

# Board Policy Committee Meeting and Special SMUD Board of Directors Meeting

Date: Tuesday, August 6, 2024

Time: Immediately following the Strategic Development  
Committee meeting scheduled to begin at 6:00 p.m.

Location: SMUD Headquarters Building, Auditorium  
6201 S Street, Sacramento, CA

# **AGENDA**

## **BOARD POLICY COMMITTEE MEETING AND SPECIAL SMUD BOARD OF DIRECTORS MEETING**

**Tuesday, August 6, 2024**  
**SMUD Headquarters Building, Auditorium**  
**6201 S Street, Sacramento, California**  
**Immediately following the Strategic Development Committee and Special SMUD  
Board of Directors Meeting scheduled to begin at 6:00 p.m.**

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

*Virtual Viewing or Attendance:*

Live video streams (view-only) and indexed archives of meetings are available at:  
[http://smud.granicus.com/ViewPublisher.php?view\\_id=16](http://smud.granicus.com/ViewPublisher.php?view_id=16)

**Zoom Webinar Link:** [Join Board Policy Committee Meeting Here](#)

**Webinar/Meeting ID:** 160 201 9146

**Passcode:** 928769

**Phone Dial-in Number:** 1-669-254-5252 or 1-833-568-8864 (Toll Free)

*Verbal Public Comment:*

Members of the public may provide verbal public comment by:

- Completing a sign-up form at the table outside of the meeting room and giving it to SMUD Security.
- Using the "Raise Hand" feature in Zoom (or pressing \*9 while dialed into the telephone/toll-free number) during the meeting at the time public comment is called. Microphones will be enabled for virtual or telephonic attendees when the commenter's name is announced.

*Written Public Comment:*

Members of the public may provide written public comment on a specific agenda item or on items not on the agenda (general public comment) by submitting comments via email to [PublicComment@smud.org](mailto:PublicComment@smud.org) or by mailing or bringing physical copies to the meeting. Email is not monitored during the meeting. Comments will not be read into the record but will be provided to the Board and placed into the record of the meeting if received within two hours after the meeting ends.

## **DISCUSSION ITEMS**

1. Dr. Markisha Webster Discuss the monitoring report for **Strategic Direction SD-13, Economic Development.**  
Presentation: 20 minutes  
Discussion: 10 minutes
2. Katarina Miletijev Discuss the monitoring report for **Strategic Direction SD-14, System Enhancement.**  
Presentation: 10 minutes  
Discussion: 5 minutes
3. Dave Tamayo Board Monitoring: **Board-Staff Linkage BL-9, Delegation to the CEO with Respect to Local, State and Federal Legislation and Regulation; Board-Staff Linkage BL-10, Delegation to the CEO with Respect to Real and Personal Property; and Board-Staff Linkage BL-11, Delegation to the CEO with Respect to Settlement of Claims and Litigation.**  
Presentation: 5 minutes  
Discussion: 5 minutes

## **INFORMATIONAL ITEMS**

4. Rosanna Herber Board Work Plan.  
Presentation: 5 minutes  
Discussion: 5 minutes
5. Public Comment
6. Dave Tamayo Summary of Committee Direction.  
Discussion: 1 minute

*Members of the public shall have up to three (3) minutes to provide public comment on items on the agenda or items not on the agenda, but within the jurisdiction of SMUD. The total time allotted to any individual speaker shall not exceed nine (9) minutes.*

*Members of the public wishing to inspect public documents related to agenda items may click on the Information Packet link for this meeting on the [smud.org](http://smud.org) website or may call 1-916-732-7143 to arrange for inspection of the documents at the SMUD Headquarters Building, 6201 S Street, Sacramento, California.*

*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 meeting. If you need a reasonable auxiliary aid or service for effective communication to participate, please email [Toni.Stelling@smud.org](mailto:Toni.Stelling@smud.org), or contact by phone at 1-916-732-7143, no later than 48 hours before this meeting.*



SSS No.  DEIB 24-003
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# BOARD AGENDA ITEM

## STAFFING SUMMARY SHEET

Committee Meeting & Date Policy – 08/06/24
Board Meeting Date August 15, 2024

TO				TO			
1.	Claire Rogers	6.					
2.	Jose Bodipo-Memba	7.					
3.	Farres Everly	8.					
4.	Brandy Bolden	9.	<b>Legal</b>				
5.	Suresh Kotha	10.	<b>CEO &amp; General Manager</b>				
<b>Consent Calendar</b>	<input checked="" type="checkbox"/> <b>Yes</b>	<b>No</b> <i>If no, schedule a dry run presentation.</i>	<b>Budgeted</b>	<input checked="" type="checkbox"/> <b>Yes</b>	<b>No</b> <i>(If no, explain in Cost/Budgeted section.)</i>		
FROM (IPR) Dr. Markisha Webster	DEPARTMENT DEIB, Learning, and Sustainable Communities			MAIL STOP B26007	EXT. 7055	DATE SENT 07/10/2024	

**NARRATIVE:**

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

**Summary:** The annual Economic Development Report summarizes accomplishments and status of SD-13 performance by SMUD for the period of January 1 – December 31, 2023.

**Board Policy:** *(Number & Title)* Strategic Direction SD-13, Economic Development policy states, in part: “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.

**Cost/Budgeted:** Contained in budget for internal labor.

**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 Supplier Education & Economic Development (SEED), Sustainable Communities, New Business Development, Commercial Development, Pricing and Commercial Delivery.

**Presenter:** Dr. Markisha Webster, Director, DEIB, Learning, & Sustainable Communities

<b>Additional Links:</b>
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<b>SUBJECT</b> <b>Annual Monitoring Report for SD-13, Economic Development</b>	<b>ITEM NO. (FOR LEGAL USE ONLY)</b>
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ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

# SACRAMENTO MUNICIPAL UTILITY DISTRICT

## OFFICE MEMORANDUM

**TO:** Board of Directors

**DATE:** July 24, 2024

**FROM:** Claire Rogers *CR 7/24/24*

**SUBJECT: Audit Report No. 28007746  
Board Monitoring Report; SD-13: Economic Development**

Internal Audit Services (IAS) received the SD-13 *Economic Development* 2023 Annual Board Monitoring Report and performed the following:

- Selected a sample of statements and assertions in the report for review.
- Interviewed report contributors and verified the methodology used to prepare the statements in our sample.
- Validated the reasonableness of the statements in our sample based on the data or other support provided to us.

During the review, nothing came to IAS' attention that would suggest the items sampled within the SD Board Monitoring report did not fairly represent the source data available at the time of the review.

**CC:**

Paul Lau

# Board Monitoring Report 2023

## Strategic Direction

### SD-13, Economic Development



#### 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 for our long-standing commitment to the economic health of the greater Sacramento region. In 2023, we built on the successes in helping businesses recover from the COVID-19 pandemic and worked to mitigate the top main issues faced by our local businesses (which account for over 50% of SMUD's revenue) through Community Impact Plan (CIP) resources, in-kind support and subject matter expertise to help in mitigating and addressing these challenges. Through CIP, we also expanded and deepened our partnership base to enhance our ability to raise awareness and adoption of the 2030 Zero Carbon Plan for all of SMUD's service area. We collaborated through key partnerships to support a shared vision of economic recovery while delivering greater collective impact and advancing an inclusive and equitable economy. Additionally, we aligned our economic development efforts with SMUD's vision to be a trusted and impactful partner in achieving an inclusive, zero carbon economy. We leveraged our relationships to accelerate innovation, ensure energy affordability and reliability, protect the environment, eliminate greenhouse gas emissions, catalyze economic and workforce development, promote environmental justice, and enhance community vitality for all.

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:

- Advancing SMUD's 2030 Zero Carbon Goal in inclusive, regional economic development efforts
- Leveraging Community Impact Plan funding to establish key business partnerships in mostly under-resourced business corridors
- Broadening support of the region's innovation ecosystem, including through the Sacramento Economic Growth Alliance (SEGA) and the California Mobility Center (CMC)

- Supporting business formation, attraction, retention, and expansion efforts
- Providing a spectrum of business development resources for entrepreneurs
- Enhancing accessibility to the Supplier Education and Economic Development (SEED) contracting program for local small businesses
- Continuing to offer and enhance economic development rates
- Providing energy efficiency programs and electrification incentives and rebates
- Expanding local agency and nonprofit partnerships to support community development
- Deploying significant resources to support a Diversity, Equity, Inclusion and Accessibility and Sustainable Communities plan that can be replicated and measured for effectiveness and impact
- Ensuring our commercial and industrial service connection costs are in line with other West Coast electric utilities
- Providing subject matter expertise and facilitating (power supply) for the developer community projects

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 2023, the SEED team partnered with Supply Chain Services and external partners, coordinating and/or participating in 242 outreach events and facilitating 13 How to Do Business with SMUD (HTDB) educational workshops, resulting in awarding 29% of SMUD's contracts to SEED-certified small businesses, exceeding the Board-established goal of 20% and increasing SEED program participation by 182 new SEED vendors. 105 SEED contracts were awarded in 2023, totaling more than \$103 million dollars.

SMUD works with over 50 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 Hispanic 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 and Commercial Delivery teams.

Business attraction was a key economic development focus in 2023. We participated in 24 business attraction, retention and expansion projects, supporting the attraction/expansion of 10 companies and the creation of an estimated 1,306 local jobs in multiple sectors including corporate headquarters, advanced manufacturing, technology, software development, and food processing.

**3. Information about our 2023 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.**

Startup businesses and innovative new technologies are vital to creating an inclusive, zero-carbon economy. To help establish and accelerate these ideas into businesses, SMUD collaborates with local non-profit organizations that offer training, maker spaces, networking



and mentorship to startups at no cost. SMUD is a visible and reliable member of the ecosystem, often connecting our internal expertise to these outside entities for education, awareness and promotion of workforce opportunities in climate tech.

CMC had significant changes in its management and staff during 2023, and the strategy for the organization shifted towards focusing more on workforce development training, collaboration and coordination with the local and regional community organization, and delivering on federal and City government grants. The CMC's new CEO started in November 2023, and, as a result of the change in strategy and direction, the organization's business activities are now geared towards maintaining and strengthening the existing relationships in the local and regional workforce development business community. The CMC established new partnerships with more than a dozen local and regional partners leveraging SMUD's existing relationships in the region to collaborate on the workforce development training and job placements. Additional information on the CMC can be found 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 2024 and 2025. In 2023, SMUD's system average rate was 45.5% below PG&E, which includes their 5 rate changes in January, March, June, July and September (+3.3%, +4.4%, -1.8%, + 5.3% and +1.5%). 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.**

SMUD played a leadership role in regional economic development initiatives in 2023.

**Grant Funding:** SMUD played a key role in the Sacramento region receiving over \$330 million in federal and state grant funding to advance SMUD's 2030 Zero Carbon Plan goals and drive local economic development. Details regarding the grants SMUD received can be located in Appendix B.

**California Jobs First:** SMUD played a key role in the Sacramento region's implementation of the State's California Job's First program (previously referred to at the Community Economic Resilience Fund or CERF). Branded locally as We Prosper Together and administered through Valley Vision, the inclusive economic development initiative's goal is to uplift communities, encourage investment in the region and create living-wage jobs. SMUD participated in all regional and Sacramento/Yolo sub-regional stakeholder meetings, supported the region's efforts to draw-down \$13 million through the initiative's Catalyst Fund program providing pre-development project funding to Sacramento. Also, SMUD holds a seat on the Leadership Council overseeing the initiative's implementation.

**Cap-to-Cap:** SMUD sent a 13-member delegation to the Metro Chamber's 51<sup>st</sup> Annual Cap-to-Cap program in Washington D.C. to advocate for issues of regional significance to SMUD and our community partners and to further cultivate relationships with influential elected, business and non-profit leaders from the six-county Sacramento region. SMUD subject matter experts reviewed and contributed content to issue papers related to future mobility, air quality, wildfire and forest management, the CMC and workforce development. Also, SMUD staff served in a leadership capacity as a member of the Steering Committee and incoming chair for the overall program.

**MBARK:** SMUD continued as a lead supporter of the Minority Business Assistance and Recovery Kickstart (MBARK) program, a comprehensive, multi-pronged approach geared to assist minority small business owners in the community. MBARK utilizes understanding and expertise on the needs of minority small business owners and showcases how to proactively engage them in order to stabilize and grow their businesses. In 2023, MBARK provided 1,809 consulting hours to 2,296 separate businesses in SMUD's service area.

**Property and Business Improvement District (PBID) Outreach:** In 2023, through established formal partnerships, SMUD increased engagement with businesses within 14 PBID districts by 642%, participating in 51 outreach events compared to 5 in 2022. In collaboration with SMUD's formal PBID partners, EDP conducted 10 targeted business walks within these districts, sharing SEED and 2030 ZCP information in English and applicable translated languages. EDP's targeted outreach and engagement in these areas resulted in the awarding of eight sheltered market catering contracts valued at \$1.9M to small businesses identified within the districts of SMUD's formal PBID partners.

**Internal and External Study Missions:** As a member of the steering committees for both the Metro Chamber Study Mission to Toronto, Canada, and the Sacramento Asian Pacific Chamber of Commerce's Internal Study Mission, SMUD helped set the agenda and drive the dialogue with community leaders around key business issues and promote awareness of SMUD's 2030 Zero Carbon Plan.

**Small and Mid-size Business (SMB) Support:** SMUD's SMB team of Strategic Account Advisors continued to assist our customers by directing them to appropriate SMUD programs and services, as well as educating them on SMUD's 2030 Zero Carbon Plan and ways they can partner with us to ensure no business or community is left behind. For additional details on the efforts of the SMUD Small & Mid-size Business Team of Strategic Account Advisors, please see Appendix B.

**Greater Sacramento Economic Council (GSEC):** SMUD's partnership with GSEC is critical to the community as it contributes to regional prosperity by growing the economic base. In addition to Paul Lau's participation on the GSEC Board, SMUD's commercial and economic development representatives participate in GSEC's Economic Development Directors' Task Force. Given the focus on corporate Environmental, Social, and Governance (ESG) efforts, and its alignment to SMUD's 2030 Clean Energy Vision, we have played an increasingly important role in business attraction, retention, expansion and in helping brand the region.

**Sustainable Communities Program:** To promote regional workforce and equitable community development, SMUD continues targeting inclusive economic development, community/environmental health, and neighborhood engagement activities in vulnerable and under-resourced communities through its Sustainable Communities program. SMUD has invested \$35.1 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.

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

**Business Attraction:** SMUD provided support in the attraction of 10 new companies that will create 1,306 jobs in SMUD's service territory.

**Commercial Development:** SMUD actively engaged in 137 commercial, industrial, mixed-use and residential projects throughout our service territory. The team additionally partners

with community organizations and municipalities to create economic opportunity and growth. Detailed information about SMUD's role in business attraction and commercial development is provided in Appendix C.

**d) SMUD shall offer economic development rates and program incentives.**

In 2023, 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 and multi-family developments about its Smart Homes program offerings and incentives for All-Electric Smart Homes, SolarShares, and battery storage.

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

SMUD's Supplier Education and Economic Development (SEED) program offered incentives to DGS-certified small businesses within SMUD service area in SMUD's competitive bid process. We grew the participating SEED vendor base by over 30%, with registered SEED vendors representing 48% of all DGS-certified small businesses within the Sacramento region by the end of 2023. It also helped prime contractors find local subcontractors to gain an advantage in developing their bids or proposals, providing 391 lists of SEED-qualified vendors to contractors in specific categories to leverage the SEED program in their bid responses.

The SEED team held 30 workshops, orientations or panel discussions and coordinated participation in 242 outreach events, participated in 15 business walks, reaching approximately 28,319 individuals.

SMUD's annual goal is to award no less than 20% of all contracts to certified small businesses. We exceeded that goal in 2023, awarding 29% of contracts to SEED qualified vendors, totaling more than \$103 million.

The SEED team also coordinated the Business Advisory Council (BAC) which raises local business awareness about contracting with SMUD and makes recommendations for improvements to our contracting process. SMUD hosts quarterly meetings for over 40 member agencies, including the leads of regional Chambers of Commerce and Property and Business Improvement Districts. For more information about our 2023 efforts to promote our SEED program, and the achievement of our SEED goals, please see Appendix E.

- 4. Challenges:** California's business climate, cost of doing business, decarbonization goals and regulatory standards present challenges to development. Permitting costs and delays pose barriers to market leading companies to relocate to other states. Limited availability of a trained workforce present hurdles to growth. SMUD continues to work with regional and state partners, such as GSEC, The Governor's office of Business and Economic Development (GO-Biz) and the California Association of Local Economic Development (CALED), 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.

## APPENDIX A

### **SMUD shall promote innovation while maintaining rate affordability and balancing the other strategic directions.**

SMUD's approach to innovation includes investments in regional accelerators, incubators, and curriculum delivery that support business development and entrepreneurship with a focus on an inclusive economy. Benefits to the community include job creation, increased revenue, innovation, community involvement, diversity, and greater economic opportunity. The work of these innovation and entrepreneurship partners is highlighted below:

**CleanStart Inc.** assists clean tech companies in the Sacramento region to make their innovations a commercial success and contribute to solving global climate challenges through education, access to capital, and connections. CleanStart coached 41 companies in 59 sessions to develop their ideas and prepare them to pitch to investors and granting agencies to get funded. CleanStart also presented nine (9) regional clean tech companies at the GFX Conference attended by over 1,000 people. This partner held its third Spotlight Investor Pitch Night featuring five (5) investor-ready clean tech companies and launched its third intensive bootcamp for clean tech entrepreneurs, the 16-session CleanStart CEO Crash Course, with eight (8) startups participating.

CleanStart now reaches an audience of over 5000 people with 14 events (662 attendees), a new YouTube Channel (4,227 views), a LinkedIn page (914 views), a monthly newsletter and funding alerts. CleanStart held three (3) networking mixers called PowerUp with 90 attendees. The outreach trailer made it to 12 events in 2023 and engaged 325+ people. In all of its events, CleanStart covered such topics as grant funding, success stories, building decarbonization, wind, solar, long-duration storage, low-carbon fuels, and microgrids.

**Hacker Lab** stands provides multifaceted entrepreneurship support, serving as an all-encompassing makerspace, coworking space, and workforce incubator renowned throughout the region. Its cornerstone programs have made significant strides: **MADE Studio** emerged as a dynamic studio-style makerspace, offering an impressive lineup of 60 classes monthly, thereby enhancing the skills of 1,200 participants over the year. The **MAKER EDU Pathways**, a pivotal workforce development initiative, provided eight (8) participants with an invaluable eight-month journey of mentorship, education, and entrepreneurship support. The **MAKEHERS program**, a women's small business incubator, celebrated the achievements of 40 women in 2023 with two 8-week small business accelerators, each granting the graduates \$40,000 in seed funding. Additionally, **Maker Markets** continued to attract 10 local makers monthly, while the Women's Marketplace, held on First Fridays, consistently drew 50 attendees each month.

**InnoGrove** continued to offer networking and educational workshops focused on startup and small business development, hosting 10 events reaching approximately 205 attendees, including Women-in-Tech Workshops and Startup Founder Workshops. InnoGrove also supported the Pitch Elk Grove competition for startups by hosting practice sessions for the Round of 16 competition. In addition, a longer-term role for InnoGrove is to provide a location where startup businesses can easily and cost-effectively develop their products with the goal of rolling out their company to larger, stand-alone space as their products grow (and as their team hires more local personnel). In 2023, InnoGrove had two of these successes - Core Impact and Tiami Networks started at InnoGrove and grew their team sufficiently to move out into free-standing space during 2023.

**StartupSac** accelerates Sacramento's startup and innovation ecosystem through educating, empowering, and connecting startups to founders and innovators. This included three Mentor Sacramento Office Hours Sprints, offered in collaboration with the Carlsen Center, which

matched over 170 early-stage entrepreneurs with expert mentors, investors, advisors, subject matter experts. StartupSac held three (3) Scale-Up! Workshops, educating 53 entrepreneurs about term sheets, deal documents and employment agreements. For the first time, StartupSac held its FastTrac entrepreneur 12-week bootcamp where 21 aspiring entrepreneurs learned how to launch a business. In collaboration with Startup Folsom, a monthly Startup Pitch Workshop was launched which provided feedback to 24 startups on their investor pitch decks and was attended by 142 people. In collaboration with the Carlsen Center, StartupSac organized two weekend-long Startup Challenge events which taught the principles of entrepreneurship to over 150 participants. For Capital Region Small Business Week, StartupSac organized a Resource Expo which attracted over 260 participants. For the second year in a row, StartupSac organized Pitch Elk Grove for the city of Elk Grove where 8 companies competed for \$17,000 in prize money and nearly 200 people attended. StartupSac held a total of 30 events, which attracted over 1400 attendees, including eight (8) StartupSac Happy Hour Events with 346 attendees.

**Growth Factory** is a nonprofit entrepreneurial development organization with an accompanying early-stage venture fund on a mission to create an entrepreneurial engine that scales high growth companies and catalyzes innovation in the Greater Sacramento region. Growth Factory has supported 85+ startup companies (30% from SMUD service area) through events, programs and activating over 100 mentors. SMUD also supplied thought leadership throughout the programming, particularly in areas of clean tech and operational excellence. The second annual GFX Venture Conference and Startup Showcase ([2023 Program](#)) attracted approximately 1000 attendees and featured 64 speakers including a breakout session with SMUD Chief Zero Carbon Officer Lora Anguay. The event also featured a tradeshow floor with 60 participating organizations, including SMUD. The event included the Backyard Awards Lunch in partnership with Stoel Rives, attended by 600 people, at which SMUD had a table and presented an award.

**Carlsen Center for Innovation & Entrepreneurship** at CSU Sacramento hosted the Startup Challenge and Global Entrepreneurship Week (GEW). At the two Startup Challenges, the Carlsen Center supported over 90 participants in either forming a new startup team or supporting the growth of existing startups with 33 final pitches. GEW 2023 featured 15 panels, 4 pitch events, 2 expos, and 1 speed mentoring event, with approximately 400 attendees with a reach of another 100 through LinkedIn live. One panel featured SMUD Director of Customer and Grid Strategy Rachel Huang about the Future of the Zero Emission Vehicle Industry. SMUD also helped host the LevelUp E3 (Equity for Every Entrepreneur) Sacramento Ecosystem Town Hall during GEW.

**FourthWave**, a local accelerator program for women-led technology in collaboration with the Carlsen Center for Innovation & Entrepreneurship, supported 11 startups ranging from agricultural technology to medical technology-based companies. Over 25 mentors, leadership coaches, and subject matter experts supported the cohort over the 16-week program. To date, the FourthWave program has seen their founders raise over \$70 million in capital funding as well as 200 new jobs created.

As a member of the **Sacramento Entrepreneurial Growth Alliance** (SEGA), SMUD meets quarterly to discuss areas to collaborate and grow entrepreneurship in the region. The [NorCal Entrepreneur Hub](#), an online tool/platform connecting entrepreneurs to organizations, resources, and events now highlights over 335 users, 260 organizations, and 461 resources. In September 2023, [SMUD](#) was an active partner and sponsor of E3Sacramento to support Equity for Every Entrepreneur. **E3 Sacramento**, consisted of three days of events, nine workshops and discussions, and 50+ people who engaged in building a more equitable entrepreneurial ecosystem in partnership with National non-profit Forward Cities, with Day 3 being hosted at SMUD. Lastly, SEGA landed one of 13 designations as an Inclusive Innovation Hub by the

California Office of the Small Business Advocate. This designation is followed by \$250,000 in funding towards SEGA efforts.

Our collaboration with **California Capital** supports the **Sacramento Valley Small Business Development Center (SBDC)** serving Sacramento County. In 2023, they held 98 events, serving 1,561 businesses. These efforts fostered 88 new business startups and creating 851 full and part-time jobs. The SBDC is a strong annual partner of our Capital Region Small Business Week and of SMUD’s SEED program, promoting public contracting and providing support through their APEX program.

The **CMC** developed new organizational policies and procedures required under the grant agreements, while it continued to refine its workforce development and training delivery models. The emphasis for 2023 was to optimize the recruiting and training strategies under the Federal and City grants. Strong partnerships were renewed with community-based organizations and a training provider that has a direct line of communication with underrepresented communities. These partners include Waking the Village, Women’s Empowerment, Saint John’s, Next Move, Greater Sacramento Urban League, Asian Resources, CA Asian Chamber of Commerce, Renewable Gateway and Charles A Jones Training Center. Partnership with the regional industry collaborative organization, Sacramento Valley Manufacturing Alliance, was also strengthened, which includes Siemens Mobility. Approximately 90 people were trained by end of 2023.

**Commitment to Low Rates:** SMUD continues to maintain rates that are below PG&E’s, both at a system level and by rate class.

*PG&E Advice Letter 7009-E dated 8/25/23, effective 9/1/23.*

Customer		Rate Categories		Average Annual Rate		Difference	Difference
				PG&E	SMUD	Below PG&E*	Below PG&E*
Class	Description	PG&E	SMUD	2023	2023	2023	2022
Residential	Standard	E-1	TOD	\$0.3822	\$0.1796	-53.0%	-48.0%
	Low Income	CARE***	EAPR & EAPRMED**	\$0.2437	\$0.1253	-48.6%	-42.0%
<b>All Residential</b>				<b>\$0.3215</b>	<b>\$0.1710</b>	<b>-46.8%</b>	<b>-42.9%</b>
Small Commercial****	<= 20 kW	B-1	GFN, CITS-0	\$0.3636	\$0.1739	-52.2%	-47.7%
	21 - 299 kW	B-6	CITS-1	\$0.3570	\$0.1607	-55.0%	-49.1%
Medium Commercial****	300 - 499 kW	B-10	CITS-2, CIP-2	\$0.3391	\$0.1501	-55.7%	-51.6%
	500 - 999 kW	B-19	CITS-3, CIP-3, CITT-3	\$0.2929	\$0.1408	-51.9%	-47.6%
Large Commercial****	=> 1 MW	B-20	CITS-4, CIP-4, CITT-4	\$0.2303	\$0.1203	-47.8%	-44.4%
Lighting	Traffic Signals	TC-1	TS	\$0.3578	\$0.1377	-61.5%	-57.6%
	Street Lighting	various	SLS,NLGT	\$0.4830	\$0.1564	-67.6%	-58.6%
Agriculture	Ag & Pumping	AG	ASN/D,AON/D	\$0.3307	\$0.1525	-53.9%	-48.6%
<b>System Average</b>				<b>\$0.3133</b>	<b>\$0.1565</b>	<b>-50.1%</b>	<b>-45.5%</b>

Notes:

\* Projected 2023 average prices for SMUD with rates effective 1-1-23. PG&E average prices in 2023 reflect rates effective 9-1-23, per Advice Letter 7009-E. The rate difference in year 2022 reflects PG&E average rates as of 6-1-22, per Advice Letter 6603-E dated 5-20-22, and SMUD rates effective 3-1-22.

\*\* CARE vs EAPR includes EAPR & EAPRMED customers.

\*\*\* There is no indication from PG&E that their CARE rates include customers who have a medical allowance only.

\*\*\*\* Commercial rates include WAPA credits.

**Figure 1:** Provides a detailed picture of the difference between SMUD’s and PG&E’s projected average rates by rates class in 2023 as well as the difference between rates in 2022. The rate competitiveness by class varies for the different customer classes and is at least 46.0% below comparable PG&E class average rates. Since the creation of the annual rate 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.**

**Leadership Roles:** Throughout 2023, 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:

- 50 Corridor Transportation Management Authority, Board of Directors
- Business Environmental Resource Center, Advisory Committee
- Capitol Area Development Authority, Board of Directors
- Cap-to-Cap, Steering Committee Member
- California Mobility Center, Board of Directors
- Carmichael Chamber of Commerce, Board of Directors
- Citrus Heights Chamber of Commerce, Board of Directors
- Cleaner Air Partnership, Executive Committee
- Downtown Sacramento Partnership, Board of Directors
- El Dorado Chamber of Commerce
- Folsom Tourism and Economic Development Corporation, Board of Directors
- Greater Sacramento Economic Council, Board of Directors
- Greater Sacramento Economic Council, Economic Development Directors Taskforce
- Greater Sacramento Urban League, Board of Directors
- Internal Study Mission, Steering Committee
- Metro EDGE, Leadership Council
- Midtown Business Association, Board of Directors
- North Sacramento Chamber of Commerce, Board of Directors
- Northern California World Trade Center, Board of Directors
- Power Inn Alliance, Board of Directors
- Project Attain, Board of Directors
- R Street Sacramento Partnership, Board of Directors
- Rancho Cordova Chamber of Commerce, Board of Directors
- River District (Sacramento), Board of Directors
- Sacramento Asian Pacific Chamber of Commerce, Board of Directors
- Sacramento Black Chamber of Commerce, Board of Directors
- Sacramento Employment and Training Agency, Board of Directors
- Sacramento Hispanic Chamber of Commerce, Board of Directors
- Sacramento Metro Chamber of Commerce, Executive Committee
- Sacramento Metro Chamber Foundation, Board of Directors
- Sacramento Metro Chamber Study Mission, Steering Committee
- Sacramento Rainbow Chamber of Commerce, Board of Directors
- Sacramento Transportation Management Authority, Board of Directors
- Urban Land Institute, Executive Committee
- Valley Vision, Executive Committee

**Grant Funding:** SMUD made progress toward electric vehicle charging infrastructure with \$8M in awards. Winning the CEC REACH 2.0 grant will put in over 400 charging handles at multifamily house and nearby properties in disadvantaged communities. The CEC FAST grant will fund 15 DC Fast chargers at Sacramento International Airport, Amtrak and Sacramento

State to support ride share drivers and nearby disadvantaged communities. Also included in the total is \$50M for SMUD from the DOE for the Connected CleanPower City project.

Connected CleanPower City will adapt infrastructure to interact with technology and customers at the grid's edge, establishing visibility, management, and control. This ecosystem, created through grid and technology enhancements, combined with an existing Advanced Distribution Management System (ADMS), will enable real-time grid management of proliferating Distributed Energy Resources (DERs), the accelerated adoption of electric vehicles (EVs) and vehicle-to-everything (V2X), intelligent buildings, virtual power plants (VPP), battery storage, and electrified neighborhoods. To manage these assets, SMUD is accelerating the integration of Distributed Intelligence (DI) at the Grid Edge, an enhanced Distributed Energy Resource Management System (DERMS), and an advanced Outage Management System (OMS) to maintain and improve grid resiliency.

SMUD also supported Calpine with its \$270M application for the Sutter Decarbonization Project will retrofit the Sutter Energy Center, an existing 550- megawatt natural gas combined-cycle energy facility located in Sutter County, California. Working together with ION Clean Energy's post-combustion carbon capture technology and 1PointFive Sequestration LLC's more than 50 years' experience safely and securely storing CO2, the Sutter Decarbonization Project is critical to achieving California's ambitious carbon neutrality goals while maintaining grid reliability and affordable customer rates.

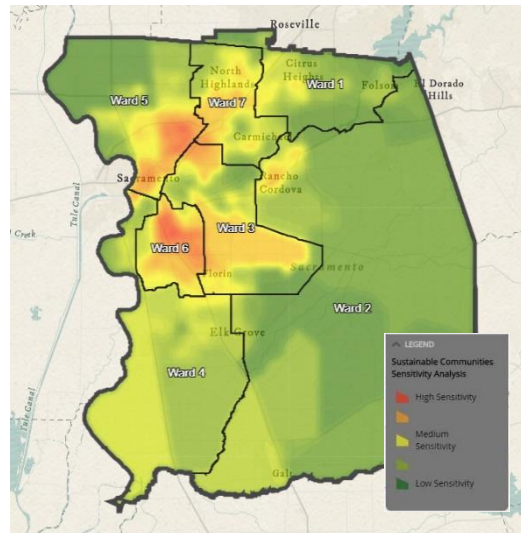
**Sustainable Communities Program:** Our Sustainable Communities program helps bring environmental equity and economic vitality to all communities in our service area, with special attention given to historically under-resourced neighborhoods. We believe in the ability to make a greater collective community impact through partnerships, and collaborate with private industry, government agencies and nonprofits to invest in and implement programs that provide equitable access to indicators of sustainable community success, with a focus on equity and environmental justice, inclusive economic development, clean energy and STEM education, and zero carbon workforce development.

Involvement of all our communities is foundational to our 2030 Zero Carbon Plan. SMUD recognizes the importance of partnering with all the communities we serve. We commit to reaching impacted communities as we work toward our goal of zero carbon. Under-resourced communities lack equitable access to the multiple essential community components necessary to ensure a high quality of life, including but not limited to livable wage employment and training opportunities, affordable housing options, transportation and connectivity, economic development, nutrition, education opportunities, and a healthy environment.

Our Sustainable Communities program strategically establishes long-term partnerships with community-based organizations and small businesses, working together on projects to help our under-resourced communities, increase inclusion and close the disparity gap in the region. These partnerships create trusted relationships and serve as a foundation for the community outreach, engagement, collaboration, and education needed to build livable, diverse, and resilient communities. We partner with policy makers, transit, technology companies, health care providers and community-based organizations, leverage our investments, and create collective impact to enhance workforce training, transportation access, clean energy, job creation and inclusive economic development in under-resourced neighborhoods.



**SMUD’s Sustainable Communities Priority Map:** To answer the call for a just and equitable clean energy transition, SMUD revised its Sustainable Communities Resource Priorities Map to include CoolClimate Network, Tree Equity Score, Property and Business Improvement Districts (PBIDs) and other data sets. The Sustainable Communities Resource Priorities Map helps inform resource allocation, reduce growing economic disparity in Sacramento County and ensure the benefits of SMUD’s 2030 Zero Carbon Plan are equitably shared among all communities. SMUD and its partners will better understand where clean energy infrastructure, customer programs, facility improvements, economic development investment and workforce development opportunities need to occur to achieve our ambitious decarbonization goals in an equitable manner.



**Regional Workforce Development Strategic Plan Update:** In 2023, SMUD continued working through the Regional Workforce Development Strategic Plan, with a goal of training at least 3,000 people to position them for clean energy and other economic opportunities and facilitating the employment of at least 1,000 people by the end of 2024. This regional strategy has worked to galvanize and prepare the region with an inclusive, diverse, skilled, and empowered future workforce. Through the Regional Workforce Development Strategic Plan initiatives, SMUD supported 48 community partners to rapidly deploy workforce development and training throughout the Sacramento Region, with a high emphasis on bringing opportunities to under-resourced communities. By fostering a responsive career ecosystem, SMUD continued to close economic equity gaps, build the requisite workforce to meet SMUD’s regional zero carbon goals, and attract new business investments to the region by supporting a skilled and work-ready workforce.

**Energy Career Pathways:** SMUD’s 2023 Energy Career Pathways recruited and trained individuals from SMUD’s Sustainable Communities target neighborhoods in solar, battery, EV, and electrification technologies. Our 2023 training partners, Grid Alternatives, Northern California Construction and Training Inc., and Cosumnes River College, supported graduates with employment services such as connecting with employers, resume help, and career coaching. Our effort closed the year with 150 individuals graduating and 57 being placed in relatively high-paying jobs. In the broader regional workforce development space, SMUD partnership agreements with 48 community organizations resulted in over 1,905 youth and adults reached with career education and over 750 adults trained in technical skills. SMUD worked with its partners to place 856 of these trainees into new careers. Participants were engaged in a number of industries, with emphasis given to skills and careers that will help SMUD meet its regional zero carbon goals.

**Shine Program:** In its seventh year, the Shine program invests in community nonprofit partners that deliver inclusive and equitable projects through collaborations and partnerships supporting our historically under-resourced communities. In 2023, 84 organizations submitted applications with compelling and competitive projects. We received requests for over \$3 million in funding for projects to increase access to zero carbon workforce development trainings and placement, inclusive economic development, clean energy and STEM education, energy efficiency projects, environmental justice and equity. For the 2023-2024 cohort, Shine will fund 29 projects totaling over \$593,000. This diverse portfolio of partners will support our under-resourced, under-represented communities, by developing our next generation of zero carbon workforce through

skills trainings and work placement, increasing clean energy and STEM Education, updating to energy efficient equipment, and improving our natural habitat through environmental justice and equity projects. We will support inclusive economic development with two projects from Franklin Blvd PBID and the Carmichael Improvement District identifying 11 businesses. We will increase access to zero carbon workforce skills programs for 1200 under-represented and under-resourced community members in the region. Also, we will increase our clean energy, STEM education and careers, and environmental justice activities to over 1,900 under-represented youth.

**Small and Mid-size Business (SMB) Support:** The SMB team came together and performed eight “blitzes,” covering every SMUD ward, where we visited hundreds of small & mid-size businesses to highlight topics ranging from SAA introductions, SEED vendor applications, storm preparation, kitchen electrification, and summer time-of-day education. Further, in close collaboration with Economic Development & Partnership, SMB members joined 21 business walks and attended or spoke at over 50 community events and association meetings so we could meet our customers “where they are” and share our vision for a zero-carbon future.

The SMB team hosted six kitchen electrification demonstrations to educate dozens of our commercial customers on the health, financial, and labor-saving benefits of all-electric kitchens. Attendees included restaurant owners, neighborhood associations, community partners, and even SMUD colleagues interested in learning about available technology.

Finally, SMB SAAs, in close collaboration with Sustainable Communities, Economic Development & Partnerships, and Advanced Energy Solutions, worked to bring Community Impact Plan (CIP) funding to members of the Del Paso Boulevard Property & Business Improvement District (PBID). The SMB team presented and shared information with dozens of business owners and community members at several events and onsite meetings and helped walk them through the process of applying for commercial funding for electrification and energy efficiency projects at their businesses. The SMB team was critical to the process as building trust, answering concerns, coordinating site visits, and providing ongoing education and strategic advice to our commercial customers in underserved areas is paramount to moving a project from application to completion. The lessons learned in Del Paso will guide and inform our 2024 strategy as we move from Business District Electrification pilot to program.

**Energy Efficiency:** Our Complete Energy Solutions (CES) and Express Energy Solutions (EES) programs were positioned well to lead electrification and energy efficiency projects for SMB customers in 2023. SMB customers continued to take advantage of a comprehensive list of incentive opportunities available through EES. Additionally, SMB customers utilized the ease of the CES program implementing turnkey solutions for them to complete energy projects. Many commercial customers were able to participate in both energy efficiency and Go Electric measures where they received incentives for multiple measures, saving money while reducing their carbon footprint. Program managers from both EES and CES contributed and participated in quarterly Business Go Electric campaigns and community engagement events. Overall, CES and EES successfully completed 254 projects with our SMB customers in 2023.

## APPENDIX C

### **SMUD shall assist in retaining, recruiting and growing commercial and industrial rate-paying customers.**

In 2023, SMUD staff along with Commercial Development dedicated significant time and resources to managing a Transformer issuance policy with specific criteria to deal with supply

chain issues and transformers. This impacted our work significantly in residential housing and commercial development projects throughout the service territory.

Projects announced in 2023 include 10 companies and creating/retaining 1,306 new jobs:

- **Verndari** – life sciences company secured a location in Rancho Cordova with (5 jobs).
- **Clutch** – Announced it will locate its corporate headquarters (506 jobs) in Rancho Cordova
- **VideoVerse** – the video technology company selected a Sacramento location (15 jobs)
- **Azra Games** – The computer gaming company announced its expansion in Sacramento (10 jobs)
- **EyeRate**– Elk Grove-based software management company (30 jobs)
- **MyFloraDNA** – AgTech company expanding in Sacramento (25jobs)
- **Nivagan Pharmaceutical** – Expansion to add a new manufacturing site for a prescription
- **Solidigm** – Flash memory manufacturer (Intel spinoff) announced Rancho Cordova as its global HQ location (200 jobs)
- **Beewise** – Agtech company expanding its presence in Sacramento (10 jobs)
- **Mary Ann’s Bakery** – Food Processing company retained operations in Sacramento (105 jobs)

**Commercial Development:** In 2023, our Commercial Development team actively engaged with approximately 132 commercial, mixed-use, and residential project developers throughout our service area. Highlights for the year include:

- Outreach to builders and developers on 2030 Clean Energy Vision program opportunities
- SMUD Liaison for Statewide Community Infrastructure Program (SCIP)
- High-profile and critical projects include transitional and low-income projects, and transformational and major developments at UC Davis and Aggie Square
- The opening of Kubota western division headquarters in Elk Grove
- Target Corp. opened a largescale distribution warehouse facility located at Metro Air Park

**Indoor Cultivation:** The Commercial Delivery team continued to support the cannabis industry in 2023. Although new facilities coming online were fewer than in 2022, SMUD saw a 24% increase in demand and 25% increase in revenue from existing operators. Total annual revenue was \$28.5 million. Numerous operators reported a positive turn in the industry with the beginning of a market stabilization, an increase to wholesale pricing and overcoming challenges faced in 2021 and 2022. Notably, our largest indoor facility came online boasting an 82,000 square foot facility, employing over 80 fulltime employees hired mostly from the Sacramento area and bringing over 2.8MW of new load.

## 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 to 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, including 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, the Greater Sacramento Economic Council verifies the economic impact of the project. This ensures the customer is aware of other economic development

programs and incentives.

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

**Program Incentives:** SMUD offered energy efficiency and electrification incentives to help meet the financial responsibility goals and growing sustainability needs of all our commercial customers. Commercial incentives help customers install new energy-saving equipment and make electrification modifications to their buildings as part of SMUD’s goal to achieve 100% net-zero-carbon by 2030. Incentives offered include but are not limited to energy-efficient LED lighting, heat pump space heating and cooling, domestic hot water, Kitchen electrification, and vehicle electrification. Overall, we provided incentives for improvements to 267 commercial customers for a combined total program energy savings of 29.45 GWh, equating to a reduction of 93,832 lifetime carbon emissions.

## APPENDIX E

**SMUD shall offer a contracting program for certified small businesses who are rate-paying customers.** In 2023, we exceeded our SEED Program goal of awarding at least 20% of all contracts to certified small businesses. Specifically, we awarded 29% through 105 SEED Prime contracts totaling approximately \$103 million to local small businesses within SMUD service area.

Award Type	2022		
	Total Award \$	Award Count	Program %
SEED Prime	\$84,753,203.53	92	82%
SEED Sub-Contractors	\$15,235,435.09	-	-
Sheltered Market	\$3,198,000.00	13	18%
<b>Grand Total</b>	<b>\$103,186,638.62</b>	<b>105</b>	<b>100%</b>

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

- **Business Walks:** The SEED team conducted 15 business walks throughout the region with an emphasis on high priority areas identified on the SC Priorities Map. Business walks helped the SEED team build trust through repeated customer outreach, identifying language barriers and increasing SEED participation.
- **Expanding Education:** The SEED team developed a Proposal Writing 101 workshop and will launch this new educational offering in 2024. Proposal Writing 101 acts as a Part Two to the SEED team’s "How to do Business with SMUD" workshop. Proposal Writing 101 provides general best practices, definitions and tips for small businesses new to government contracting.

- **PBID Partnerships:** In 2023, through established formal partnerships, SMUD increased engagement with businesses within 14 PBID districts by 642%, participating in 52 outreach events compared to 7 in 2022. In collaboration with SMUD’s formal PBID partners, Economic Development & Partnerships (EDP) conducted 10 targeted business walks within these districts, sharing SEED and 2030 ZCP information in English and applicable translated languages. EDP’s targeted outreach and engagement in these areas resulted in the awarding of 8 sheltered market catering contracts valued at \$1.9M to small businesses identified within the districts of SMUD’s formal PBID partners.
- **Business Advisory Committee (BAC):** SEED hosted four quarterly meetings in 2023 for BAC business organization leaders, raising awareness about the SEED program, the 2030 Zero Carbon Plan, best practices, sponsored events, incentives, commercial programs and contracts awarded to BAC members’ constituents. In 2023, SEED hosted its inaugural BAC mixer providing BAC members an additional opportunity to connect and engage in a less formal setting. **How to Do Business with SMUD:** The SEED team used virtual formats and collaborated with community partners to deliver 12 educational workshops on SMUD’s procurement program and promote SEED participation opportunities.
- **“Meet the Buyers” Conference:** SEED’s 12<sup>th</sup> Annual Meet the Buyers Conference returned as a fully in-person event. In collaborating with SMUD’s Procurement team, SEED introduced a new event format offering interested suppliers 1:1 “matchmaking” appointments with procurement contract managers and specialists. The successful event drew 304 registrants, offering 100+ 1:1 matchmaking sessions, two panel discussions, one roundtable and 15 exhibitors. The event was very well-received, resulting in 10 new SEED vendors, 125 1:1 match-making participants, 12 new Power Voice participants and a 59% increase in Ariba open solicitation views.
- **SEED Marketing Updates/Translations:** The SEED team assisted with translating SEED and Meet the Buyers materials into two additional languages, providing marketing materials in Russian and Ukrainian.
- **Sheltered Market Initiatives:** The SEED team continually explores innovative ways to foster small business participation in solicitations and worked closely with Supply Chain to identify a sheltered market contracting opportunity in the area of professional services. The contracts are specific only to verified SEED vendors and resulted in 13 suppliers being awarded a total of \$3,198,000 in potential award dollars.
- **SEED Quarterly Newsletter:** The SEED team distributed over 285 electronic copies of the quarterly newsletter to external partners and SEED Ambassadors to highlight information on SEED program resources, contracting opportunities, free government contracting services, SEED supplier success stories, recent contract awards, upcoming bid opportunities, and small business events and workshops. It is also available on smud.org. The open rate, click rate and click-to-open rate for the external SEED recipients was higher than all SMUD emails on average, with an open rate of 50.53 percent, click rate of 10.88% and click-to-open rate of 21.53%. The SEED team will relaunch the SEED newsletter in an updated format for 2024.



SSS No. DP&O 24-004

# BOARD AGENDA ITEM

## STAFFING SUMMARY SHEET

Committee Meeting & Date Policy - August 6, 2024
Board Meeting Date August 15, 2024

TO				TO			
1.	Claire Rogers	6.					
2.	Frankie McDermott	7.					
3.	Brandy Bolden	8.					
4.	Farres Everly	9.	<b>Legal</b>				
5.	Suresh Kotha	10.	<b>CEO &amp; General Manager</b>				
<b>Consent Calendar</b>	<input checked="" type="checkbox"/> <b>Yes</b>	<b>No</b> <i>If no, schedule a dry run presentation.</i>		<b>Budgeted</b>	<input checked="" type="checkbox"/> <b>Yes</b>	<b>No</b> <i>(If no, explain in Cost/Budgeted section.)</i>	
FROM (IPR) Katarina Miletijev			DEPARTMENT Distribution Planning & Operations		MAIL STOP EA502	EXT. 6235	DATE SENT 7/11/24

**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 2023. 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:** Strategic Direction SD-14, System Enhancement.  
*(Number & Title)*

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

**Cost/Budgeted:** In June 2020, the Board approved suspension of funding new projects under SD-14 for 2020, 2021 and 2022 (Resolution 20-06-23). Previously committed projects, a total of three, under the Policy would continue to be funded during these years. The total 2023 budget for these three projects was \$2.6 million and the actual spending was approximately \$99,000. The large variance between plan and actuals is due to local agency schedule adjustments.

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

**Affected Parties:** N/A

**Coordination:** Line Assets; Regional & Local Government Affairs

**Presenter:** Katarina Miletijev, Interim Director, Distribution Planning & Operations

**Additional Links:**

SUBJECT <b>SD-14, System Enhancement Board Monitoring Report</b>	ITEM NO. (FOR LEGAL USE ONLY)
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ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

# SACRAMENTO MUNICIPAL UTILITY DISTRICT

## OFFICE MEMORANDUM

**TO:** Board of Directors

**DATE:** July 24, 2024

**FROM:** Claire Rogers *CR 7/24/24*

**SUBJECT: Audit Report No. 28007747  
Board Monitoring Report; SD-14: System Enhancement**

Internal Audit Services (IAS) received the SD-14 *System Enhancement* 2023 Annual Board Monitoring Report and performed the following:

- Selected a sample of statements and assertions in the report for review.
- Interviewed report contributors and verified the methodology used to prepare the statements in our sample.
- Validated the reasonableness of the statements in our sample based on the data or other support provided to us.

During the review, nothing came to IAS' attention that would suggest the items sampled within the SD Board Monitoring report did not fairly represent the source data available at the time of the review.

**CC:**

Paul Lau



# **Board Monitoring Report 2023**

## **Strategic Direction**

### **SD-14, System Enhancement**



#### **1. Background**

Strategic Direction SD-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 SMUD 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

The policy states that SMUD “will annually commit up to one-half of one percent of its annual gross electric sales revenue to system enhancements.” For 2023, this threshold was approximately \$8.35 million.

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

The planning and execution of SD-14 projects is typically a multi-year process that starts with a preliminary work scope that is used to determine a ballpark cost estimate, to the finalization of the work scope that includes a detailed design and detailed cost estimate. After necessary permits and easements are obtained, the project is released for execution/construction. Table 1 below shows the committed projects and their design and construction schedules. The budget for these three multi-year projects were included in the approved operational plans and budgets. Two of the three projects were planned for 2022, but schedule changes driven by the local agencies moved the project design and construction to future years.

Table 1: Committed Projects in Progress

Local Jurisdiction	Project Title	Total Cost Estimate	2023 Project Budget	2023 Project Spend	Project Status
Sacramento County	Greenback Lane Road Improvements (0.8 miles)	\$1,000K	\$0K	\$18K	Design in 2024; Construction in 2026
City of Citrus Heights	Auburn Blvd. Rusch Park to I-80 (0.75 miles)	\$2,900K	\$2,670K <sup>(a)</sup>	\$49K	Design in 2023; Construction in 2025
City of Elk Grove	Elk Grove Blvd. Waterman to School St. (0.5 miles)	\$1,500K	\$7K <sup>(a)</sup>	\$32K	Design in 2023; Construction in 2025

(a) The original schedule called for the project construction to start in 2022 but the local agency deferred construction to later years.

### 3. Additional supporting information

Since the adoption of the SD-14 policy, 11 projects have been funded through the policy for a total of \$12.06 million. Table 2 below lists the projects completed by year.

Table 2: Completed Projects Since Policy Adoption

<b>Local Jurisdiction</b>	<b>Project Description</b>	<b>SMUD Construction Completion</b>	<b>SMUD Project Cost</b>
Sacramento County	Fair Oaks Blvd Landis to Angelina (0.3 miles)	2021	\$0.25 M
Sacramento County	Hazel Avenue Phase 3 Sunset to Madison (0.7 miles)	2021	\$1.22 M
City of Sacramento	Sutter Village (~200 feet)	2019	\$0.12 M
City of Sacramento	Ice Blocks Project R Street b/w 16th & 18th Streets (1,000 ft.)	2017	\$0.47 M
Sacramento County	Hazel Avenue Phase 2 b/w Curragh Downs & Sunset Ave. (1 mile)	2017	\$2.3 M
Sacramento County	Fair Oaks Blvd. b/w Landis Ave. & Engle Rd. (0.5 miles)	2016	\$1.2 M
City of Sacramento	16th and O Streets (1,000 ft.)	2013	\$0.3 M
Citrus Heights	Auburn Blvd. b/w Sylvan Corners & Rusch Park (1 mile)	2013	\$2.6 M
Sacramento County	North Highlands Town Ctr. at Watt Ave. & Freedom Park Dr. (0.5 mile)	2012	\$1.1 M
City of Sacramento	7th St. b/w North B & Richards Blvd. (1,500 ft.)	2012	\$1.3 M
City of Sacramento	Richards Blvd. b/w North 5th & North 7th Streets (1,000 ft.)	2012	\$1.2 M

#### **4. Challenges**

There were no challenges encountered with the implementation of the Board policy in 2023.

#### **5. Recommendation**

It is recommended that the Board accept the 2023 Monitoring Report for SD-14, System Enhancement.

#### **6. Appendices**

N/A



SSS No. BOD 2024-014
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# BOARD AGENDA ITEM

## STAFFING SUMMARY SHEET

Committee Meeting & Date Policy – 08/06/24
Board Meeting Date N/A

TO				TO								
1.	Scott Martin	6.										
2.	Suresh Kotha	7.										
3.	Brandy Bolden	8.										
4.	Farres Everly	9.	<b>Legal</b>									
5.		10.	<b>CEO &amp; General Manager</b>									
<b>Consent Calendar</b>		<b>Yes</b>	<input checked="" type="checkbox"/>	<b>No</b> <i>If no, schedule a dry run presentation.</i>		<b>Budgeted</b>		<input checked="" type="checkbox"/>	<b>Yes</b>	<b>No</b> <i>(If no, explain in Cost/Budgeted section.)</i>		
FROM (IPR) Dave Tamayo / Crystal Henderson				DEPARTMENT Board Office				MAIL STOP B307	EXT. 6155	DATE SENT 07/10/24		

**NARRATIVE:**

**Requested Action:** Allow the Board of Directors and Executive staff an opportunity to discuss and evaluate existing policies: **Board-Staff Linkage BL-9, Delegation to the CEO with Respect to Local, State and Federal Legislation and Regulation; Board-Staff Linkage BL-10, Delegation to the CEO with Respect to Real and Personal Property; and Board-Staff Linkage BL-11, Delegation to the CEO with Respect to the Settlement of Claims and Litigation.**

**Summary:** A schedule to monitor Board policies was agreed upon by the Policy Monitoring Ad Hoc Committee. Monitoring established policies creates a better understanding of the policies and gives the Board an opportunity to make corrections, additions, or changes, if necessary.

**Board Policy:** *(Number & Title)* This monitoring supports Governance Process GP-2, Governance Focus, which states, in part, that “[t]he Board will direct, evaluate, and inspire the organization through the establishment of written policies reflecting the Board’s values.”

**Benefits:** Monitoring policies helps ensure the policies are current and in keeping with the current will of the Board.

**Cost/Budgeted:** Included in budget

**Alternatives:** Not review these policies at this time.

**Affected Parties:** Board of Directors

**Coordination:** Crystal Henderson, Special Assistant to the Board of Directors

**Presenter:** Dave Tamayo, Policy Chair

**Additional Links:**

SUBJECT <b>Board Monitoring of BL-9, BL-10, and BL-11</b>	ITEM NO. <i>(FOR LEGAL USE ONLY)</i>
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ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

# SMUD BOARD POLICY



**Category:** Board-Staff Linkage  
**Policy No.:** BL-9  
**Title:** Delegation to the CEO with Respect to Local, State and Federal Legislation and Regulation

This Board supports development of legislative and regulatory policies that further the Board's policies.

- a) The Chief Executive Officer and General Manager (CEO) is authorized to develop local, state and federal legislative, regulatory and budget positions consistent with Board policies, and communicate them to the Congress, the Legislature, regulatory agencies, local agencies and relevant stakeholders.
- b) When communicating a new position on local, state or federal legislation or budget proposals, the CEO will provide advance notice to the Board when feasible.

**Monitoring Method:** CEO Report

**Frequency:** Semi-Annual

**Versioning:**

October 21, 2004	Resolution No. 04-10-07	Date of Adoption.
December 18, 2008	Resolution No. 08-12-17	Date of Revision.
August 4, 2011	Resolution No. 11-08-04	Date of Revision.
October 6, 2011	Resolution No. 11-10-01	Date of Revision.
August 21, 2014	Resolution No. 14-08-03	Date of Revision.
September 21, 2023	Resolution No. 23-09-02	Date of Revision. [Current Policy]

# SMUD BOARD POLICY



**Category:** Board-Staff Linkage  
**Policy No.:** BL-10  
**Title:** Delegation to the CEO with Respect to Real and Personal Property

Normal business operations require SMUD to engage in: (i) the acquisition, disposition, and lease of interests in real property; and (ii) the disposition and lease of surplus personal property.

- a) **Delegation of Authority:** The Chief Executive Officer and General Manager (CEO) is delegated decision making and approval authority within the parameters that follow.
- b) **Real Property:**
  - i) Purchase, Sale or Exchange of Real Property. The purchase price does not exceed \$5 million and is no more than 115% of the appraised value of the property. The sale of real property shall be at fair market value and offered in accordance with California Government Code section 54220 et seq. and other applicable law. In an exchange of real property, SMUD shall remain financially whole or benefit from the transaction.
  - ii) Lease of SMUD Real Property. Leases shall be for fair market value and shall not adversely impact SMUD's current or anticipated future operations.
  - iii) Option for Purchase of Real Property. The option price shall be commercially reasonable and not to exceed \$1,000/acre, with the option to be exercised only by the Board or consistent with Section b)i) of this policy.
  - iv) Easements, Rights of Way, Licenses or Quitclaim Deeds. Easements, rights of way, licenses and quitclaim deeds may be granted to third parties where SMUD's current or anticipated future operations are not adversely impacted. Lease, easements, licenses and rights-of-way from third parties may be obtained within 125% of fair market value.
  - v) Special Assessments, Governmental Fees and Property Taxes. Cast all ballots, negotiate, pay taxes, assessments, fees, levies or charges arising from or related to SMUD's ownership or other interests in real property.
- c) **Personal Property:**
  - i) Disposal of Surplus, Scrap or Obsolete Personal Property. The disposal of surplus, scrap, or obsolete personal property shall be done in accordance with applicable law.



- ii) Lease of SMUD Personal Property. Leases shall be for fair market value and shall not adversely impact SMUD's current or anticipated future operations.

**Monitoring Method: CEO Report**

**Frequency: Annual**

**Versioning:**

September 21, 2006	Resolution No. 06-09-11	Date of Adoption.
December 7, 2006	Resolution No. 06-12-03	Date of Revision.
December 18, 2008	Resolution No. 08-12-11	Date of Revision.
August 4, 2011	Resolution No. 11-08-04	Date of Revision.
August 21, 2014	Resolution No. 14-08-03	Date of Revision.
September 21, 2023	Resolution No. 23-09-02	Date of Revision.
May 16, 2024	Resolution No. 24-05-05	Date of Revision. [Current Policy]

# SMUD BOARD POLICY



**Category:** Board-Staff Linkage  
**Policy No.:** BL-11  
**Title:** Delegation to the CEO with Respect to the Settlement of Claims and Litigation

Normal business operations require SMUD to enter into settlements of: (i) claims and lawsuits filed against it and brought by SMUD against third parties; (ii) regulatory matters to which SMUD is a party; and (iii) other disputes with third parties (“Dispute” or “Disputes”).

- a) **Delegation of Authority:** The Chief Executive Officer and General Manager (CEO), upon the advice of the General Counsel, is delegated authority to enter into settlement agreements to resolve Disputes and is authorized to execute all necessary documents to finally resolve such matters in accordance with Board policy and within the parameters of the matrix below.

<u>Category</u>	<u>Amount</u>
<b>Tort Claims/Other Claims Under Workers’ Compensation Laws</b>	Up to SMUD’s self-insured retention levels <sup>1</sup>
<b>Condemnations Filed by SMUD:</b>	
Up to 115% of Appraised Value	\$5 million
Greater than 115% of Appraised Value	\$500k
<b>Condemnations Filed Against SMUD:</b>	
85% or greater of Appraised Value	\$5 million
Less than 85% of Appraised Value	\$500k
<b>All Other Disputes</b>	\$500k

- b) **Reporting:** The CEO shall timely provide the Board with a summary of any significant settlement of a Dispute.

**Monitoring Method:** CEO Report

**Frequency:** Annual

**Versioning:**

October 19, 2006	Resolution No. 06-10-04	Date of Adoption.
December 7, 2006	Resolution No. 06-12-04	Date of Revision.
January 24, 2008	Resolution No. 08-01-06	Date of Revision.
October 16, 2008	Resolution No. 08-10-09	Date of Revision.
August 4, 2011	Resolution No. 11-08-04	Date of Revision.
August 21, 2014	Resolution No. 14-08-03	Date of Revision.
September 21, 2023	Resolution No. 23-09-02	Date of Revision. [Current Policy]

<sup>1</sup> Amounts in excess of the self-insured retention levels are paid under insurance policies.



SSS No. BOD 2024-05
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# BOARD AGENDA ITEM

## STAFFING SUMMARY SHEET

Committee Meeting & Date POLICY – 2024
Board Meeting Date N/A

TO				TO								
1.	Suresh Kotha	6.										
2.	Brandy Bolden	7.										
3.	Farres Everly	8.										
4.		9.	<b>Legal</b>									
5.		10.	<b>CEO &amp; General Manager</b>									
<b>Consent Calendar</b>		<b>Yes</b>	<input checked="" type="checkbox"/>	<b>No</b> <i>If no, schedule a dry run presentation.</i>		<b>Budgeted</b>		<input checked="" type="checkbox"/>	<b>Yes</b>	<b>No</b> <i>(If no, explain in Cost/Budgeted section.)</i>		
FROM (IPR) Rosanna Herber / Crystal Henderson				DEPARTMENT Board Office				MAIL STOP B307	EXT. 5424	DATE SENT 12/21/23		

**NARRATIVE:**

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

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

**Board Policy:** *(Number & Title)* This review of the work plan supports Governance Process GP-6, Role of the Board President, which states, in part, that the Board President “shall ensure that the Board’s agendas meet the goals of the annual work plan.”

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

**Cost/Budgeted:** Included in budget

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

**Affected Parties:** Board of Directors and Executive staff

**Coordination:** Crystal Henderson, Special Assistant to the Board

**Presenter:** Rosanna Herber, Board President

**Additional Links:**

SUBJECT <b>Board Work Plan</b>	ITEM NO. <i>(FOR LEGAL USE ONLY)</i>
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ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.





SSS No. BOD 2024-03
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# BOARD AGENDA ITEM

## STAFFING SUMMARY SHEET

Committee Meeting & Date POLICY - 2024
Board Meeting Date N/A

TO				TO			
1.	Suresh Kotha	6.					
2.	Brandy Bolden	7.					
3.	Farres Everly	8.					
4.		9.	<b>Legal</b>				
5.		10.	<b>CEO &amp; General Manager</b>				
<b>Consent Calendar</b>		<b>Yes</b>	<input type="checkbox"/>	<b>No</b>	<i>If no, schedule a dry run presentation.</i>		
		<b>Budgeted</b>	<input type="checkbox"/>	<b>Yes</b>	<b>No</b> <i>(If no, explain in Cost/Budgeted section.)</i>		
FROM (IPR) Dave Tamayo / Crystal Henderson		DEPARTMENT Board Office			MAIL STOP B304	EXT. 5424	DATE SENT 12/21/23

**NARRATIVE:**

**Requested Action:** A summary of directives is provided to staff during the committee meeting.

**Summary:** The Board requested an ongoing opportunity to do a wrap up period at the end of each committee meeting to summarize various Board member suggestions and requests that were made at the meeting to make clear the will of the Board. The Policy Committee Chair will summarize Board member requests that come out of the committee presentations for this meeting.

**Board Policy:** *(Number & Title)* Governance Process GP-4, Board/Committee Work Plan and Agenda Planning, states, among other things, “the Board will develop and follow an annual work plan that ensures the Board...focuses on the results the Board wants the organization to achieve....”

**Benefits:** Having an agendized opportunity to summarize the Board’s requests and suggestions that arise during the committee meeting will help clarify the will of the Board.

**Cost/Budgeted:** Included in budget.

**Alternatives:** Not to summarize the Board’s requests at this meeting.

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

**Coordination:** Crystal Henderson, Special Assistant to the Board of Directors

**Presenter:** Dave Tamayo, Policy Chair

**Additional Links:**

SUBJECT <b>Summary of Committee Direction - Policy</b>	ITEM NO. <i>(FOR LEGAL USE ONLY)</i>
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ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.