Exhibit to Agenda Item #3

Board Finance & Audit Committee and Special SMUD Board of Directors Meeting
Tuesday, February 15, 2022, scheduled to begin at 5:30 p.m.
Virtual Meeting (online)
Compliance BL-8

- Competition
- Inclusiveness
- Economic Development
- Protests
- Responsible Bidder
- Supply Chain Risk
- Environmental Procurement
**2021 Totals**
- $259M total contract awards
- 68% competitively awarded, $177M total

**Q4 2021**
- 82% competitively awarded, $42M total

---

**Contract Awards ($ Millions)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Awarded ($M)</th>
<th>Competitively Awarded</th>
<th>Exempt</th>
<th>Sole Source</th>
<th>Direct Procurement</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>$374</td>
<td>$345</td>
<td>$8</td>
<td>$13</td>
<td>$7</td>
</tr>
<tr>
<td>2020</td>
<td>$411</td>
<td>$385</td>
<td>$6</td>
<td>$17</td>
<td>$2</td>
</tr>
<tr>
<td>2021</td>
<td>$259</td>
<td>$177</td>
<td>$9</td>
<td>$19</td>
<td>$54</td>
</tr>
<tr>
<td>Q4-2021</td>
<td>$51</td>
<td>$42</td>
<td>$2</td>
<td>$6</td>
<td>&lt;$1M</td>
</tr>
</tbody>
</table>
Inclusiveness
Participation & Completion

- In Q4 2021, there were 34 events with an average of 3 bidders
- In 2021, we exceeded our target of 3 or more bidders per event
- 2021 totals:
  - 119 solicitation events
  - 3.4 bidders on average
Supplier Education & Economic Development (SEED) Participation

- Through Q4 2021, SEED participation was 23%, exceeding our goal of 20%
- Q4 was a strong quarter, with 33% participation, $13M total
- $48M total for the year
- $27.2M subcontracting (57%)
- $20.8M prime contracts (43%)
Supplier Education & Economic Development (SEED) Compliance Reporting

SEED Contracts

• Since 2015, SMUD has closed 51 SEED contracts with 93.9% compliance to date
• 3 contracts ended in Q4:

  Black & Veatch
  • 2016 contract; 5 years; engineering services
  • Committed to 5.5% SEED participation, achieved 7.3% SEED

  Synergy
  • 2018 contract; 3 years; low-income weatherization services
  • Committed to 20% SEED participation, achieved 25.5% SEED

  Arrow Construction
  • 2019 contract; 3 years; rock saw trenching – support of cable replacement program
  • Committed to 2.3% SEED participation, achieved 7% SEED
Protests
Summary of Protests

Q4 2021 Protests

No protests in Q4
Supply Chain Update

How Companies Are Overhauling Supply Chains to Ease Bottlenecks

With shipping costs rising, some are bringing production closer to home

By Wall Street Journal
Jan 07, 2022 2:30 am

The Covid pandemic has strained global supply chains, causing freight backlogs that have driven up costs. Now, some companies are looking for longer-term solutions to prepare for future supply-chain crises, even if those strategies come at a high cost. Photo Illustration: Jacob Reynolds

New Studies Find Unprecedented Impact from Supply-Chain Turmoil

The assessments from regional Fed banks mark new attempts by economic policy makers to measure disruptions driven by the pandemic and shipping strains

Choke on the Water
Bottlenecks at key West Coast ports show no sign of easing up

Number of anchored container ships waiting to offload at L.A.-Long Beach

Source: Marine Exchange of Southern California & Vessel Traffic Service L.A.-Long Beach

Bloomberg

Supply-chain strains over the past year include a backlog of vessels waiting for berths at Southern California's ports that have exceeded 100 container ships.

PHOTO: BRIGUAN/BLOOMBERG NEWS
Industry Supply Chain Concerns

Information sharing from Large Public Power Council

- Lead times have increased significantly
- Distribution transformers seem to be the equipment of most concern. Lead times have shifted from 2-3 months to 7-12 months
- Fleet and heavy equipment deliveries have shifted out to almost 2 years
- Experiencing major delays in construction due to material deliveries and labor shortages
- Cost of most materials have increased nearly 30-50%
- Manufacturing partners are experiencing labor shortages which is impacting production
- Running out of meters, conduit, and cable needed for new construction
Industry Supply Chain Mitigation Strategies

Ongoing collaboration with the American Public Power Association

- Creating internal supply chain disruption mitigating teams and supply chain committees
- Contracting with additional suppliers
- Extending current agreements
- Renegotiating volatile commodity contracts based on index pricing
- Increasing stock levels and reordering points
- Purchasing old or refurbishing transformers
- Relocating unloaded/underutilized transformers
- Requesting emergency declarations to suspend competitive bidding
SMUD’s Supply Chain Strategies
What we’ve done

- Increased safety stock
- Extended forecasts
- Critical supplier escalations
- Reserved manufacturing capacity
- Negotiated price increases
- More frequent supplier interactions, expediting critical material and equipment orders
- Utilized and considered many options to manage supply
## SMUD’s Supply Chain Strategies
### What we’re working on

<table>
<thead>
<tr>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Adding a review of material requirements for reliability, compliance, outage recovery, wildfire support, and zero carbon projects</td>
</tr>
<tr>
<td>• Reviewing customer project requirements and considering design options</td>
</tr>
<tr>
<td>• Repairing equipment to extend lifespan</td>
</tr>
</tbody>
</table>