnesses expertise from:

✓ Total Rewards, HR, D&I
✓ Childcare Consultant
✓ Treasury, Accounting
✓ Procurement
✓ Legal
✓ Communications
✓ Facilities
✓ Market Research
✓ Commercial Delivery
Innovative Solution Delivers

✓ Recruitment and Retention
  • Better meet the childcare needs of current and future SMUD employees

✓ Work-Life balance
  • Provide more childcare close to SMUD main campus

✓ Goodwill toward current Lighthouse families, operator and staff
  • Ensuring continuity of care for families
  • Ensuring employment opportunity for staff
  • Ensuring wages/benefits will remain at comparable levels or better

✓ Opportunity to partner with other large, local, public employers in the community on a synergistic solution

March 16, 2021

Board Finance & Audit Committee and Special SMUD Board of Directors Meeting
New Center Design

Current View of 6011 Folsom Blvd
New Center Exterior

March 16, 2021

Board Finance & Audit Committee and Special SMUD Board of Directors Meeting
New Center Sight Design and Floorplan
Classroom Design
New Center Playground Design
Renovation Updates

Activities Completed:

• The design plan and permits for the construction project have been reviewed by the City of Sacramento and we’re awaiting final approval

• Application for SMUD electrification has been completed
Landscape Enhancements provided by UC Davis Landscape Architecture Design student

Create a children’s landscape that is:
• Edible
• Pollinator-friendly
• Enriching child development
• Connecting children to nature
• Inclusive
Project Cost Estimate Update

- Project has been delayed due to UEI’s* funding challenges associated with the impacts of the pandemic
- UEI hopes to resolve its funding challenges later this year due to possible CARES relief funds to Sacramento State.
- 2019 Initial Estimate - $5.4M, SMUD Share – $1.13M
  - UEI has already spent $800,000
- 2020 Revised Estimate - $9.0M, SMUD Share – $2.0M
- 2021 Revised Estimate – TBD; by end of the month

*UEI – University Enterprises, Inc. Facilities arm of Sacramento State
New Operator

• In 2019, the current Lighthouse operator decided to retire instead of operating the new center
• In the Fall of 2020 conducted RFP for new operator
• Four respondents, two met minimum qualifications
• Bids scored by a panel of multi-party representatives and consultant
• Conducted in-depth interviews with the finalists
  • Four Lighthouse parents were invited to watch the video center tour portion of the interviews
• Currently in negotiations with top scorer
**Project Timeline**

- **March 16, 2021**: Board Finance & Audit Committee and Special SMUD Board of Directors Meeting
- **February 2021**: Operator Decision Made
- **December 2020**: Submitted Plans
- **June 2021**: Building Contractor Selected
- **April 2021**: Revised Agreements Signed, Operator Contract Signed
- **May 2022**: Construction Ends
- **July 2021**: Construction Begins
- **July 2022**: Center Opens
- **April 2022**: Operator Begins Transition
- **April 2021**: Funding Agreement Signed
- **June 2021**: Construction Begins
Family Communications

- Website www.folsomblvdchildcare.org
- Continue to stay in contact with current operator
Questions / Discussion