

# Board of Directors Meeting Agenda

Date: August 17, 2023

Time: 6:00 p.m.

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



# AGENDA

## SACRAMENTO MUNICIPAL UTILITY DISTRICT BOARD OF DIRECTORS MEETING SMUD HEADQUARTERS BUILDING AUDITORIUM – 6201 S STREET SACRAMENTO, CALIFORNIA

***August 17, 2023 – 6:00 p.m.***

### 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 SMUD Board of Directors Meeting Here](#)

**Webinar/Meeting ID:** 160 455 1180

**Passcode:** 660707

**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:

- Registering in advance of a meeting by sending an email to [PublicComment@smud.org](mailto:PublicComment@smud.org), making sure to include the commenter's name, date of the meeting, and topic or agenda item for comment. Microphones will be enabled for virtual or telephonic attendees at the time public comment is called and when the commenter's name is announced.
- 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. 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.

Call to Order.

a. Roll Call.

1. Approval of the Agenda.

2. Committee Chair Reports.

- a. Committee Chair report of August 8, 2023, Strategic Development Committee
- b. Committee Chair report of August 9, 2023, Policy Committee
- c. Committee Chair report of August 15, 2023, Finance and Audit Committee
- d. Committee Chair report of August 15, 2023, Energy Resources & Customer Services Committee

**Items 5 and 6 were reviewed by the August 9, 2023, Policy Committee. Items 7 and 8 were reviewed by the August 15, 2023, Finance and Audit Committee. Item 9 was reviewed by the August 15, 2023, Energy Resources & Customer Services Committee.**

*Comments from the public are welcome when these agenda items are called.*

**Consent Calendar:**

- 3. Approve Board member compensation for service rendered at the request of the Board (pursuant to Resolution 23-06-02) for the period of July 16, 2023, through August 15, 2023.
- 4. Approval of the minutes of the meeting of July 20, 2023.
- 5. Accept the monitoring report for **Strategic Direction SD-5, Customer Relations. Policy Committee 8/9. (Brandy Bolden)**
- 6. Accept the monitoring report for **Strategic Direction SD-15, Outreach and Communication. Policy Committee 8/9. (Farres Everly)**
- 7. Accept the monitoring report for **Strategic Direction SD-13, Economic Development Policy. Finance and Audit Committee 8/15. (Jose Bodipo-Memba)**
- 8. Accept the monitoring report for **Strategic Direction SD-14, System Enhancement. Finance and Audit Committee 8/15. (Frankie McDermott)**
- 9. Authorize the Chief Executive Officer and General Manager to negotiate and execute all agreements necessary to facilitate SMUD's participation in the **California Independent System Operator Corporation (CAISO) Extended Day-Ahead Market (EDAM)**. Energy Resources & Customer Services Committee 8/15. **(Lora Anquay)**

\* \* \* \* \*

**Public Comment:**

- 10. Items not on the agenda.

\* \* \* \* \*

**Board and CEO Reports:**

- 11. Directors' Reports.
- 12. President's Report.
  - a. Video re: National Alliance on Mental Illness (NAMI) Walks
- 13. CEO's Report.

**Summary of Board Direction**

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***ANNOUNCEMENT OF CLOSED SESSION AGENDA***

1. **Conference with Real Property Negotiators.**

Pursuant to Section 54956.8 of the Government Code:

Property: Land in **Placer County**

APNs 017-130-015, 017-090-024, 017-130-016, 017-130-057,  
017-130-058, 017-130-061, 017-152-003, 017-090-024, 017-090-056,  
017-152-002, 017-090-057, 017-090-058, 017-101-045, 017-152-001

SMUD Negotiators:

Ellias van Ekelenburg, Director of Environmental, Safety &  
Real Estate Services  
Blandon Granger, Supervisor, Real Estate Services

Negotiating Party:

Placer 2130, J.V.; Hillsdale College; Silver Streak Ranches

Under negotiation: price and terms.

\* \* \* \* \*

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

August 15, 2023	Finance and Audit Committee and Special SMUD Board of Directors Meeting	Auditorium*	6:00 p.m.
August 15, 2023	Energy Resources & Customer Services Committee and Special SMUD Board of Directors Meeting	Auditorium	Immediately following the Finance and Audit Committee and Special SMUD Board of Directors Meeting scheduled to begin at 6:00 p.m.
August 30, 2023	Special SMUD Board of Directors Meeting (Public Rates Hearing)	Auditorium	6:00 p.m.
September 12, 2023	Strategic Development Committee and Special SMUD Board of Directors Meeting	Auditorium	6:00 p.m.
September 13, 2023	Policy Committee and Special SMUD Board of Directors Meeting	Auditorium	6:00 p.m.
September 19, 2023	Finance and Audit Committee and Special SMUD Board of Directors Meeting	Auditorium	6:00 p.m.
September 20, 2023	Energy Resources & Customer Services Committee and Special SMUD Board of Directors Meeting	Auditorium	6:00 p.m.

\* \* \* \* \*

*\*The Auditorium is located in the lobby of the SMUD Headquarters Building, 6201 S Street, Sacramento, California.*

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

September 21, 2023

Auditorium\*

6:00 p.m.

*\*The Auditorium is located in the lobby of the SMUD Headquarters Building, 6201 S Street, Sacramento, California.*

*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.*







RESOLUTION NO. \_\_\_\_\_

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

That this Board hereby approves Board member compensation for service rendered at the request of the Board (pursuant to Resolution 23-06-02) for the period of July 16, 2023, through August 15, 2023.



Sacramento, California

July 20, 2023

The Board of Directors of the Sacramento Municipal Utility District met in regular session simultaneously in the Auditorium of the SMUD Headquarters Building at 6201 S Street, Sacramento, and via virtual meeting (online) at 6:00 p.m.

Roll Call:

Presiding: President Sanborn

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

Present also were Paul Lau, Chief Executive Officer and General Manager; Laura Lewis, Chief Legal & Government Affairs Officer and General Counsel and Secretary, and members of SMUD's executive management; and SMUD employees and visitors.

Director Tamayo shared the 2030 Clean Energy tip.

President Sanborn called for approval of the agenda. Vice President Herber moved for approval of the agenda, Director Fishman seconded, and the agenda was unanimously approved.

President Sanborn then called for public comment for items on the agenda, but none were forthcoming.

President Sanborn then addressed the consent calendar consisting of Items 2 through 4. Director Rose moved for approval of the consent calendar, Director Fishman seconded, and Resolution Nos. 23-07-01 and 23-07-02 were unanimously approved.

**RESOLUTION NO. 23-07-01**

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

That this Board hereby approves Board member compensation for service rendered at the request of the Board (pursuant to Resolution 18-12-15) for the period of June 16, 2023, through June 30, 2023.

Approved: July 20, 2023

INTRODUCED: DIRECTOR ROSE				
SECONDED: DIRECTOR FISHMAN				
DIRECTOR	AYE	NO	ABSTAIN	ABSENT
SANBORN	X			
ROSE	X			
BUI-THOMPSON	X			
FISHMAN	X			
HERBER	X			
KERTH	X			
TAMAYO	X			

**RESOLUTION NO. 23-07-02**

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

That this Board hereby approves Board member compensation for service rendered at the request of the Board (pursuant to Resolution 23-06-02) for the period of July 1, 2023, through July 15, 2023.

Approved: July 20, 2023

INTRODUCED: DIRECTOR ROSE				
SECONDED: DIRECTOR FISHMAN				
DIRECTOR	AYE	NO	ABSTAIN	ABSENT
SANBORN	X			
ROSE	X			
BUI-THOMPSON	X			
FISHMAN	X			
HERBER	X			
KERTH	X			
TAMAYO	X			

President Sanborn then turned to Discussion Calendar Item 5, authorize the Chief Executive Officer and General Manager to award contracts to Myers Power Products, Inc. and PSECO Electric to manufacture and provide substation switchgears during the period of July 21, 2023, to July 21, 2028, with one optional two-year extension for a total aggregate contract not-to-exceed amount of \$35 million.

Eric Poff, Director of Substation, Telecommunications & Metering Assets gave a presentation on Item 5. A copy of the slides used in his presentation is attached to these minutes.

No public comment was forthcoming on Discussion Calendar Item 5.

After some discussion, Director Rose moved for approval of Discussion Calendar Item 5, Director Fishman seconded, and Resolution No. 23-07-03 was unanimously approved.

**RESOLUTION NO. 23-07-03**

**WHEREAS**, in February 2023, SMUD issued Request for Proposal No. Doc3860182214 (RFP) to solicit qualified firms to manufacture and provide substation switchgears; and

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

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

**Section 1.** As a result of such examination, **Myers Power Products, Inc.** and **PSECO Electric** are hereby determined and declared to be the two highest evaluated responsive proposers to manufacture and provide substation switchgears.

**Section 2.** The Chief Executive Officer and General Manager, or his designee, is authorized, on behalf of SMUD, to award contracts to **Myers Power Products, Inc.** and **PSECO Electric** to manufacture and provide substation switchgears during the period of July 21, 2023, to July 21, 2028, with one optional two-year extension for a total aggregate contract not-to-exceed amount of \$35,000,000.

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

Approved: July 20, 2023

INTRODUCED: DIRECTOR ROSE				
SECONDED: DIRECTOR FISHMAN				
DIRECTOR	AYE	NO	ABSTAIN	ABSENT
SANBORN	X			
ROSE	X			
BUI-THOMPSON	X			
FISHMAN	X			
HERBER	X			
KERTH	X			
TAMAYO	X			



President Sanborn then turned to Discussion Calendar Item 6, authorize the Chief Executive Officer and General Manager to award a contract to Burns & McDonnell Western Enterprises, Inc. to provide Substation Engineering Design Services for the period from July 21, 2023, to December 31, 2026, for a not-to-exceed amount of \$4 million.

Eric Poff, Director of Substation, Telecommunications & Metering Assets gave a presentation on Item 6. A copy of the slides used in his presentation is attached to these minutes.

No public comment was forthcoming on Discussion Calendar Item 6.

After some discussion, Director Fishman moved for approval of Discussion Calendar Item 6, Director Rose seconded, and Resolution No. 23-07-04 was unanimously approved.

**RESOLUTION NO. 23-07-04**

**WHEREAS**, in March 2023, SMUD issued Request for Proposal No. SCS-23-063 (RFP) to solicit qualified firms to provide substation engineering design services; and

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

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

**Section 1.** As a result of such examination, **Burns & McDonnell Western Enterprises, Inc.** is hereby determined and declared to be the highest evaluated responsive proposer to provide substation engineering design services.

**Section 2.** The Chief Executive Officer and General Manager, or his designee, is authorized, on behalf of SMUD, to award a contract to **Burns & McDonnell Western Enterprises, Inc.** to provide substation engineering design services for the period from July 21, 2023, to December 31, 2026, for a not-to-exceed amount of \$4,000,000.

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

Approved: July 20, 2023

INTRODUCED: DIRECTOR FISHMAN				
SECONDED: DIRECTOR ROSE				
DIRECTOR	AYE	NO	ABSTAIN	ABSENT
SANBORN	X			
ROSE	X			
BUI-THOMPSON	X			
FISHMAN	X			
HERBER	X			
KERTH	X			
TAMAYO	X			

President Sanborn then turned to Discussion Calendar Item 7, approve Contract Change No. 1 to Contract No. 4500128563 with WEG Transformers USA LLC to increase the contract not-to-exceed amount for power transformers by \$12,768,991 from \$3,426,446 to \$16,195,437.

Eric Poff, Director of Substation, Telecommunications & Metering Assets gave a presentation on Item 7. A copy of the slides used in his presentation is attached to these minutes.

No public comment was forthcoming on Discussion Calendar Item 7.

There being no discussion, Director Tamayo moved for approval of Discussion Calendar Item 7, Director Rose seconded, and Resolution No. 23-07-05 was unanimously approved.

**RESOLUTION NO. 23-07-05**

**WHEREAS**, Contract No. 4500128563 with **WEG Transformers USA LLC (WEG)** was awarded on a competitive basis in July 2021 for the supply of one 224 MVA Power Transformer in support of SMUD's Substation Engineering team for the total amount of \$3,426,446 excluding sales tax; and

**WHEREAS**, since the start of the contract, market research indicates the cost of power transformers has increased by 24% since Contract No. 4500128563 was executed in July 2021; and

**WHEREAS**, specifications for the transformers in current construction requires the impedance to be dropped by 2.3%, which is a significant drop that will require, in conjunction with other initiative design changes, additional copper and core steel to be built into the power transformers; and

**WHEREAS**, increasing the contract amount will allow SMUD to move forward without delay and significant costs while securing distribution substation transformers to meet the construction schedule until new contracts are finalized in approximately December 2023; **NOW, THEREFORE,**

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

**Section 1.** That this Board hereby authorizes the Chief Executive Officer and General Manager, or his designee, to increase the contract not-to-exceed amount for power transformers by \$12,768,991, from \$3,426,446 to \$16,195,437, for Contract No. 4500128563 with **WEG Transformers USA LLC**.

**Section 2.** The Chief Executive Officer and General Manager, or his designee, is authorized to make future changes to the terms and conditions of the contract that, in his prudent judgment: (a) further the primary purpose of the

contract; (b) are intended to provide a net benefit to SMUD; and (c) do not exceed the authorized contract amount and applicable contingencies.

Approved: July 20, 2023

INTRODUCED: DIRECTOR TAMAYO				
SECONDED: DIRECTOR ROSE				
DIRECTOR	AYE	NO	ABSTAIN	ABSENT
SANBORN	X			
ROSE	X			
BUI-THOMPSON	X			
FISHMAN	X			
HERBER	X			
KERTH	X			
TAMAYO	X			

President Sanborn then turned to Informational Items 8 and 9.

Lisa Limcaco, Director of Accounting & Controller, gave a presentation on agenda item 8, regarding SMUD's financial results from the five-month period ended May 31, 2023, and a summary of SMUD's current Power Supply Costs. A copy of the slides used in her presentation is attached hereto.

No public comment was forthcoming on agenda item 8.

With regard to agenda item 9, the Audit Reports regarding Greenergy Partner Plus Program Verification and Q2 2023 Status of Recommendations, no clarifying questions or public comment were forthcoming.

Public comment on Agenda Item 10, copies of which are attached to these minutes, was received from the following members of the public:

- Rick Codina
- Michael Ferrara

President Sanborn then turned to Directors' Reports.

Director Rose reported that he had been on vacation but that had the opportunity to speak at the Sacramento Area Council of Governments (SACOG) Youth Leadership Academy in mid-June. He also reported on his attendance at the SMUD Employee Recognition Gala.

Director Bui-Thompson reported on her attendance at the SMUD Employee Recognition Gala as well as the American River Parkway Summer Solstice and Night at the River Cats events. She then reported on her attendance at the Hanami Line groundbreaking event at Robert T. Matsui Waterfront Park. She noted it had been a dream for many years of her friend and former Sacramento Tree Foundation Executive Director, Ray Tretheway. She stated that her husband, Paul Thompson, had passed away last year, and she was very happy to purchase a bench in his honor that was placed at the groundbreaking spot and excited to see the project moving forward.

Director Fishman reported on his attendance at the SMUD Employee Recognition Gala. He then reported on two SMUD-sponsored events that occurred in his Ward: the Power Inn Alliance State of Alliance event and the College Glen Neighborhood Association National Night Out. He praised Annette

Deglow and her husband John for their work in the College Glen area. He thanked SMUD staff for their work and support of the two events.

Vice President Herber reported on her attendance at the Women in Trades event and thanked Chief Operating Officer Frankie McDermott and Chief Diversity Officer Jose Bodipo-Memba for making it available. She reported on her attendance at the Hanami Line groundbreaking as well as the grand opening of the Sacramento Native American Health Center South Sacramento Campus across the street from Luther Burbank School. She reported on her attendance at the Homeless World Cup and thanked Lisa Wrightsman for organizing it. She congratulated Chief Zero Carbon Officer Lora Anguay for being honored by the *Sacramento Business Journal's* Women Who Mean Business. She concluded by reporting on her attendance at the Policy Makers Council of the American Public Power Association (APPA).

Director Kerth reported on his attendance at the Chamber of Commerce State Fair Preview Luncheon. He then reported on his attendance at the Nehemiah Community Foundation New Emerging Leaders Program graduation ceremony and his speaking event at the Museum of Science and Curiosity Fieldtrip. He reported on his attendance, along with other Board members, at the Calpine Carbon Capture Demonstration & Tech Showcase. He then reported on his attendance at the APPA National Conference where he received, on behalf of SMUD, a certificate of appreciation for SMUD's work with the Navajo Tribal Utility Authority for helping to electrify the Navajo Nation. He concluded by reporting he had enjoyed a great hot dog smothered in mustard at a 4th of July picnic, which he missed during COVID, and encouraged everyone not to miss the small things when they happen.

Director Tamayo thanked Director Kerth for sharing the certificate of appreciation and thanked staff for all of the work done to bring electricity to those who need that support. He reported on his attendance at the Calpine Carbon Capture Demonstration & Tech Showcase and at the SMUD Employee Recognition Gala. He then reported on his attendance, along with Vice President Herber, at the South Sacramento Interfaith Partnership Social, a food pantry

serving 250 people, and encouraged those listening to consider volunteering there.

President Sanborn reported on her attendance at the SMUD Employee Recognition Gala. She then reported on her attendance at the Greater Arden Chamber of Commerce meeting, along with Director Fishman, and at the Citrus Heights Chamber of Commerce meeting while Director Rose was on vacation. She thanked Jeannie Robinson and Jenny Rodriguez for their help in preparing her for the two meetings. She then reported on her attendance at the California Air Resources Board (CARB) Clean Air Awards where her friend Bill Magavern, Policy Director for the Coalition for Clean Air, was honored with the Haagen-Smit Clean Air Award. She reported on her attendance at the Calpine Carbon Capture Demonstration & Tech Showcase. She concluded by wishing Director Bui-Thompson a happy birthday.

Paul Lau, Chief Executive Officer and General Manager, thanked the Board for attending the SMUD Employee Recognition Gala, the first one held since the onset of COVID. He then reported on the following items:

- 1) **Awards**. I would like to start by sharing that earlier today, SMUD was recognized by the *Sacramento Business Journal* as a Champion for Diversity, Equity and Inclusion. I could not be prouder of SMUD for the important work that led to this award and our long history of working toward a more diverse, equitable and inclusive culture for our employees and customers. Today's awards event featured a panel discussion with DEI experts, including our own Chief Diversity Officer Jose Bodipo-Memba. Our journey to make diversity, equity, inclusion and belonging (DEIB) a part of everything we do continues to be a focus at SMUD. As you know, in recent years, we established our first Chief Diversity Officer position, updated our DEIB Strategy, increased our employee resource group activities, established a DEIB Council of employees and developed a Community Impact Plan. Next month, you will receive an



update on our Community Impact Plan work, which takes a boots-on-the ground approach to achieving our 2030 Clean Energy Vision, with equity in mind. Congratulations to everyone who has worked so diligently to bring us this far. We have come a long way, and I look forward to seeing our continued progress in this space. We also received a Corporate Excellence award from the National Energy and Utility Affordability Coalition for our work with economically challenged customers. And, Chartwell awarded us with a Gold Communications Award for our multi-media Clean PowerCity Campaign.

- 2) **SMUD Energy Dashboards**. I am also excited to share that we recently published two new dashboards on our website showing SMUD's energy outlook, peak demand, power sources, carbon emissions and customer enrollment in programs that support zero carbon and progress on our zero carbon projects. The energy outlook dashboard, which shows demand, forecasted peak and renewable sources, refreshes every 15 minutes. The emission and zero carbon progress dashboard is updated quarterly. These dashboards can be seen at [smud.org](http://smud.org), and there are links to them on various relevant pages throughout our website. Our customers can use these tools to stay up to date on the increase in renewable energy and capacity in our power mix and customer participation in our programs, as well as our decrease in greenhouse gas emissions over time. Great work to all who brought these useful tools to our customers!
- 3) **2030 Zero Carbon Plan Milestone**. Speaking of progress, we accomplished a large 2030 Zero Carbon Plan milestone last month with the delivery of six massive flow-battery storage system containers at our Power Academy training facility. In partnership with ESS, Inc., we are making great strides in testing and piloting long-duration energy storage solutions to

evaluate their overall impact and potential on our grid. Once the iron-flow battery storage system is ready for commercial operations in the coming months, each container will weigh over 90,000 pounds and have the capacity to store about half a megawatt of power for about seven hours.

**4) Women in Skilled Trades Day.** We also had a very successful

Women in Skilled Trades Day last month. With dozens of hands-on activities, the event at our Power Academy training facility connected about 120 visitors in the community with information and the opportunity to learn about career paths in the utility industry. It created access for participants who have been underrepresented in the field – and also showcased new employment opportunities in the clean energy sector. Our goal is for events like this to continue to inspire a diverse talent pool to apply for careers that they have been unrepresented in, and of course apply for careers at SMUD.

**5) Miscellaneous Updates.** There are a few other short updates

from this past month: We are continuing our commitment to fully fund our pension program and recently made an additional \$44 million supplemental investment into the SMUD pension plan for 2023. SMUD is in a stronger financial position than most of our peers because we have a plan to reach and maintain 100% funding by 2028. SMUD and a handful of other organizations, including the NASDAQ stock market, recently worked with NSF International to help establish a new Sustainability Standard for professional services. SMUD contributed to refining and validating the criteria, ensuring its robustness and relevance. NSF recently awarded its first firm in the world with this designation based on the new standards. We added our first emission-free electric tractor to SMUD's fleet that is being used by our Facilities team for work around

campus. And, one quick reminder that our Shine Awards application window for funding for local nonprofit organizations closes on July 31.

- 6) **Board Video.** Tonight's video is about how SMUD is working 24/7 to ensure the delivery of safe, reliable power to our customers. It is not only about storms or heat. Lead utility compliance inspector Lou Beal explains the rigorous process that goes on every day to provide reliability to our community. We are happy to have Lou here with us this evening.

President Sanborn requested the Summary of Board Direction, but there were no items.

No further business appearing, President Sanborn adjourned the meeting at 7:01 p.m.

Approved:

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President

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Secretary

# Exhibit to Agenda Item #5

Authorize the Chief Executive Officer and General Manager to award contracts to **Myers Power Products, Inc.** and **PSECO Electric** to manufacture and provide substation switchgears during the period of July 21, 2023, to July 21, 2028, with one optional two-year extension for a total aggregate contract not-to-exceed amount of \$35 million.

Board of Directors Meeting

Thursday, July 20, 2023, scheduled to begin at 6:00 p.m.

SMUD Headquarters Building, Auditorium

# Switchgear needs

- Projected number of switchgear replacements –
  - 13 in 2025
  - 13 in 2026
  - 16 in 2027
- Switchgears are needed for both infrastructure reliability projects and additional capacity projects.



# Procurement Strategy

- Proposals were solicited by an RFP to allow SMUD to award contracts on a best value basis.
- Themes evaluated
  - SEED Participation
  - Environmental Sustainability
  - Proposer's Experience and Qualifications
  - Commercial Terms (Price) and Compliance with SMUD's Contractual Terms
- SMUD staff conducted market outreach and notified 23 suppliers of the solicitation and confirm interest. 20 suppliers attended the pre-proposal conference, and 5 proposals were received.





# Award Outcome

Responsive Proposals Received	P/F	SEED Points	Technical Points	Price Points	Total Score	Rank	Proposal Amount	SEED Credit	Evaluated Proposal Amount	Proposed Award Amount
		10	50	40	100					
Myers Power Products, Inc.	P	-	41.67	39.92	81.58	1	\$34,451,042		\$34,451,042	NTE \$35M, Aggregate of all Task Authorizations
PSECO Electric	P	10	21.67	40.00	71.67	2	\$34,627,845	\$250,000	\$34,377,845	
Eaton Corporation	P	-	18.83	27.43	46.27	3	\$50,125,504		\$50,125,504	

Non-responsive Proposals Received	Proposal Amount	Comments
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Siemens Industry, Inc.      \$40,694,277      The exceptions to the technical specifications are not acceptable to SMUD

JST Power Equipment Inc.      \$15,711,988      Did not submit a complete proposal

# Exhibit to Agenda Item #6

Authorize the Chief Executive Officer and General Manager to award a contract to **Burns & McDonnell Western Enterprises, Inc.** to provide Substation Engineering Design Services for the period from July 21, 2023, to December 31, 2026, for a not-to-exceed amount of \$4 million.

Board of Directors Meeting

Thursday, July 20, 2023, scheduled to begin at 6:00 p.m.

SMUD Headquarters Building, Auditorium



# Project Overview

SMUD plans to build the El Rio Substation to replace the existing Elverta Substation. El Rio Substation will achieve improved reliability and allow for future expansion of the facility for future interconnection to renewable generation. SMUD intends to have the engineering design package completed for the project site within a 12-month period so that construction can begin in 2025.



# Alignment with SMUD 2030 Zero Carbon Plan

The Modernization of Elverta Substation is key to enabling large scale renewables to connect to the bulk and sub-transmission system supporting SMUDs Zero Carbon Plan. The new substation will initially provide interconnection points at Elverta substation for a total of 500 MW of zero carbon generation. Along with modern enhanced protection system and additional system capacity, this project will allow SMUD the ability to reliably serve existing and future loads, plan for future renewable resource interconnections, and adding operational flexibility to the SMUD Bulk electric system.



# Key Benefits of Project Scope

- Increase transmission capacity 110 MVA
- Increase sub-transmission capability 224 MVA
- Transmission interconnection points for 500 MW of renewable generation initially with ability to expand further, if needed
- Enhanced reliability of the SMUD's transmission and distribution systems



# Procurement Strategy

Proposals were solicited by an RFP to allow SMUD to award one contract on a best value basis. Procurement notified 4 engineering firms who are currently under contract with SMUD for General Substation Design Engineering Services and received proposals from 3.

## Themes evaluated

- SEED Participation
- Company Experience and Qualifications
- Experience and Qualifications of Project Team
- Commercial Terms and Pricing

# RFP Evaluation Results

Responsive Proposals Received	SEED Points	Technical Points	Price Points	Total Score	Rank	Proposal Amount	SEED Credit	Evaluated Proposal Amount	Proposed Award Amount
	10	60	30	100					
Burns & McDonnell	10.00	52.20	18.45	80.65	1	\$3,809,972.87	\$113,634.80	\$3,696,338.07	\$4,000,000
Sargent & Lundy Engineers		48.00	30.00	78.00	2	\$2,272,696.00		\$2,272,696.00	
Black & Veatch Corporation	10.00	44.40	15.50	69.90	3	\$4,512,582.00	\$113,634.80	\$4,398,947.20	

## SEED Subcontracting

- The highest ranked proposer, Burns McDonnell proposed 20% of SEED subcontracting
- The second highest ranked proposer, Sargent and Lundy did not propose any SEED subcontracting
- The third highest ranked proposer, Black & Veatch proposed 20% of SEED subcontracting

# Exhibit to Agenda Item #7

Approve Contract Change No. 1 to Contract No. 4500128563 with **WEG Transformers USA LLC** to increase the contract not-to-exceed amount for power transformers by \$12,768,991 from \$3,426,446 to \$16,195,437.

Board of Directors Meeting

Thursday, July 20, 2023, scheduled to begin at 6:00 p.m.

SMUD Headquarters Building, Auditorium



# Bulk Substation Power Transformer (WEG)

- Contract was established in July 2021 for one transmission power transformer with an option to buy two additional transformers.
- Manufacturing plant is located in Huehuetoca, Mexico.
- Transportation to Sacramento via rail.
- There is no SEED availability in the category

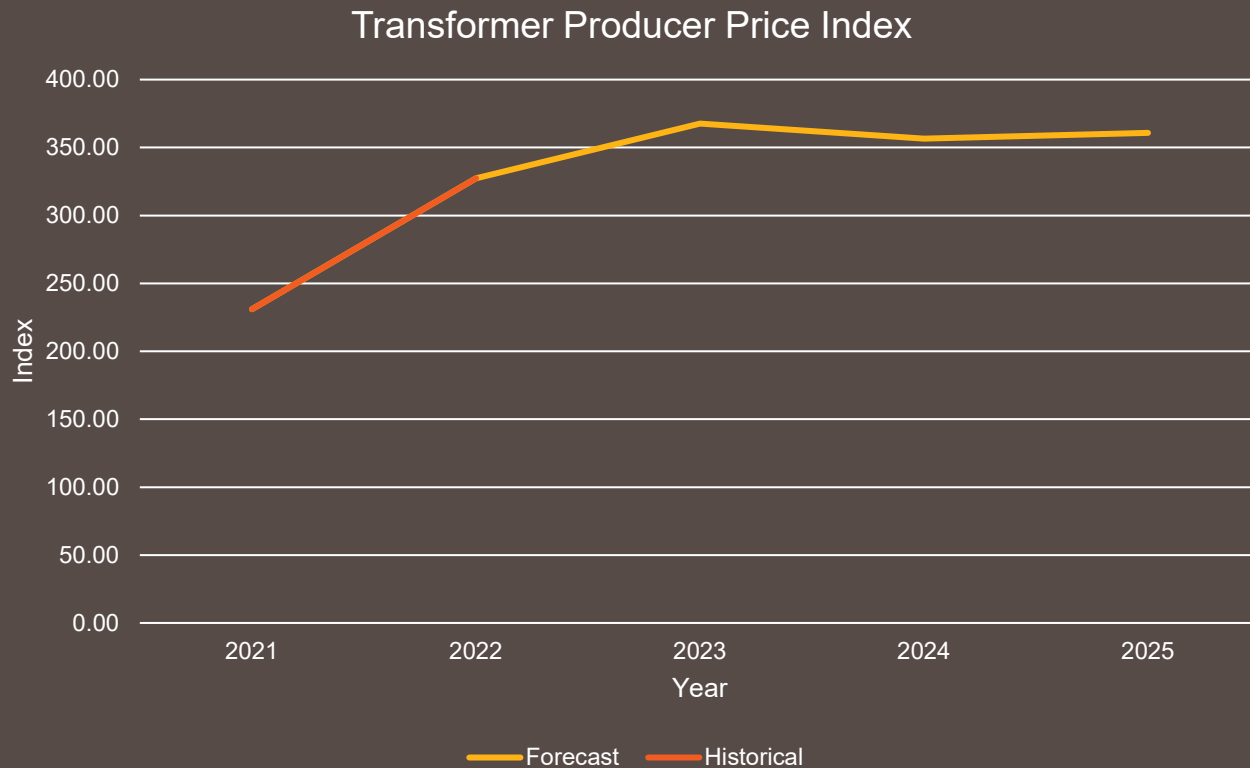


# Reason for Contract Change

- Due to the current lead times for bulk substation power transformers, SMUD needs to order 2 additional units now to ensure they are delivered on time for construction.
- These transformers will be utilized for the new El Rio substation which is improving reliability and adding capacity for the Country Acres solar project.
- The price of bulk power transformers have significantly increased due to market factors.
- Staff is soliciting new bulk transformer contracts and anticipates those to be in place by the end of 2023.



# Cost pressure for transformers



- Cost pressures driven by commodities, labor, and demand increases through this period
- From July of 2021 our unit prices have increased by ~60%
- Market data forecasts a ~50% increase in the same time period

# Exhibit to Agenda Item #8

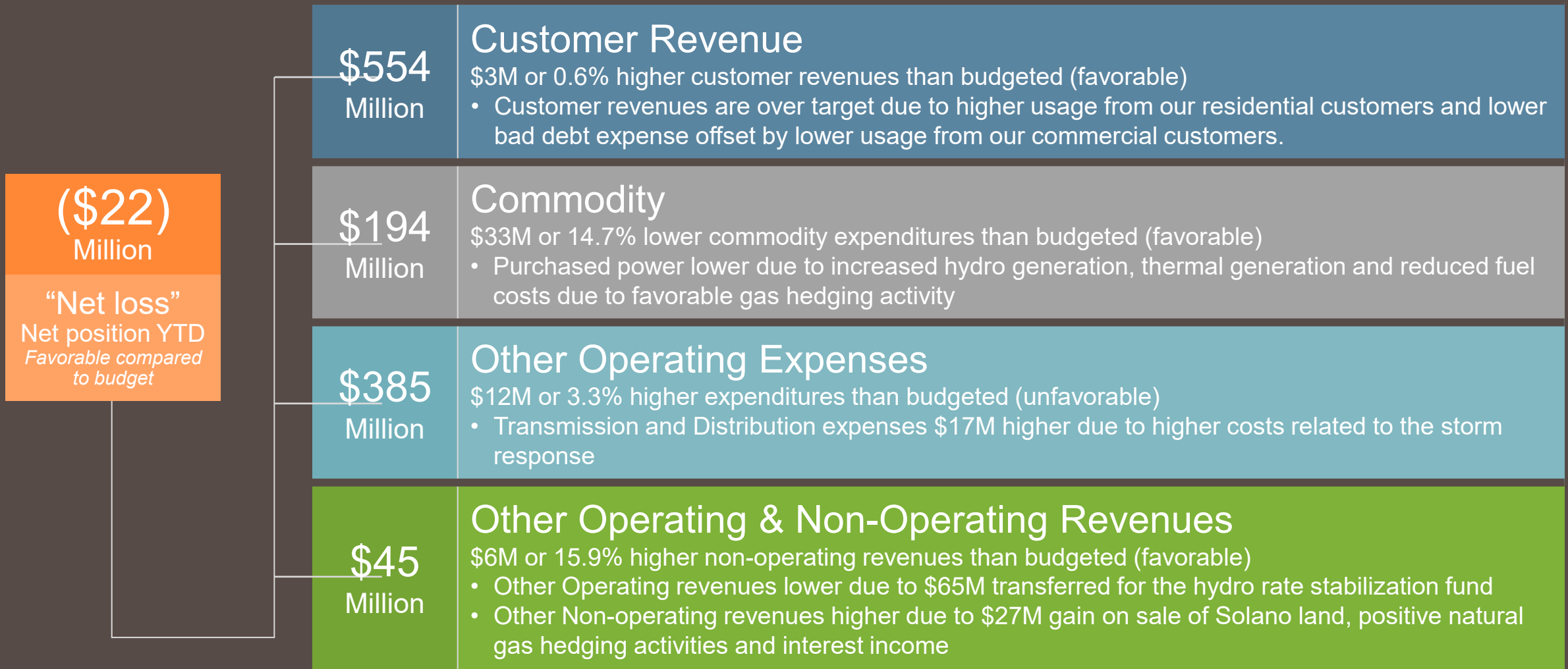
Provide the Board with SMUD's financial results from the five-month period ended May 31, 2023, and a summary of SMUD's current Power Supply Costs.

Board of Directors Meeting

Thursday, July 20, 2023, scheduled to begin at 6:00 p.m.

SMUD Headquarters Building, Auditorium

# May 2023 Financial Highlights



\* There are \$42M other net expenses not included in the highlights above – primarily interest expense

# May 2023 Energy Sources



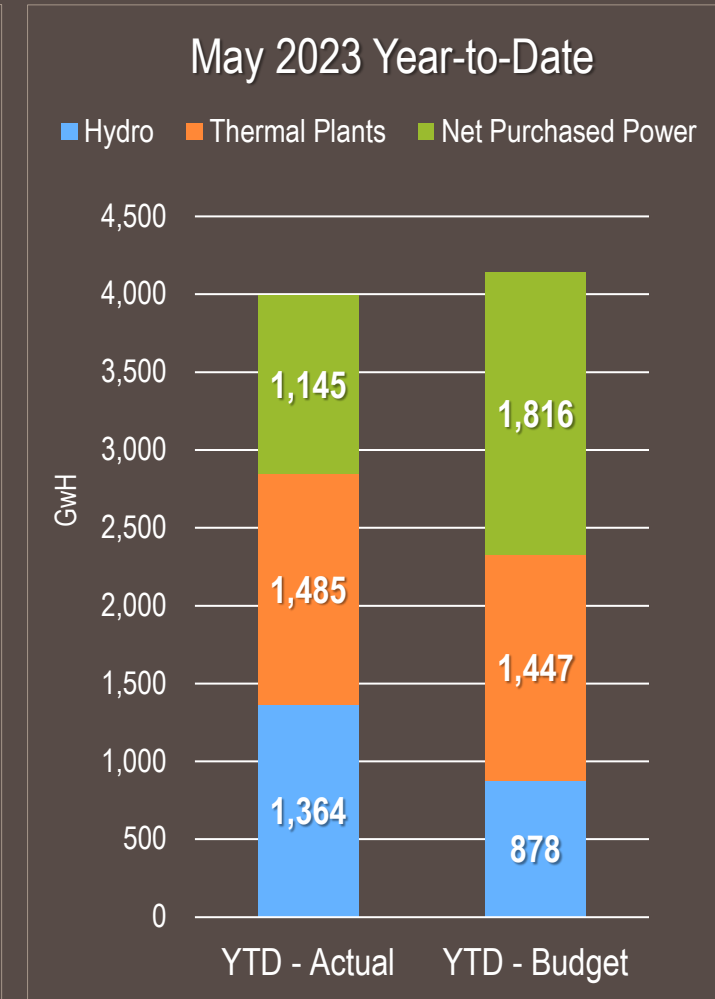
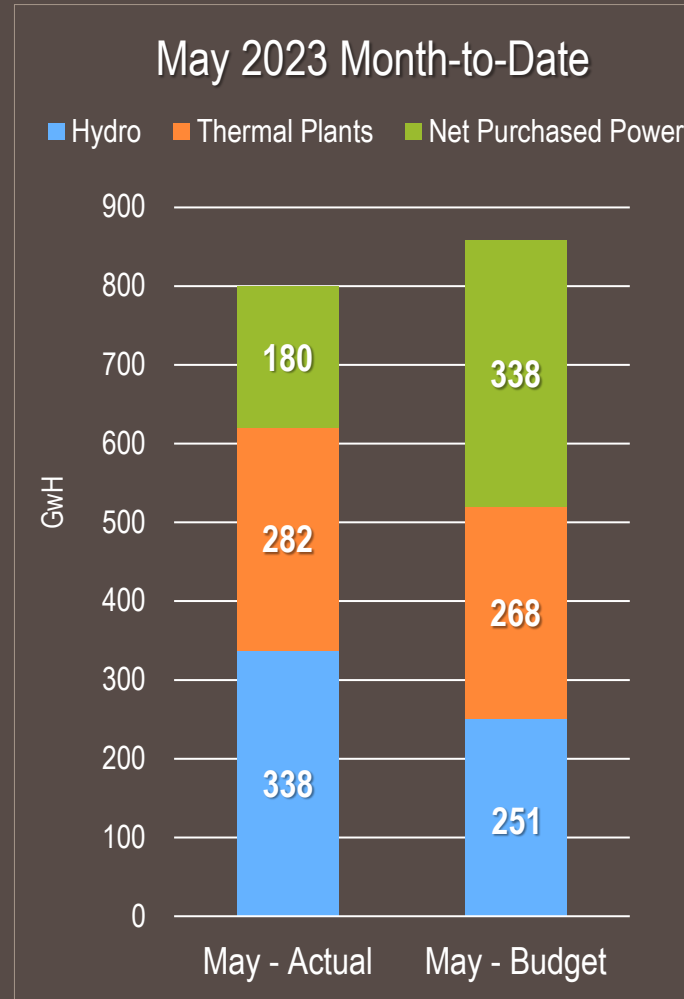
Hydro generation was 35% higher than budget in May and 55% higher than budget year-to-date due to the higher precipitation.



Thermal plants generation 5% higher than budget for May, and 1% higher than budget year-to-date due to the Cosumnes power plant coming back on-line.

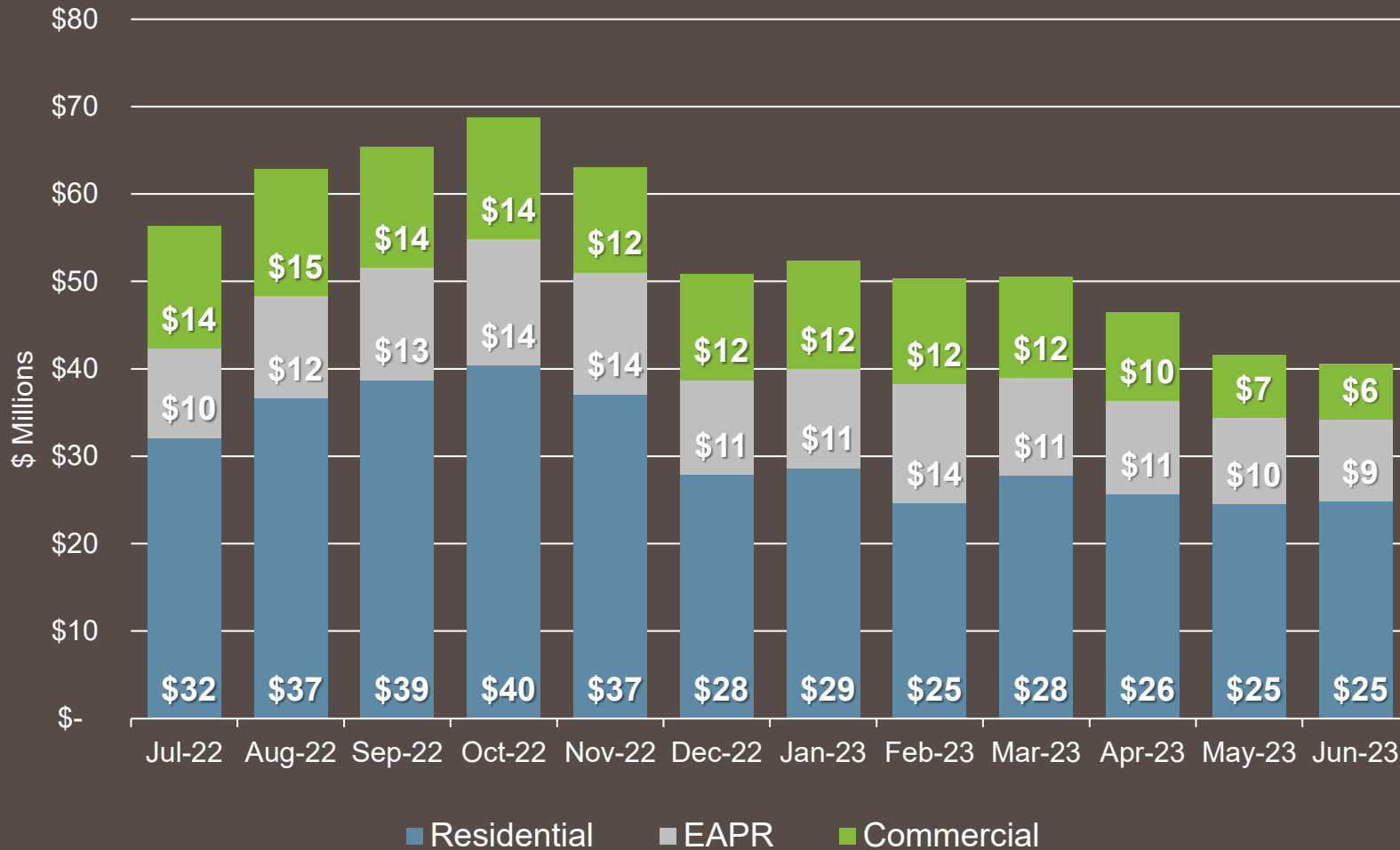


Net purchased power was 47% lower than budget for May, and 37% lower year-to-date due to higher hydro generation and lower load due to milder weather.



# Delinquency by Account Type

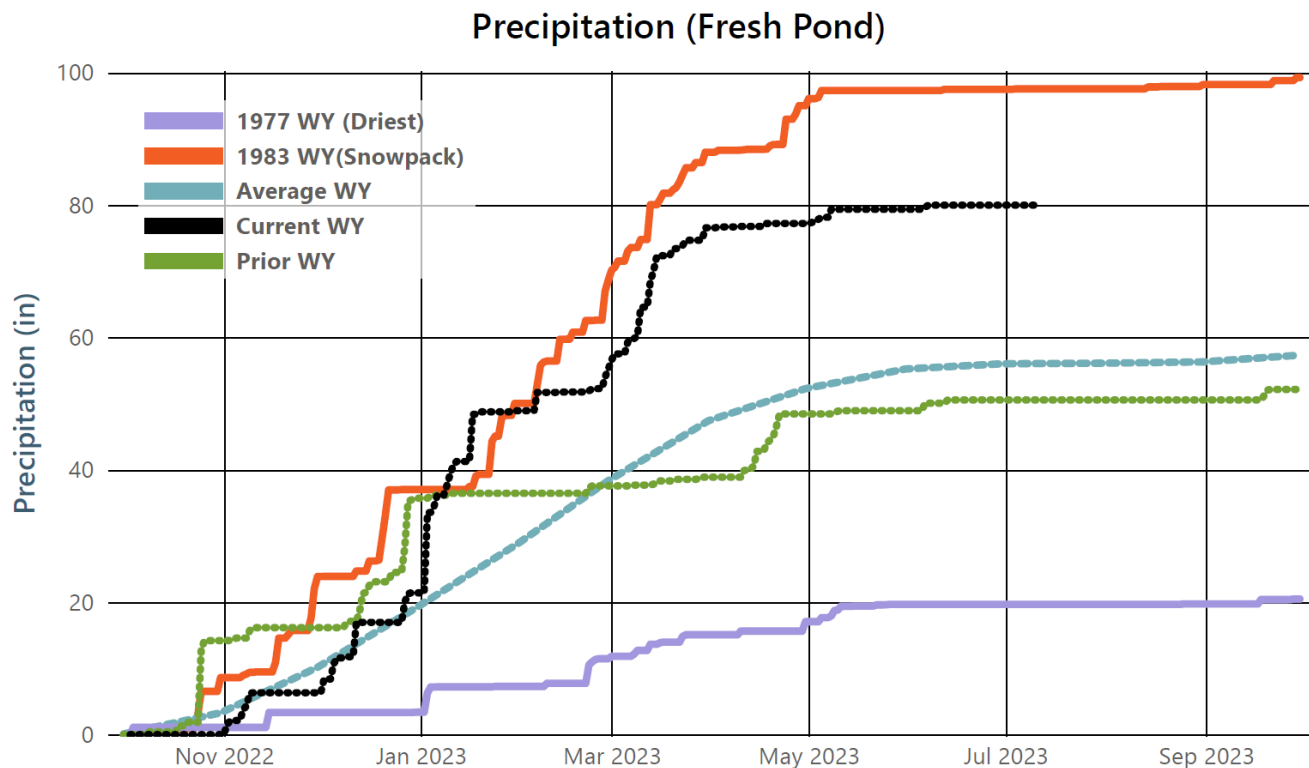
As of June 30, 2023



Delinquency Summary as of 6/30/2023		
	Delinquency (millions)	Number of Customers
Residential	\$24.9	117,807
Energy Assistance Program Rate (EAPR)	\$ 9.3	32,070
Commercial	\$ 6.3	8,582
All other (St. Lighting, Night Light, Agriculture)	\$ 0.4	1,507
<b>Totals</b>	<b>\$40.9</b>	<b>159,966</b>

# Precipitation Levels

through July 10, 2023



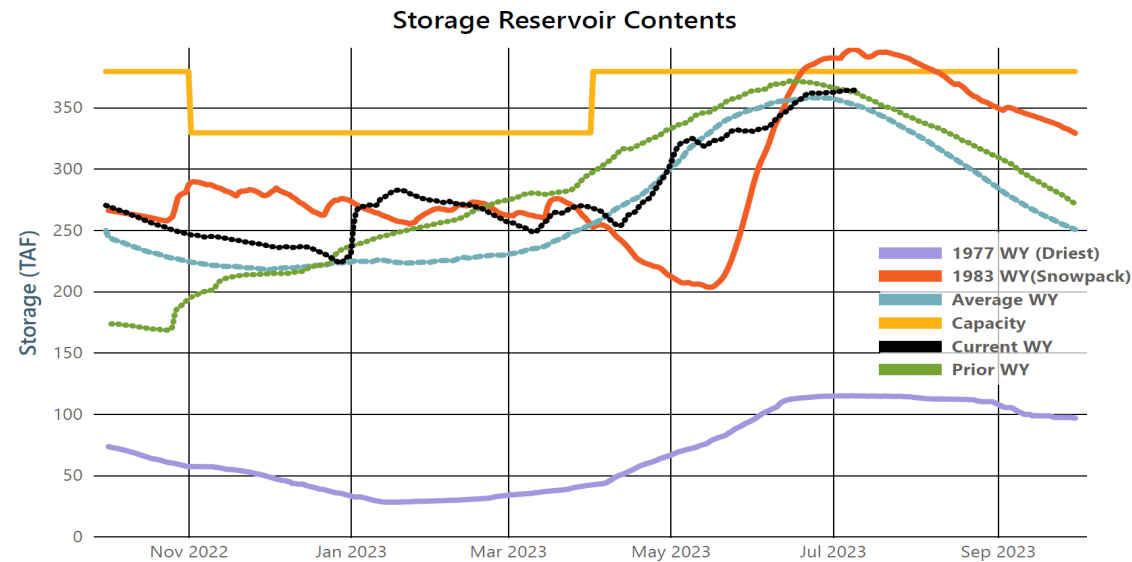
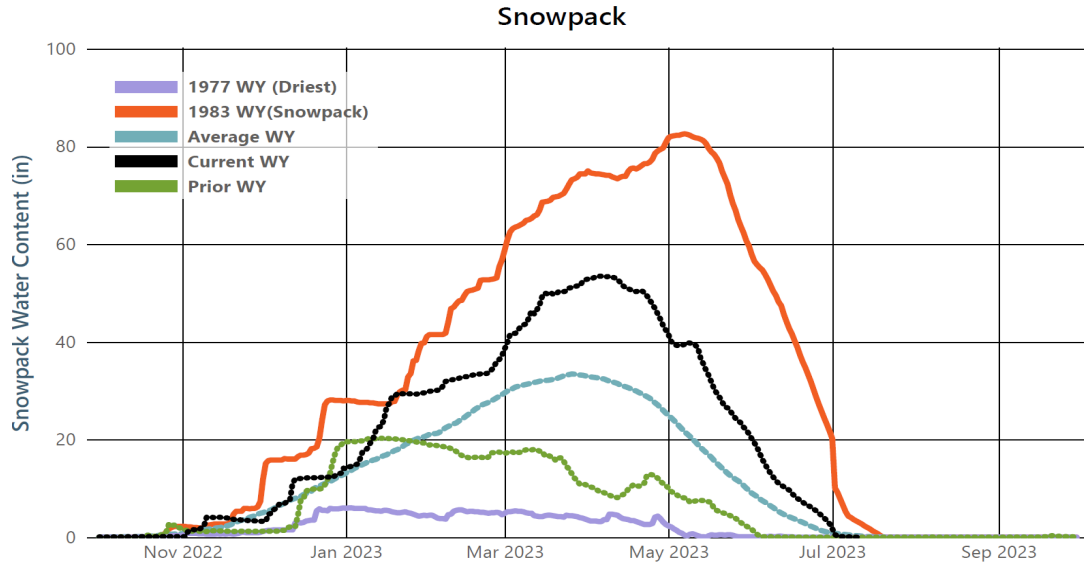
## Precipitation Levels

The cumulative precipitation for the area is 79.97" which is 142.7% of average to date (56.05") and 139.5% of the entire water year average of 57.32"

*Water year is the 12-month period October 1st through September 30th, of the following year*

# Snowpack Water Content & SMUD Storage Reservoir Contents

through July 10, 2023



## Snowpack & Storage Reservoir

- The snowpack is 0.7% of average at selected snow sensors
- The SMUD storage reservoirs are at 95.7% of full capacity

July 20, 2023

6

Board of Directors Meeting

# Commodity Budget: Mitigations & Forecast



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

\$31.0 Million	HRSF balance
\$65.4 Million	HRSF deposit for Water Year April 2022 to March 2023
\$96.4 Million	HRSF remaining balance after deposit
\$3.5 Million	WAPA RSF balance
\$0.1 Million	WAPA RSF forecasted deposit for 2023
\$3.6 Million	WAPA RSF forecasted remaining balance as of Dec. 31, 2023

2023 Commodity Annual Costs as May 31, 2023	
Forecast	\$471 Million
2023 Budget	\$485 Million
Difference	-\$14 Million

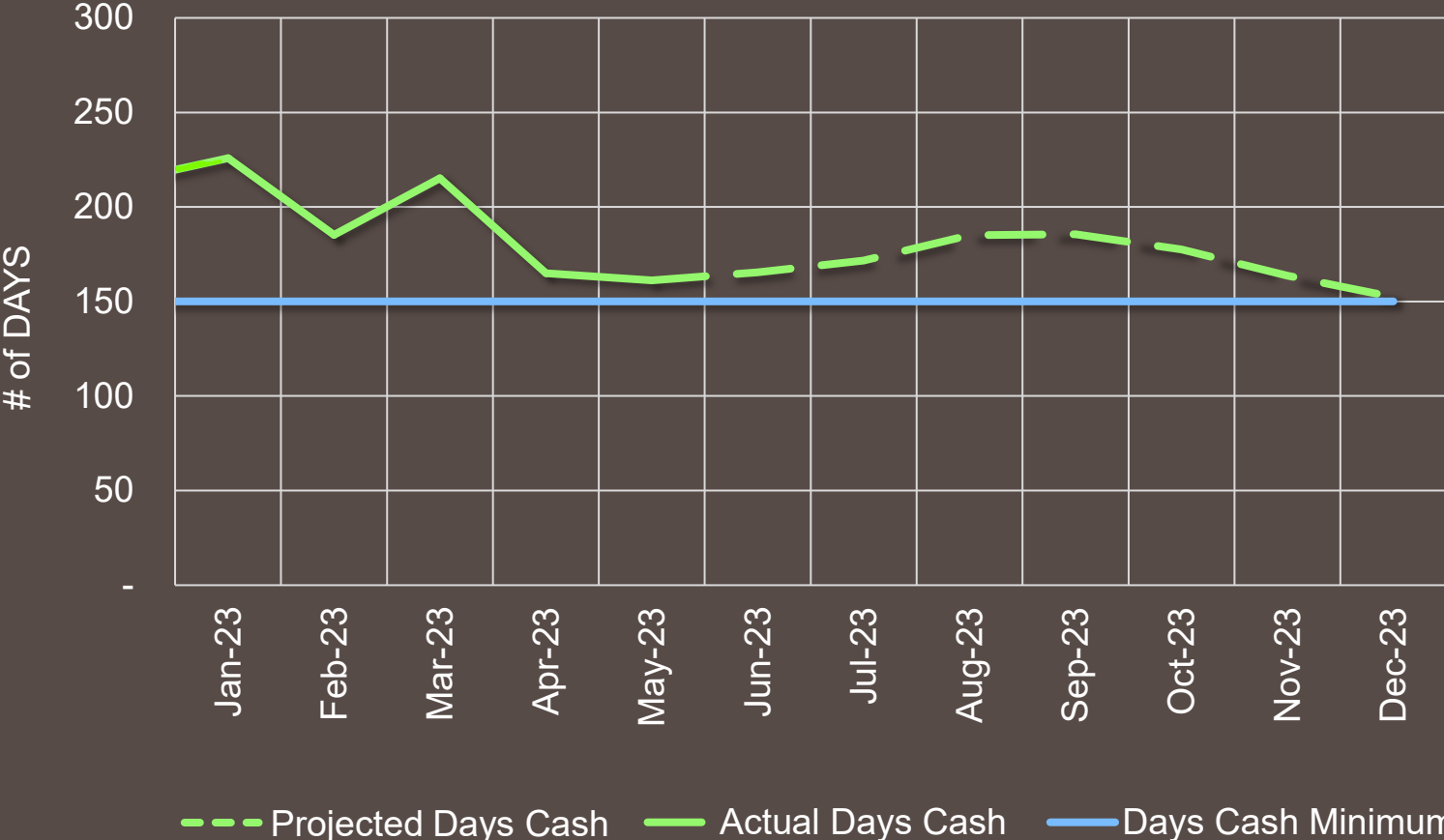
Hydro Performance Annual Forecast as of May 31, 2023			
	UARP	WAPA	UARP + WAPA
Forecast	2,396 GWh	522 GWh	2,918 GWh
2023 Budget	1,635 GWh	511 GWh	2,146 GWh
Variance	761 GWh	11 GWh	772 GWh

**HRSF:** Hydro Rate Stabilization Fund    **WAPA:** Western Area Power Administration    **UARP:** Upper American River Project    **RSF:** Rate Stabilization Fund



# Days Cash on Hand

As of May 31, 2023



Days Cash on Hand As of May 31, 2023		
May 31, 2023	Budget	168 days
May 31, 2023	Actual	161 days
Dec. 31, 2023	Budget	166 days
Dec. 31, 2023	Projected	152 days

**From:** [Rick Codina](#)  
**To:** [Public Comment](#)  
**Subject:** [EXTERNAL] SD-4 Reliability Report: Transition for Campbell and McClellan  
**Date:** Thursday, July 20, 2023 3:12:52 PM

---

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

The Thermal Generation appendix to tonight's annual SD-4 Report noted that staff has "completed initial Zero Carbon Plan Conditional Availability Study for both Campbell Power Plant & McClellan Power Plant," focusing on requirements for retiring these power plants, along with needed transmission support. Is this report public?

Also, how does it differ from the similar study reported in March 2022 in the Zero Carbon Plan? At that time, the retirement of the plants was contingent on both the Country Acres (Northern Area) and Coyote Creek Agrivoltaic (SVEC) solar farms operational next year, as noted in the excerpt below:

"Retirement of McClellan would require between 70 and 110 MWs of dispatchable generation, such as battery storage, in the Northern Area of the SMUD service territory by 2024. The solution to this is adding a Northern Area Project in our service territory which is currently in the SMUD's new generation interconnection project queue with approximately 300 MW of solar combined with 150 MW of storage. This project would need to be prioritized to be online prior to the McClellan retirement planned in end of the 2024. For the Campbell retirement, one of the necessary additions is already in process, which is the Sacramento Valley Energy Center (SVEC) that has a commercial operation date of 2024. In addition, the Campbell retirement would require an additional project (Northern Area Project) with 300 MW of solar combined with 150 MW of storage in the SMUD service territory by 2024, like McClellan."

With Country Acres somewhat delayed and Coyote Creek in regulatory limbo, it would be useful to see how staff assessment of the proposed retirement dates may have changed.

Thank you,

Rick Codina

Sent from [Mail](#) for Windows

**From:** [michael ferrara](#)  
**To:** [Public Comment](#)  
**Subject:** [EXTERNAL] Rebate Incentives Concerns and Questions  
**Date:** Thursday, July 20, 2023 7:43:46 PM

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

Hello,

My questions is: Why isn't SMUD providing rebate incentives to those that have old Zinco main electrical panels at their home? These panels are well-known for being unreliable and potentially unsafe, especially after being in service for several decades like many in the SMUD customer base. The panel cost 4 to 5 thousand dollars to replace, but their is no incentive, even though they are risky to the SMUD grid and to peoples homes.

Second question is : Why is SMUD incentivizing switching our hot water and cooking gas supply to electrical? Not only are we adding to what seems to be a more fragile grid, as we have electrical stoppages more often than I can remember as a customer for almost 30 years, but SMUD is making people people more vulnerable with only one energy source. If I took the incentive I would not have had hot water and ability cook when SMUD could not restore the power for several days as what happened to my home last winter after one of the storms.



SSS No. CO-CES 23-001
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# BOARD AGENDA ITEM

## STAFFING SUMMARY SHEET

Committee Meeting & Date Policy – 08/09/23
Board Meeting Date August 17, 2023

TO					TO				
1.	Claire Rogers				6.				
2.	Brandy Bolden				7.				
3.	Jennifer Davidson				8.				
4.	Suresh Kotha				9.	<b>Legal</b>			
5.	Farres Everly				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) Tracy Carlson	DEPARTMENT Customer Operations				MAIL STOP A151	EXT. 7248	DATE SENT 07/14/2023	

**NARRATIVE:**

**Requested Action:** Accept the monitoring report for **Strategic Direction SD-5, Customer Relations.**

**Summary:** Communicate status of key metrics as they relate to customer satisfaction and the hearing/appeal process.

**Board Policy:** Strategic Direction SD-5, Customer Relations. This report provides the measurement of customer service as specified in SD-5.  
*(Number & Title)*

**Benefits:** Provide Board Members with an update on the compliance of the Strategic Direction and allow an opportunity to make corrections, additions, or changes if necessary.

**Cost/Budgeted:** There is no budgetary impact for this report.

**Alternatives:** No action would impact ability to meet Strategic Direction.

**Affected Parties:** Customer Operations, Communications, Marketing, & Community Relations, Legal, and SMUD customers

**Coordination:** Customer Operations

**Presenter:** Tracy Carlson, Director, Customer Operations

**Additional Links:**

SUBJECT <b>Annual Monitoring Report for SD-5, Customer Relations</b>	ITEM NO. (FOR LEGAL USE ONLY) <b>5</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 25, 2023

**FROM:** Claire Rogers *CR 7/25/23*

**SUBJECT: Audit Report No. 28007607  
Board Monitoring Report; SD-5:Customer Relations**

Audit and Quality Services (AQS) received the SD-5 *Customer Relations* 2022 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 AQS' 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 2022**

## **Strategic Direction**

### **SD-5, Customer Relations**

#### **1) Background**

Strategic Direction SD-5 states that:

Maintaining a high level of customer relations is a core value of SMUD. Additionally, the Board sets a customer satisfaction target of 95 percent with no individual component measured falling below 85 percent.

In addition, the Board establishes an overall customer experience “value for what you pay” target of 70 percent by the end of 2025 and 80 percent by the end of 2030, with neither the average commercial customer score falling below 69 percent nor the average residential customer score falling below 65 percent in any year.

As part of this policy:

- a) SMUD customers shall be treated in a respectful, dignified and civil manner.
- b) SMUD shall communicate a procedure for customers who believe they have not received fair treatment from SMUD to be heard.

#### **2) Executive summary**

To ensure customers are receiving the highest quality of service, SMUD measures the satisfaction of key interactions with SMUD: Outages, Tree Trimming, Bill Inquiries, New Connections, IVR Payments, and IVR Payment Arrangements.

In addition, we measure Value for What You Pay as value drives customer loyalty. Value is defined as the trade-off between the perceived benefits a customer gets to the cost they have to pay for the benefits. Knowing what customers value allows SMUD to tailor services, products, and offerings to sustain customer relationships as the utility market evolves. SMUD is measuring customer perceived value because SMUD believes it is an effective early indicator of customer loyalty. When customers have options to choose alternatives, whether alternatives in energy, energy advisement, and other related services, we want our customers to continue choosing SMUD.

High satisfaction in these key interactions below and a high Value for What You Pay score support SMUD’s purpose and vision to act in the best interests of our customers and community.

**a. SMUD is in compliance with SD-5.**

- SMUD has exceeded the target of 95% with an overall Customer Satisfaction of **97%**. All six components exceeded the goals.
- SMUD achieved a **71%** overall Value for What You Pay score, with neither Residential nor Commercial falling below their prescribed floors.

<b>Metric</b>	<b>2022 performance</b>	<b>2021 performance</b>	<b>2020 performance</b>	<b>2019 performance</b>	<b>2018 performance</b>
<b>Customer Satisfaction Level</b>	97%	97%	97%	97%	97%
Tree Trimming	95%	96%	95%	95%	95%
New Connects	98%	99%	99%	98%	98%
Bill Inquiries	96%	96%	96%	96%	95%
Outage Communication	96%	94%	95%	96%	96%
IVR Payment	98%	98%	97%	96%	96%
IVR Payment Arrangement	95%	94%	93%	98%	98%
<b>Value for What You Pay</b>	71%	76%	77%	67%	71%
Commercial	73%	79%	79%	69%	73%
Residential	70%	73%	75%	66%	69%

**3) Additional supporting information**

**Respectful Customer Treatment:** Compliant

SMUD customers are treated in a respectful, dignified and civil manner. SMUD employees are trained to deliver quality customer experience through extensive, multi-channel employee competency development.

Respectful Customer Treatment Supporting Information:

- Virtual Classroom Training Attendees: 762
- Web/ E-Learning: 94
- Real Time Training – 2022 Bulletins: 231
- Customer Journey Mapping and Design thinking sessions: 25

**Hearing Appeal Process:** Compliant

Customers are made aware of SMUD’s Hearing and Appeal process through multiple channels. The back page of every paper bill describes the process. In addition, the



process is described in detail on the SMUD website and is linked from the digital bill in My Account.

Zero hearings were conducted in 2022, as staff successfully resolved all escalations within standard customer communication channels.

#### **4) Challenges**

SMUD has an aggressive and important goal to reach zero carbon in our power supply as outlined in the 2030 Clean Energy Vision. Bringing our customers along in our zero carbon journey is critical. We recognize customer adoption of clean energy solutions is more challenging with some customer segments, including within our historically underserved communities, low-income customers and our small/midsize business customers. Our Community Impact Plan aims to reach deep into these segments to meet customers where they're at to help ensure they also benefit from a clean energy future.

SMUD is not immune from economic conditions. Inflation, supply chain challenges and a variety of other external factors are putting upward pressure on our rates, which are a key driver of customer satisfaction and Value for what you Pay. In addition to Operational Excellence and other efforts to contain costs to reduce rate impacts, we'll continue to provide our customers with tools and information to help reduce their energy usage and their bills.

#### **5) Recommendation**

It is recommended that the Board accept the Monitoring Report for SD-5.

#### **6) Appendices**

Not applicable.

RESOLUTION NO. \_\_\_\_\_

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

This Board accepts the monitoring report for **Strategic Direction SD-5, Customer Relations**, substantially in the form set forth in **Attachment \_\_\_\_** hereto and made a part hereof.



SSS No. M&CC 23-003
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# BOARD AGENDA ITEM

## STAFFING SUMMARY SHEET

Committee Meeting & Date Policy – 08/09/23
Board Meeting Date August 17, 2023

TO	TO
1. Claire Rogers	6.
2. Farres Everly	7.
3. Brandy Bolden	8.
4. Jennifer Davidson	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>
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FROM (IPR) Cara Chatfield	DEPARTMENT Marketing and Corporate Communications	MAIL STOP B411	EXT. 5145	DATE SENT 07/14/2023
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**NARRATIVE**

**Requested Action:** Accept the monitoring report for **Strategic Direction SD-15, Outreach and Communication.**

**Summary:** The Board of Directors will be presented with overall customer communications activities for 2022.

**Board Policy:** Strategic Direction SD-15, Outreach and Communication  
*(Number & Title)*

**Benefits:** As a customer-owned utility, SMUD has a responsibility to communicate with all of our customers. Consistent, integrated, purpose-driven communications enhance our relationship with our customers and create an environment of partnership and engagement.

**Cost/Budgeted:** There is no budgetary impact for this report.

**Alternatives:** Provide the Board with written reports and communication through the Chief Executive Officer and General Manager.

**Affected Parties:** Communications, Marketing, & Community Relations, Customer & Community Services, Zero Carbon Energy Solutions and SMUD customers.

**Coordination:** Marketing and Corporate Communications

**Presenter:** Cara Chatfield, Director, Marketing and Corporate Communications

**Additional Links:**

<b>SUBJECT</b> <b>Monitoring Report - Strategic Direction SD-15, Outreach and Communication</b>	<b>ITEM NO. (FOR LEGAL USE ONLY)</b> <b style="font-size: 2em; color: blue;">6</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 25, 2023

**FROM:** Claire Rogers *CR 7/25/23*

**SUBJECT: Audit Report No. 28007608  
Board Monitoring Report; SD-15: Outreach and  
Communication**

Audit and Quality Services (AQS) received the SD-15 *Outreach and Communication* 2022 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 AQS' 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 2022 SD-15 Board Strategic Direction on Outreach and Communication**



## **1) Background**

Strategic Direction 15 states:

Providing broad outreach and communication to SMUD’s customers and the community is a key value of SMUD.

Specifically:

- a. SMUD shall provide its customers the information, education, and tools they need to best manage their energy use according to their needs.
- b. SMUD will use an integrated and consistent communication strategy that recognizes the unique customer segments that SMUD serves.
- c. SMUD’s communication and community outreach activities shall reflect the diversity of the communities we serve. SMUD shall use a broad mix of communication channels to reach all customer segments. This communication shall be designed to ensure that all groups are aware of SMUD’s major decisions and programs.

## **2) Executive summary**

Strategic Direction 15 requires SMUD’s communication and community outreach activities to reflect the diversity of SMUD and the community we serve, using a broad mix of communication channels. In accordance, we look at the level of our marketing and outreach activities by communication channel, as well as the customer awareness of various programs and services by ethnicity.

### **SMUD is in compliance with SD-15 Outreach and Communication.**

In 2022, our community and the region began to move out of the pandemic. Early in the year we launched communications, including tools and resources to help customers manage their bill, to support the reinstatement of late fees, collections and disconnects. We also continued to engage with the community through virtual events, but saw more and more events go back to in-person events as the year went on.

We launched the second phase of our Clean PowerCity campaign – Clean Power Progress - to support SMUD’s Clean Energy Vision and the 2030 Zero Carbon Plan. Clean Power Progress focused on what SMUD is doing to meet the objectives of the Zero Carbon Plan and Clean Energy Vision and what customers can do to be part of the journey to zero carbon.

In the summer of 2022, we also experienced a historic heatwave in our region and throughout our state, resulting in a potential energy emergency. We launched a series of emails, social media posts and other tactics to keep our customers informed and encourage conservation,

particularly during peak hours. We also updated our Time-of-Day messaging and launched a summer campaign to remind our customers of shifting their energy usage to off-peak times, promoting tips and tools for managing energy use and their bills and conserving power when it was needed most.

We could be seen or heard in 15 customer-facing communication channels (in addition to events), including information in up to 14 languages. We implemented over 20 marketing campaigns and participated in 1,414 community events, workshops, and partnerships. All the events and partnerships included at cultural, ethnic and/or special populations, including LGBTQ, low income, military, seniors, disabilities, education, environmental, health & safety and STEM, agriculture, all electric, electric vehicles, faith, homeowner associations, young adults (18-30) and youth (0-17). See Appendices A and B.

Our activities accounted for more than 855,298,145 customer impressions in 2022. Of these, 465,282,191 were ethnic customer impressions. Looking at TV and radio, the average SMUD customer had the opportunity to see or hear a SMUD commercial 34 times in 2022.

We look at trends related to the overall awareness of a cross-section of SMUD’s programs and services, segmented by ethnicity. The segments include Asian and Pacific Islander, Hispanic, Black and White. The programs measured are Rebates, Energy Assistance Program Rate (EAPR), Greenergy, Electric Vehicle (EV) discount rate, SMUD Energy Store, SMUD Mobile App, the 2030 Zero Carbon Plan which was added in 2021 and, new in 2022, Gas-to-Electric Appliance Conversion. See charts in Appendix B.

SD Requirement	Program/initiative/policy	Purpose	Outcome	Notes
Education and tools to manage energy use	In 2022, we implemented communications and outreach efforts about how SMUD is here to help with resources and tips for customers to manage energy use and their bills as we reinstated late fees, disconnects and collections. This also included a summer campaign to support customers through a historic heatwave and statewide power emergency. In all, we implemented more than 20 campaigns in 2022 promoting customer programs and services, including EAPR, MED Rate, My Energy Tools and Bill Alerts, electric vehicles, rebates, SMUD Energy Store, Budget Billing and Customer Due Date.	To provide customers with the education and tools for managing their energy use and their bills, as it related to the lingering effects of the pandemic and record inflation, as well as a historic summer heat wave, while also engaging customers with tools to help them manage energy use in relation to reducing carbon.	Successfully implemented campaigns that informed our customers of resources and tools available to them. Also successfully participated in over 1,400 community events with employees volunteering more than 11,000 hours. Awareness of most programs and were steady year-over-year. All the 1,414 events and partnerships included at least some cultural, ethnic and/or special populations, including LGBTQ, low income, military, seniors, disabilities, education, environmental, health & safety and STEM, agriculture, all electric, Electric Vehicles, faith, homeowner	Our Clean PowerCity campaign, which launched in support of the 2030 Zero Carbon Plan, also offers programs and services to help customers reduce energy use and reduce carbon. In 2022, we launched the next phase of the campaign focused on what SMUD is doing to meet the 2030 Zero Carbon goal and promoted the 37 tips to Join the Charge.

			associations, young adults (18-30) and youth (0-17). (Appendices A, B)	
Integrated and consistent communication that recognizes unique customer segments	Implemented communications, including collateral and advertisements in as many as 14 languages and in 15 communication channels to ensure we reach our customers in the channel they prefer, at the time they need it and with information specifically targeted to them. We also participated in hundreds of community events to reach our customer segments.	To have consistent, integrated messages available for various customer segments, including those based on ethnicity or those who may not see our messages in mainstream communication channels.	More than 465 million ethnic customer impressions, with all the 1,414 community events we participated in including some cultural, ethnic and/or special populations. Special populations include arts, LGBTQ, low income, military, seniors, disabilities, education, environmental, health & safety and STEM, agriculture, all electric, Electric Vehicles, faith, homeowner associations, young adults (18-30) and youth (0-17). (See Appendices A, B).	
Broad mix of communication channels	In 2022, we used 15 customer-facing communication channels to reach our customers, including community outreach events and partnerships, digital search and display, social media, broadcast and streaming television and radio, billboards and bus boards, surveys, direct mail, and email and both the paper and digital customer bill. We also had presence at more than 1,400 community events. By leveraging customer behavior data and using a broad mix of channels, we can reach customers in the communication channel they prefer with information that is pertinent to them. (See Appendix B)	To reach customers with our messages in the communication channels they prefer.	More than 855 million customer impressions across multiple communication channels and support of 1,414 community outreach events and partnerships in 2022 (see Appendices A, B).	

**3) Additional supporting information for SD-15, Outreach and Communication**



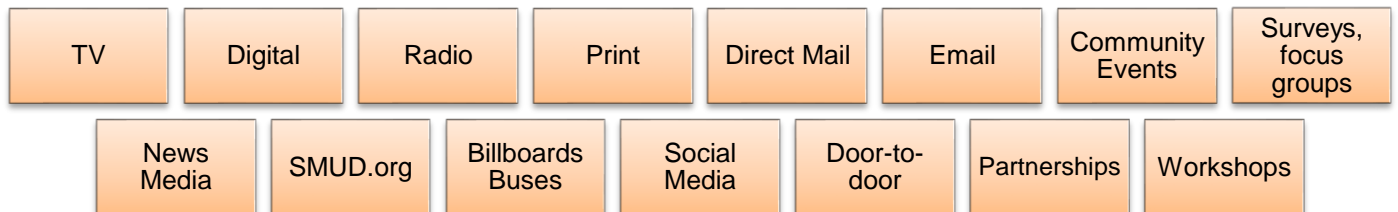
**a) SMUD shall provide its customers the information, education, and tools they need to best manage their energy use according to their needs.**

In 2022, we developed and implemented over 20 marketing and communication campaigns, including:

- Clean PowerCity
- Budget Billing & Custom Due Date
- Community-Owned, Not-For-Profit
- Complete Energy Solutions
- Energy Assistance Program Rate (EAPR)
- Economic Development
- Electric Vehicles
- EnergyHELP
- Express Energy Solutions
- Go Electric rebates
- Greenergy
- HomePower
- Integrated Design Solutions
- Paperless Billing/My Account
- Powering Futures
- Safety (Car Pole, Wildfire)
- SMUD Energy Store
- Shade Trees
- Shine Neighborhood Awards
- Time-of-Day Summer campaign

**b) SMUD will use an integrated and consistent communication strategy that recognizes the unique customer segments that SMUD serves.**

In 2022, our marketing and communications could be seen and heard in as many as 14 languages in 15 customer-facing channels, including:



**c) SMUD’s communication and community outreach activities shall reflect the diversity of the communities that we serve. SMUD shall use a broad mix of communication channels to reach all customer segments. This communication shall be designed to ensure that all groups are aware of SMUD’s major decisions and programs.**

With hundreds of events and sponsorships, millions of emails and bill inserts, tens of thousands of websites and apps and multiple social media channels where customers could see our ads, and our schedule of broadcast and streaming TV and radio and print advertisements, it’s clear that we used a broad mix of channels to reach all our customers in the channels they prefer. This includes in-language media such as broadcast and streaming TV and radio, print advertising, digital and social media, and customer collateral in up to 14 languages.

These tactics account for 855,298,145 customer impressions in 2022. Of these, 465,282,191 were ethnic impressions. Just measuring TV and radio, the average SMUD customer had the opportunity to see or hear a SMUD commercial 34 times in 2022.

- 13,410,582 bill package inserts
- 22,061,698 emails
- 7 Social Media Channels
- 434 billboards, transit boards
- 33 print publications
- 933,968 direct mail pieces
- 26 radio stations
- 108,382 websites & app's
- 23 broadcast, cable & streaming TV stations

#### 4) **Challenges**

In 2022 we also continued to experience challenges related to the effects of the COVID-19 pandemic, as well as other societal pressures including record inflation and a historic heatwave and statewide energy emergency presenting unique challenges to pivot summer messaging to encourage conservation.

In the first and second quarters of 2022, SMUD reinstated late fees, disconnects and collections which had been paused since the start of the pandemic in 2020. We supported this with targeted as well as broad communications and outreach to ensure customers were aware of the transition, while offering programs and services to help manage energy use and bill impacts.

Our use of a broad mix of channels and tactics to ensure SMUD messages reach our customers in the communication channels they prefer is an ongoing challenge as customer communication preferences continue evolving. We always look to new opportunities to reach customers, but communication channels can be limited based on our service territory especially for those that prefer communications in languages that may have limited communication channels.

Not all programs and services are intended for all customers, which is why we use target marketing, segmentation and leverage machine learning and artificial intelligence to target our communications and outreach to customers most likely to qualify and benefit from a particular program or service.

#### 5) **Recommendation**

It is recommended that the Board accept the Monitoring Report for SD-15 Outreach and Communication.

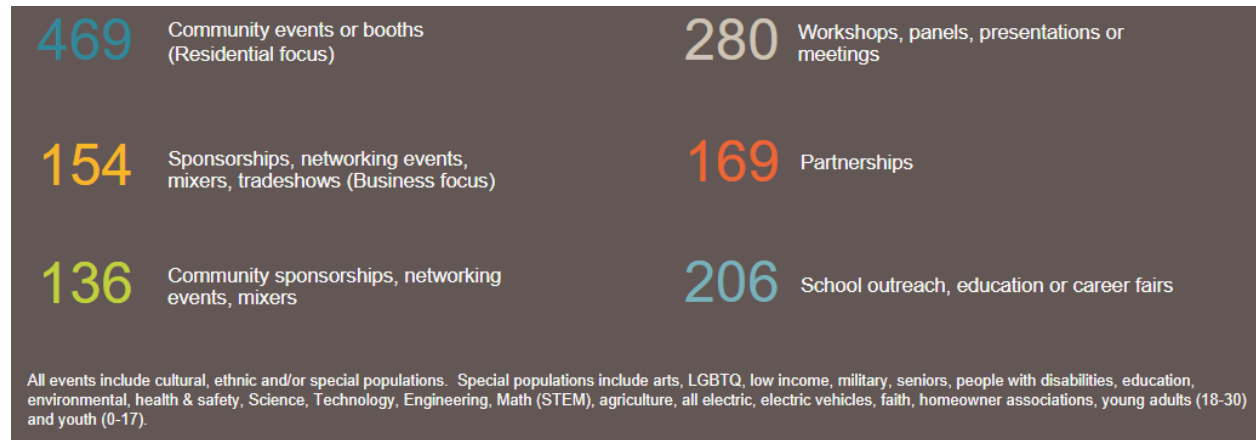
#### 6) **Appendices**

**APPENDIX A**  
**Community Outreach and Engagement**

In 2022, we continued to be very active in the community through our support of efforts that improve the quality of life in our region. SMUD participated in 1,414 events and sponsorships, and SMUD employees volunteered 11,067 hours.

**1,414**  
**Total events & partnerships**

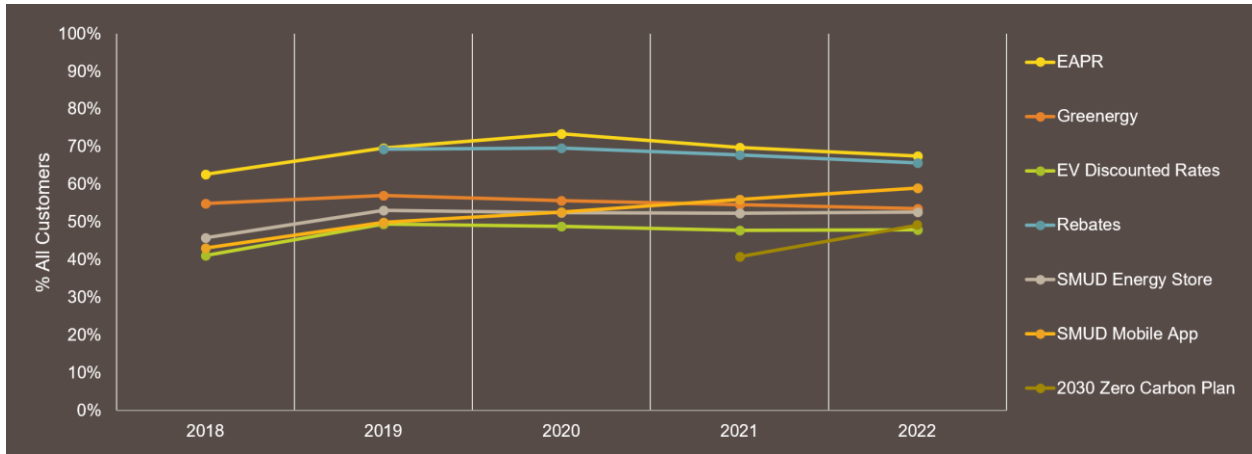
**11,067**  
**Total volunteer hours**



## APPENDIX B Awareness of Programs by Ethnicity

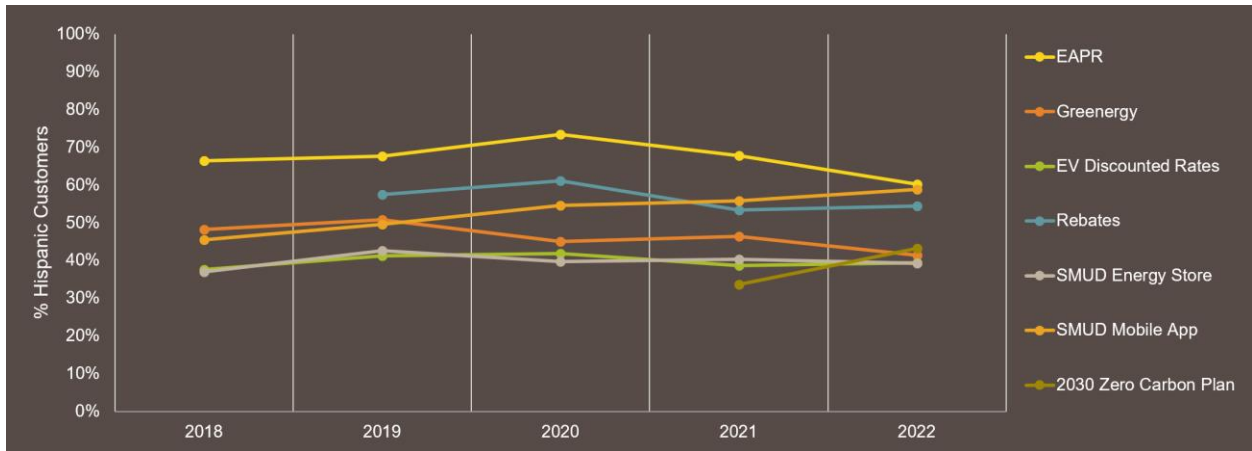
### All Customers – Overall Awareness Trends

Notable increases in awareness of 2030 Zero Carbon Plan and mobile app. All other programs were relatively steady year over year.



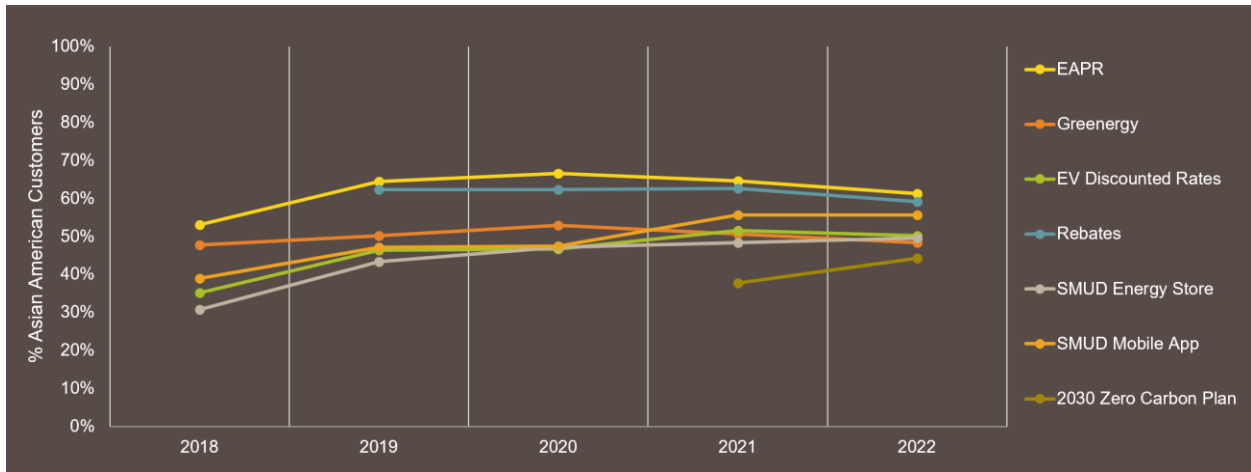
### Hispanic – Overall Awareness Trends

Most notable changes were increased awareness of the 2030 Zero Carbon Plan and decreased awareness of EAPR, which has trended back up in 2023.



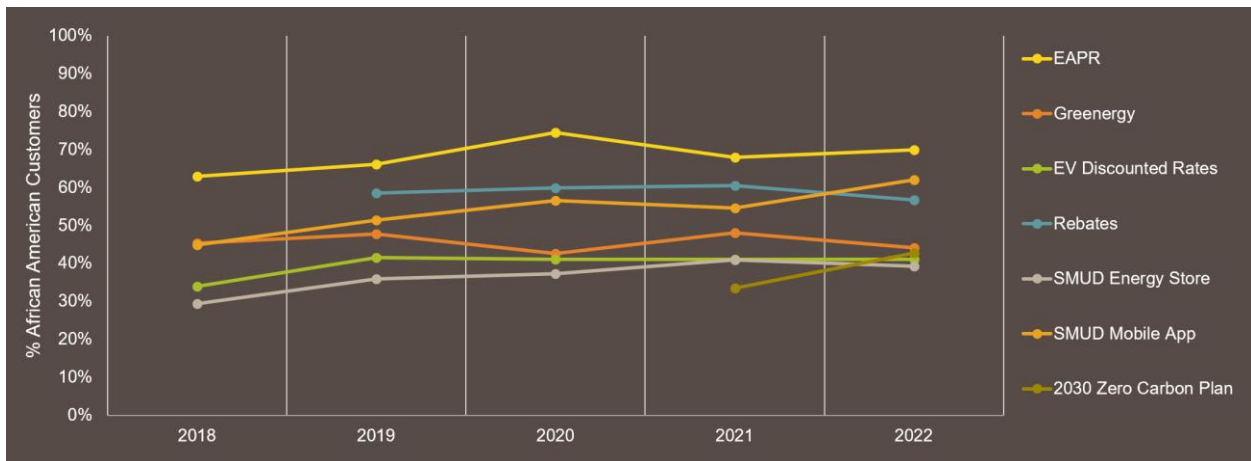
### Asian Pacific Islander – Overall Awareness Trends

Most notable increase in awareness of the 2030 Zero Carbon Plan. Minimal change for other programs.



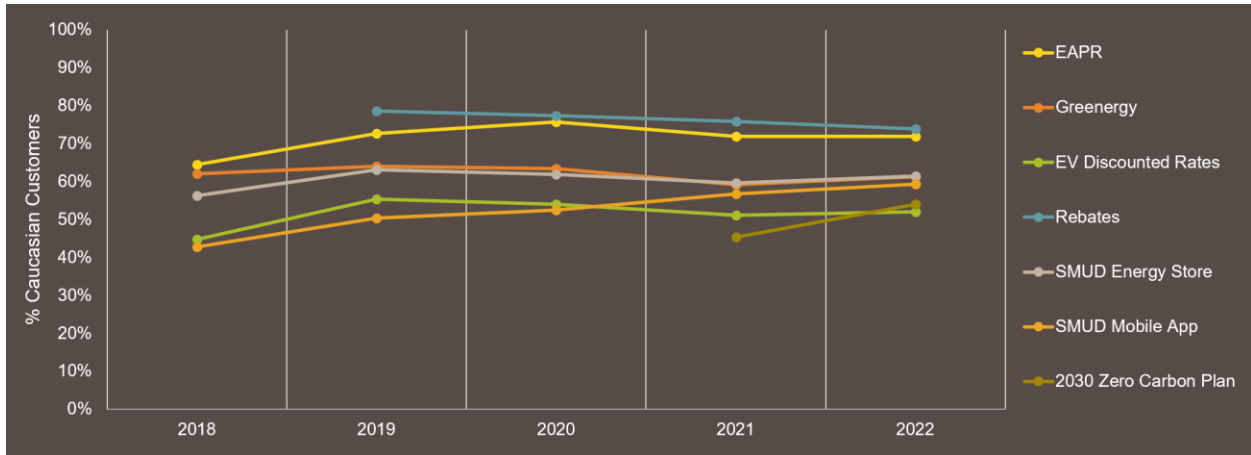
### Black – Overall Awareness Trends

Awareness increased for the 2030 Zero Carbon Plan and the mobile app. All other programs were consistent or had minimal movement from the previous year.



### White – Overall Awareness Trends

Most notable increase in awareness of the 2030 Zero Carbon Plan. Minimal changes in awareness for other programs.



RESOLUTION NO. \_\_\_\_\_

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

This Board accepts the monitoring report for **Strategic Direction SD-15, Outreach and Communication**, substantially in the form set forth in **Attachment \_\_\_\_** hereto and made a part hereof.





SSS No.  SC 2023-002
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# BOARD AGENDA ITEM

## STAFFING SUMMARY SHEET

Committee Meeting & Date Finance & Audit – 08/15/23
Board Meeting Date August 17, 2023

TO				TO			
1.	Claire Rogers	6.					
2.	Jennifer Davidson	7.					
3.	Lora Anguay	8.					
4.	Scott Martin	9.	<b>Legal</b>				
5.	Jose Bodipo-Memba	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) Mikaila T. Wedding		DEPARTMENT Sustainable Communities		MAIL STOP B206	EXT. 4894	DATE SENT 7/20/2023	

**NARRATIVE:**

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

**Summary:** The annual Economic Development Report summarizes accomplishments and status of SD-13 performance by SMUD for the period of January 1 – December 31, 2022.

**Board Policy:** *(Number & Title)* Strategic Direction SD-13, Economic Development Policy states: “Promoting the economic vitality of our region and the growth of our customer base is a key value of SMUD. Therefore, SMUD shall exercise strategic leadership and actively participate in regional economic development.”

**Benefits:** Provides information on SMUD’s overall compliance with Economic Development to the Board of Directors and Executive Team so they can evaluate compliance with specific Board Policy.

**Cost/Budgeted:** N/A

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

**Affected Parties:** Board of Directors, Executive Team & staff.

**Coordination:** Economic Development develops the report with information from SEED, Sustainable Communities, New Business Development, Commercial Development, Pricing and Commercial Delivery.

**Presenter:** Suzanne Dizon, Manager, Economic Development and Partnerships

<b>Additional Links:</b>
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<b>SUBJECT</b> <b>Annual Monitoring Report for SD-13, Economic Development Policy</b>	<b>ITEM NO. (FOR LEGAL USE ONLY)</b> <b>7</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 28, 2023

**FROM:** Claire Rogers *CR 7/28/23*

**SUBJECT: Audit Report No. 28007605  
Board Monitoring Report; SD-13: Economic Development  
Policy**

Audit and Quality Services (AQS) received the SD-13 *Economic Development Policy* 2022 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 AQS' 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 2022

## 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 2022, built on the successes in helping businesses recover from the COVID-19 pandemic, and through multiple business community listening sessions, we identified the top main issues faced by our local businesses (which account for 50% of SMUD's revenue) and applied Community Impact Plan (CIP) resources to begin to mitigate 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 SMUD's service area. We collaborated through key partnerships to support a shared vision of economic recovery while delivering greater collective impact and advance 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 emerging innovation ecosystem, including the California Mobility Center

- 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 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
- Supporting the developer community

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 2022, the SEED program partnered with Supply Chain Services, conducting a variety of outreach and education events and awarding 31% of SMUD's contracts to SEED-certified small businesses, exceeding the Board-established goal of 20%. 71 SEED contracts were awarded in 2022, totaling more than \$102 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, SACOG, 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 2022. We participated in 32 business attraction, retention and expansion projects, supporting the attraction/expansion of 12 companies and the creation of an estimated 3,263 local jobs in multiple sectors including mobility, manufacturing, technology expansion and pharmaceutical and biosciences.

**3. Information about our 2022 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.**

As SMUD adopted our bold 2030 Clean Energy Vision to reach zero carbon, we heightened our focus on opportunities to promote awareness, innovation, and job creation with local startups in electrification, transportation, and clean technology. We continued to collaborate and amplify the California Mobility Center (CMC), engage the clean tech community through CleanStart, and inspire the future workforce through partners like HackerLab and StartupSac. All of these efforts are increasing investments to develop new solutions for clean energy, workforce development, and a thriving inclusive economy.

CMC continued its member and client recruitment activities in 2022. By year end, CMC reached a total of 62 additional members, with 188 representatives registered in the online portal. Additionally, CMC conducted/organized various monthly CMC Thought Leadership webinar series.

The CMC continued to refine the Career Pathways labor supply chain model. The emphasis for 2022 was to optimize the recruiting and training stages of the model per the High Road Training Partnership grants. Strong partnerships were established with community-based organizations and a training provider that has a direct line of communication with underrepresented communities. They include Waking the Village, Women's Empowerment, Saint John's, Next Move, and Charles A Jones Training Center. A one-week, 30-hour Assembler training course was developed and piloted. The course is designed to lower the barrier to technical training while providing a bridge to advanced training programs or employment. The course was also conducted in Farsi and piloted at the Internal Rescue Committee local facility. Partnership with the regional industry collaborative organization, Sacramento Valley Manufacturing Alliance, was also strengthened, which includes Siemens Mobility. 83 people were trained by end of 2022. Additional funding was secured for 2023 to allow the Workforce Development unit and partners to optimize the advanced training and employment stages of the model. They include \$2M from Community Project Funding (Matsui) and \$877K from Connecticut's National Advanced Manufacturing Apprenticeship Program. The agreements are expected to be signed in 2023.

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 2022 and 2023. In 2022, SMUD's system average rate was 45.5% below PG&E. PG&E's proposed 2023 General Rate Case includes revenue requirement increases for calendar years 2023 (9.6%), 2024 (2.4%), 2025 (1.9%), and 2026 (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 2022.

**Grant Funding:** SMUD's Economic Development & Partnerships team played a key role in the Sacramento region receiving over \$5.2 million in federal and state grant funding toward local economic development and recovery initiatives and access to broadband. This effort was in alignment with, and support of, SMUD's overall grant efforts.

**Community Economic Resilience Fund (CERF):** SMUD played a key role in the Sacramento region's successful \$5 million grant application to the State of California CERF program. SMUD joined the Prosperity Partnership (the Greater Sacramento Economic Council, the Sacramento Metropolitan Chamber of Commerce, the Sacramento Asian-Pacific Chamber of Commerce, the Sacramento Area Council of Governments and Valley Vision) in providing public commit to the CERF Draft Planning Phase Guidelines. Also, SMUD signed a Sacramento CERF Collective Partnership Agreement affirming SMUD's ongoing commitment to the Sacramento region's CERF grant planning efforts.

**Cap-to-Cap:** SMUD sent a 12-member delegation to the Metro Chamber's 50<sup>th</sup> Anniversary 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, wildfire and forest management, broadband infrastructure, the Greater Sacramento Region Prosperity Strategy and workforce development. Also, SMUD staff lead the Economic Development Policy Team and served as 2nd vice chair of 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 2022, MBARK provided 1,402 consulting hours to 2,256 separate businesses in SMUD's service area.

**Property and Business Improvement District (PBID) Outreach:** Recognizing the increasingly important role that PBIDs play in representing the interests of key commercial corridors in SMUD's service area, SMUD established new partnerships with 14 PBIDs.

**Internal and External Study Missions:** As a member of the steering committees for both the Metro Chamber Study Mission to San Diego 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 (SMB) Support:** SMUD's SMB Team of Strategic Account Advisors (SAA) continued to assist our customers by directing them to appropriate SMUD programs. As the nation continued recovery efforts from the global pandemic, SAAs continued to support our small business community by sharing information regarding grants and changing regulations, including those regarding al fresco dining. The team found creative ways to educate customers on the importance of electrification, including in-person events and demonstrations, as well as language-specific and cuisine-specific induction cooking. 2022 also provided SMUD the opportunity to work on a large-scale business district recovery project. For a detailed description of 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, the Commercial Development & Solutions team participates 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 economic development, community/environmental health, and neighborhood engagement activities in vulnerable and under-resourced communities through its Sustainable Communities program. SMUD has invested \$14.6 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 12 new companies that will create 3,263 jobs in SMUD's service territory.



**Commercial Development:** SMUD actively engaged in 202 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 2022, 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 multifamily 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.**

Our SEED program offered certified small businesses incentives to participate in SMUD’s competitive bid process. It also helped prime contractors find local subcontractors to gain an advantage in developing their bids or proposals, providing 199 lists of SEED-qualified vendors to contractors in specific categories to leverage the SEED program in their bid responses.

The SEED team held 29 workshops, orientations or panel discussions and coordinated participation in 113 outreach events, reaching approximately 17,804 individuals. In addition, the team translated SEED materials into Vietnamese, Chinese, Hmong, and Spanish.

SMUD’s annual goal is to award no less than 20% of all contracts to certified small businesses. We exceeded that goal in 2022, awarding 31% of contracts to SEED qualified vendors, totaling more than \$102 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 regional Chambers of Commerce and Property and Business Improvement Districts. For more information about our 2022 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 supports business development, growth and entrepreneurship for inclusive economic opportunity. Benefits to the community include job creation, increased revenue, innovation, community involvement, diversity, and improved infrastructure. SMUD's approach is to continue to identify the problem-solvers within our community and strategically invest in the programs that are inclusive, dynamic and will accelerate our clean energy regional economy. Key 2022 partnerships in the innovation and entrepreneurship ecosystem include:

**CleanStart Inc.** assists clean tech companies in the Sacramento region to make their innovations a commercial success through education, access to capital, and connections. In 2022, CleanStart coached 14 companies, saw 3 successfully receive grants to develop their ideas and helped many more prepare to pitch their ideas to investors and get funded. CleanStart offerings include monthly meetups, a Perspectives webinar series, 109 real-time events reaching over 3,000 attendees on topics such as decarbonization, energy storage, recycling, clean tech investment, and mobility. CleanStart also created a recorded video library of resources, with over 7,500 views this last year. CleanStart 2022 Progress Report in 2022 showed the core cleantech cluster had grown to 9,900 jobs (up 96% in three years) and \$4.03 billion in revenues (up 29%).

**Hacker Lab**, an all-in-one makerspace, coworking facility and workforce incubator, is one of the region's most recognized centers for innovation. It serves as the hub for programs including MADE Studio (a studio-style maker space), MAKER EDU Pathways (a workforce development program), and MAKEHERS (a women's small business incubator where 30 participants in two, eight-week women's small business accelerators included seed funding at \$1,000 per graduate. 40 women participated in 2022. Eight Pathways participants received eight months of mentorship, education, and entrepreneurship support. 50 local makers attend Maker Markets each month, and monthly women's marketplace on First Fridays average 50 women / month. MADE Studio provides 20 classes a month and skills up 1,200 participants annually.

**InnoGrove** continued to offer networking and educational workshops focused on startup and small business development, hosting 9 events reaching 186 attendees, including Women-in-Tech Workshops as well as Startup Founder Workshops. InnoGrove spotlighted 8 startups in collaboration with StartupSac and the City of Elk Grove on their Startup Pitch Elk Grove event.

**StartupSac** 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 100 early-stage entrepreneurs with expert mentors, investors, advisors, subject matter experts, and experienced entrepreneurs in three 15-minute sprint sessions each. StartupSac held two Scale-Up! Workshops, educating 46 entrepreneurs about founder stock, equity compensation and due diligence. StartupSac relaunched its Warm-Up Pitch bootcamp where 9 startup founders were trained to present to investors for funding. At the Mock Investor Salon, 55 people attended including local venture capitalists and investors. StartupSac held a total of 26 events, which attracted over 1,100 attendees, including 10 StartupSac Happy Hour Events featuring seven veteran founders and 441 attendees, and ten founder education workshops with a total of 313 attendees.



**Growth Factory** is a startup accelerator and early-stage venture fund with a mission to create an entrepreneurial engine that scales high growth companies and catalyzes innovation in the Greater Sacramento region, supporting 45 startup companies (42% from SMUD service area) through core accelerator and activating over 100 mentors. SMUD also supplied thought leadership throughout the programming, particularly in areas of clean tech and operational excellence. The first annual **GFX Venture Conference and Startup Showcase** attracted over 600 attendees and featured 23 startup presentations, 12 breakout sessions and a tradeshow floor with 50 participating organizations including SMUD.

SMUD partnered with the **Carlsen Center for Innovation & Entrepreneurship** at CSU Sacramento on the Startup Challenge and Global Entrepreneurship Week. At the Startup Challenge, the Carlsen Center supported over 55 participants in either forming a new startup team or supporting the growth of existing startups with 30 final pitches. SMUD sponsored **Global Entrepreneurship Week** (GEW), and the Carlsen Center stewarded the region's largest campaign with over 43 events and activities, including all of our other innovation partners, attracting over 1,500 attendees, making CSUS the #1 University hub for GEW in the nation for 2022.

SMUD also sponsored **FourthWave**, a local accelerator program for women-led technology in collaboration with the Carlsen Center for Innovation & Entrepreneurship. In 2022, FourthWave supported 12 startups ranging from agtech to medtech-based companies. Over 25 mentors, leadership coaches, and subject matter experts supported the cohort over the 16-week program.

SMUD became a founding partner of the **Sacramento Entrepreneurial Growth Alliance** (SEGA) which meets quarterly to discuss areas to collaborate and grow entrepreneurship in the region. The Alliance launched the [NorCal Entrepreneur Hub](#), an online tool/platform connecting entrepreneurs to organizations, resources, and events. The platform highlights 169 organizations, and 461 resources on it available to all businesses for free.

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

				Average Annual Rate		Difference	Difference
Customer		Rate Categories		PG&E	SMUD	Below PG&E*	Below PG&E*
Class	Description	PG&E	SMUD	2022	2022	2022	2021
Residential	Standard	E-1	TOD	\$0.3377	\$0.1757	-48.0%	-40.54%
	Low Income	CARE***	EAPR & EAPRMED**	\$0.2100	\$0.1218	-42.0%	-34.0%
<b>All Residential</b>				<b>\$0.2932</b>	<b>\$0.1673</b>	<b>-42.9%</b>	<b>-35.4%</b>
Small Commercial****	<= 20 kW	B-1	GFN, CITS-0	\$0.3252	\$0.1701	-47.7%	-40.8%
	21 - 299 kW	B-6	CITS-1	\$0.3098	\$0.1576	-49.1%	-41.3%
Medium Commercial****	300 - 499 kW	B-10	CITS-2, CITP-2	\$0.3016	\$0.1459	-51.6%	-41.7%
	500 - 999 kW	B-19	CITS-3, CITP-3, CITT-3	\$0.2605	\$0.1365	-47.6%	-36.8%
Large Commercial****	=> 1 MW	B-20	CITS-4, CITP-4, CITT-4	\$0.2060	\$0.1145	-44.4%	-31.5%
Lighting	Traffic Signals	TC-1	TS	\$0.3178	\$0.1346	-57.6%	-50.4%
	Street Lighting	various	SLS,NLGT	\$0.3668	\$0.1517	-58.6%	-47.5%
Agriculture	Ag & Pumping	AG	ASN/D,AON/D	\$0.2940	\$0.1510	-48.6%	-41.9%
<b>System Average</b>				<b>\$0.2803</b>	<b>\$0.1526</b>	<b>-45.5%</b>	<b>-37.0%</b>

Notes:

\* Projected 2022 average prices for SMUD with rates effective 1-1-22 and 3-1-22. PG&E average prices in 2022 reflect rates effective 6-1-22, per Advice Letter 6603-E. The rate difference in year 2021 reflects PG&E average rates as of 12-1-21, per Advice Letter 6415-E dated 11-30-21, and SMUD rates effective 1-1-21 and 10-01-21.

\*\* 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 2022 as well as the difference between rates in 2021. The rate competitiveness by class varies for the different customer classes and is at least 42.0% 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 2022, 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
- National Association of Women Business Owners (Sacramento Region), Board of Directors
- North Sacramento Chamber of Commerce, Board of Directors
- North State Building Industry Association, 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 Transportation Management Authority, Board of Directors
- Solano County Farm Bureau, Board of Directors

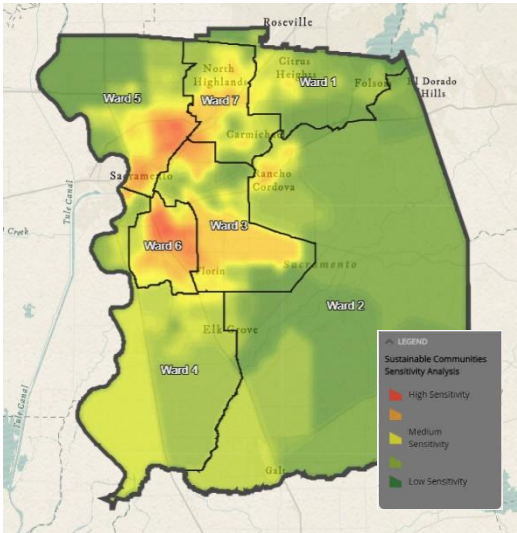
- Study Mission, Steering Committee
- Urban Land Institute, Executive Committee
- Valley Vision, Executive Committee
- Winters Chamber of Commerce, Board of Directors

**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 social wellbeing, healthy environment, prosperous economy, and mobility.

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 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 Justice 40 Climate and Justice Economic Screening Tool, CalEnviroScreen 4.0, 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:** In 2022, SMUD developed a 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 high paying jobs by 2024. This coherent regional strategy will galvanize and

prepare the region for an inclusive, diverse, creative, and empowered future workforce. The Regional Workforce Development Strategic Plan aims 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 aims to make the Sacramento Region an increasingly enviable and attractive place to live and work and attract new business investments to the region.

**Energy Career Pathway's Program:** SMUD's 2022 Energy Career Pathway's Program recruited and trained individuals from SMUD's Sustainable Communities target neighborhoods in solar, battery, EV, and electrification technologies. Our training partner, Grid Alternatives, supported graduates with employment services such as connecting with employers, resume help, and career coaching. Our effort closed the year graduating 66 individuals and placing 39 in relatively high paying new jobs. In the broader regional workforce development space, SMUD established partnership agreements with 57 community organizations to reach 3,647 youth and adults with career education and train 484 adults in new skills. SMUD worked with its partners to place 241 of these trainees into relatively high paying 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 sixth year, the Shine program invests in local nonprofit partners that execute inclusive and equitable projects through collaborations and partnerships supporting our historically under-resourced communities. In 2022, 112 organizations submitted applications with compelling and competitive projects. We received requests for over \$3.8 million in funding for projects to improve access to workforce development trainings, STEM education, energy efficiency and environmental education and stewardship. Shine will fund 22 projects totaling \$513,000. With a diverse and inclusive set of deliverables supporting our under-resourced, underrepresented communities, the Shine partners impact include energy efficiency in buildings supporting children with special needs, Veterans, and Seniors. We will support the economic development and revitalization around Cesar Chavez Park, Alhambra Blvd, Sunrise Marketplace, Rosemont and the 80-Watt District areas. We will increase access to workforce skills programs for 160 transition age, underrepresented, and under-resourced youth in the region. Also, we will increase access to STEM education and career exploration activities to over 120 under-resourced youth.

**Community Resource Liaison (CRL) Program:** The SMUD's CRL loaned employee program supports key chamber and nonprofit partners and is also an internal workforce development opportunity. For up to 12-month terms, CRLs advanced SMUD's initiatives, programs and services, as well as the partners' operations, to support local businesses, increase membership participation and foster community impact with a focus on reinforcing the under-resourced business community. In 2022, five business partners participated: Sacramento Hispanic Chamber, Sacramento Black Chamber, Sacramento Rainbow Chamber, Rancho Cordova Chamber, and the Minority Business Assistance Recovery Kickstart Program (MBARK). Through the CRL Program, SMUD enhanced partners' bandwidth to develop and implement new and existing services and to expand their reach. All five of 2022 partner participants expanded their capacity to serve their respective under-resourced business communities. In addition, all 5 CRLs (100%) in 2022, and 11 of 13 all CRLs overall, have been promoted within SMUD during or immediately following their CRL tenure.

**COVID-19 Small and Mid-size Business (SMB) Support:** State mandates, supply chain delays/shortages, changes in consumer buying habits, and employee retention issues continued to threaten small and mid-size businesses throughout 2022.



As a result, Gardenland Northgate Neighborhood Association (GNNA) requested recovery assistance from SMUD. In response, the SMB Team was able to secure \$1.5 million in ARPA funding for the Northgate “recovery” project. The partnership between the SMUD Complete Energy Solutions (CES) program, GNNA, the Hispanic Chamber of Commerce, and Sacramento City District 3 Councilmember Jeff Harris will provide recovery assistance for aging business infrastructure and enhance long-term community energy resilience.

To execute the GNNA project, Strategic Account Advisors undertook 60 separate walks through Northgate Business district’s nine square-mile footprint. SAAs were able to meet with 133 business owners, ultimately securing the participation of 33 of those businesses in the recovery project. Internally, this project inspired the Business District Electrification portion of the SMUD Community Impact Plan (CIP) for 2023.

In addition to continuing virtual meetings and virtual site assessments for our busy small business owners, the SMB team made a concerted effort throughout 2022 to educate their customers on what “electrification” means. As part of that education, six all-electric kitchen demonstrations were held, including a Spanish-language cooking demonstration for the Gardenland restaurant owners, where dishes typically found on Hispanic restaurant menus were prepared and sampled by local restaurant owners and chefs.

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 2022. SMB customers continued to take advantage of a comprehensive list of incentive opportunities and financing options through CES, and they enjoyed the ease of the deemed incentives available through EES. Many more customers learned about building electrification through Business Go Electric campaigns. CES and EES completed 272 projects with our SMB customers in 2022, providing us with a number of successful electrification projects that now serve as case studies for other interested customers.

## APPENDIX C

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

In 2022, SMUD staff along with Commercial Development, dedicated significant time and resources to developing 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 2022 include twelve new companies creating and 3,263 new jobs:

- **Bay City Electric** – Portable power, generator & engine solutions company secured a site in Galt with (40 jobs).
- **HCL Technologies** – Global technology consulting in financial services, retail & health care sectors (663 jobs) over next 4 years
- **SIR Robotics** – Italian industrial robotics company chosen CMC site for North American headquarters office (15 jobs)
- **Creative Noggin** – Branding, advertising & marketing agency (5 jobs)
- **Blocktac** – Blockchain digital authentication/certification company (5 jobs)
- **Elevai Labs** - Regenerative skin care products company expanding lab, production & offices to Folsom (50 jobs)
- **Nivagan Pharmaceutical** – Expansion to add a new manufacturing site for a prescription drug company specializing in productions and sales of generic prescription drugs (91 jobs)

- **Solidigm** – Korean semiconductor company (Intel spinoff) picked Rancho Cordova office as its global HQ location (1,900 jobs)
- **Deloitte Sacramento** – Consulting company expanding its presence in Sacramento (114 jobs)
- **Vesta Homes** – Modular home building startup located its facility in Sacramento (80 jobs)
- **PowerSchool** – Existing cloud-based K-12 solution company consolidating office space, (200 jobs).
- **ThermoGenesis** – Advanced cell & gene therapies & products company added new manufacturing facility in Rancho Cordova (100 jobs).

**Commercial Development:** In 2022, our Commercial Development team actively engaged with approximately 202 commercial, mixed-use, and residential project developers throughout our service area. Highlights include:

- Outreach to builders and developers on 2030 Clean Energy Vision program opportunities
- SMUD Liaison for Statewide Community Infrastructure Program (SCIP) resulting in two acquisition agreements for SMUD Fees and Infrastructure.
- Distribution of “Developer Connections” e-newsletters, with an average 48%+ open rate.
- High-profile and critical projects include transitional and low-income projects, and transformational and major developments at UC Davis and Aggie Square.

**Central City Growth:** The Central City continued to see sustained growth in 2022, with a variety of projects completing construction in Downtown Sacramento.

- The former Marshall hotel was redeveloped as a Hyatt Centric hotel, in early 2022.
- The California Fruit Building rehab was completed after 5 plus years of coordination.
- The Exchange Hotel at the intersection of 4<sup>th</sup> and J Street.
- Anthem United is in construction of two mixed-use buildings anticipated to be completed in 2023: 15S and Cathedral Square.
- The CFY Development project located at 1717 S Street is anticipated to be completed in mid-2023 targeted to serve low- and moderate-income residents.
- Mercy Housing Capitol Hotel project at 9<sup>th</sup> and L street is anticipated to be completed in 2023, with 134 units of transitional housing for the region’s unhoused residents.
- The new Sacramento Courthouse project at 5<sup>th</sup> and H Street, has a targeted completion date of Q4, 2023.
- Railyards and River District areas will show continued growth in the downtown core, with an emphasis on multifamily projects.

*Other Noteworthy developments:* Successful coordination continued on many fronts at the UC Davis Medical Center Campus. Staff supported initial design plans for: the Replacement Hospital Tower; new Ambulatory Surgical Center; Parking Structure 5 and 6; and Aggie Square, the region’s first innovation hub with over 1 million square feet of research, wet labs, commercial space, and housing. Additional SMUD coordination efforts kicked off at Aggie Square with the Mixed-Use & Residential Building and Academic Office Building. SMUD also worked closely with staff from Kindred Healthcare in successfully installing permanent power for the new neurological rehabilitation hospital on the southern edge of the UC Med Center campus.

**Northern Territory Growth:** At Metro Air Park, NorthPoint Development and Buzz Oates Development opened numerous distribution warehouses. Additionally, Badiie Development opened the first of their warehouse projects. It is anticipated by the end of 2023, that the park will be 40% built out. SMUD plans to commence construction of a new substation in the park in 2023, to add additional capacity in Metro Air Park. At buildout, SMUD will have 3 – substations to feed the ultimate load in Metro Air Park. North Lake, former Greenbriar project, Lennar and Integral Communities have started construction on phase 2 of the project. Phase 1 is nearly

completed, with over 1,000 homes constructed. Phase 2 consists of an additional 1,000 homes and will be completed over the next two years. Alleghany Properties has completed site improvements for their properties at Arena Drive and I-5, on both the east and west sides of the freeway. Sustained growth is anticipated in this area of Natomas for the balance of 2023.

**Eastern Territory Growth:** In Folsom South, SMUD supported new residential development that will eventually bring over 11,000 new housing units over several years. Major builders such as Toll Brothers, Lennar, KB Home, Richmond American, The New Home Company, and Tri-Pointe Homes completed their initial phases in 2022. SMUD worked closely with Dignity Health and UC Davis staff on two new medical campuses who broke ground on their sites. Growth in Rancho Cordova continues both commercial and residential fronts. SMUD worked closely with developers at Rio Del Oro with its initial subdivision and substation, as well as two significant industrial customers. KHovnanian completed its initial phases of homes in The Ranch Development that includes participation in SMUD All-Electric program. Significant construction was underway including the extension of Chrysanthy Blvd at Woodside Homes' Arista del Sol development. Initial homes planned to be occupied in 2023.

**Southern Territory Growth:** In Elk Grove, SMUD worked with several builders and developments at Elliott Springs, Souza Dairy, and Sheldon Farms, and expansion at Kabota in the newly planned Southeast Industrial area. Kubota plans to open their facility in Q4 2023. Additionally, ground has broken on the largest affordable housing project in the City of Elk Grove. The 387-unit Poppy Grove apartment project is anticipated to open in 2024.

**Business Walks and Email Outreach to SMB Customers:** As organizations slowly got back to pre-pandemic operations and in-person events, the SMUD Small and Mid-size Business Team (SMB) supported in-person business walks and Chamber "New Member Orientations" meetings with SAA introductions and presentations on SMUD programs with the Rancho Cordova Chamber, the Elk Grove Chamber, the Carmichael Chamber, MBARK's business walk, and the Folsom Cordova Community Partnership.

Throughout 2022 the SMB Team continued their proactive outreach efforts through a series of bi-weekly emails to over 5,000 small and mid-size business customers. The emails focused on energy saving tips, local assistance programs, Federal and State loans, available grants, and links to informative webinars focused on the struggles of small and mid-size businesses. These outreach emails received positive customer feedback and strengthened customer relationships with their assigned Strategic Account Advisor.

**Indoor Cultivation:** The Commercial Delivery team continued to support the cannabis industry in 2022. Although new facilities coming online were fewer than in 2021, SMUD saw a 22% increase in demand and 32% increase in revenue from existing operators. Total annual revenue was \$22.7 million. Many operators began experimenting with different lighting strategies by replacing their HID lighting, installing higher output LED grow lighting and installing LED under canopy grow lighting all in an effort to increase production. The industry continued to struggle with ever-changing regulations and taxation, market saturation and the illicit market.

## 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	<p>Two options for customers to choose:</p> <p><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</p> <p><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</p>

**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, including incentives to 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 included but are not limited to energy efficient heating and cooling, domestic hot water, induction cooking, and vehicle electrification. Overall, we provided incentives for improvements to 258 commercial premises for a combined total program energy savings of 24.57 GWh, equating to a reduction of 41,404 lifetime carbon emissions.

## APPENDIX E

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

In 2022, we exceeded our SEED Program goal of awarding at least 20% of all contracts to certified small businesses. Specifically, we awarded 30.9% through over 100 SEED contracts totaling approximately \$102 million to local small businesses within SMUD service area.

Award Type	2022		
	Total Award \$	Award Count	Program %
SEED Prime	\$ 69,982,236.95	69	68%
SEED Sub-Contractors	\$32,342,762.57	139	31%
Sheltered Market	\$ 152,112.02	2	1%
<b>Grand Total</b>	<b>\$102,477,111.54</b>	210	<b>100%</b>

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

- **Business Walks:** The SEED team conducted 9 business walks throughout the region with an emphasis on high priority areas identified on the SC Priorities Map. Business walks helped the SEED team identify language barriers and opportunities preventing under resourced businesses from participating in SMUD’s competitive bid process and SEED program.



- **PBID Partnerships:** The SEED Team utilized Community Impact Plan funding to strengthen SMUD’s relationships by successfully establishing 14 formal relationships PBIDs within SMUD’s service territory, allowing SMUD to support and engage with under-resourced businesses within high sensitivity areas as outlined on the SC Priorities Map.
- **Business Advisory Committee (BAC):** SEED hosted four quarterly meetings in 2022 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.
- **How to Do Business with SMUD:** The SEED team used virtual formats and collaborated with community partners to deliver 8 educational workshops on SMUD’s procurement program and promote SEED participation opportunities.
- **“Meet the Buyers” Conference:** SEED’s 11<sup>th</sup> Annual Meet the Buyers Conference returned in as a hybrid event; offering an in-person kick-off mixer. SEED partnered with the SMB team again this year to offer commercial program/resource information and promote electric kitchen demos. The successful event drew 286 registrants, offering 13 panel sessions and education workshops, over 25 speakers and 15 virtual exhibitors. The event was very well-received, resulting in 12 new SEED vendors, 109 virtual match-making participants, 11 new Power Voice participants and a 22.13% increase in Ariba open solicitation views.
- **SEED Marketing Updates/Translations:** The SEED team assisted with translating SEED and Meet the Buyers materials, providing marketing materials in Spanish, Chinese, Hmong and Vietnamese. 2030 Zero Carbon language was also added to SEED marketing material.
- **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 2 sheltered market contracting opportunities in the areas of commodities and professional services. The contracts are specific only to verified SEED vendors and totaled \$152,112.02.
- **SEED Quarterly Newsletter:** The SEED team distributed over 576 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 51.92 percent, click rate of 9.34% and click-to-open rate of 17.99%.
- **Reciprocity Partner of the Year Award:** The SEED program again was recognized by the California Department of General Services as the “Reciprocity Partner of the Year” at their State Agency Recognition Awards (SARA) as a successful contracting incentive program that uses DGS’s certification designation for SEED vendors. This is the second time the SEED program has received the award in the 3 years since its inception.

RESOLUTION NO. \_\_\_\_\_

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

This Board accepts the monitoring report for **Strategic Direction SD-13, Economic Development Policy**, substantially in the form set forth in **Attachment \_\_\_\_** hereto and made a part hereof.



SSS No. DP&O 23-007

# BOARD AGENDA ITEM

## STAFFING SUMMARY SHEET

Committee Meeting & Date Finance & Audit – 08/15/23
Board Meeting Date August 17, 2023

TO				TO			
1.	Claire Rogers	6.	Scott Martin				
2.	Frankie McDermott	7.					
3.	Jose Bodipo-Memba	8.					
4.	Jennifer Davidson	9.	<b>Legal</b>				
5.	Lora Anguay	10.	<b>CEO &amp; General Manager</b>				
<b>Consent Calendar</b>	X <b>Yes</b>	<b>No</b> <i>If no, schedule a dry run presentation.</i>	<b>Budgeted</b>	X <b>Yes</b>	<b>No</b> <i>(If no, explain in Cost/Budgeted section.)</i>		
FROM (IPR)	DEPARTMENT	MAIL STOP	EXT.	DATE SENT			
Maria Veloso Koenig	Distribution Planning & Operations	EA403	5794	7/18/23			

**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 2022. 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 2022 budget for these three projects was \$2.8 million and the actual spending was approximately \$3,300. 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; Local Government Affairs

**Presenter:** Maria Veloso Koenig; Director, Distribution Planning & Operations

**Additional Links:**

<b>SUBJECT</b> <b>SD-14, System Enhancement Board Monitoring Report</b>	<b>ITEM NO. (FOR LEGAL USE ONLY)</b> <span style="font-size: 24pt; color: blue; font-weight: bold;">8</span>
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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 28, 2023

**FROM:** Claire Rogers *CR 7/28/23*

**SUBJECT: Audit Report No. 28007606  
Board Monitoring Report: SD-14, System Enhancement**

Audit and Quality Services (AQS) received the SD-14, *System Enhancement* 2022 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 AQS' 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 2022 Strategic Direction SD-14, System Enhancement**



## **1. Background**

Strategic Direction 14, the System Enhancement Board policy states that:

As a community-owned utility, SMUD recognizes that the relocation or underground placement of primary voltage power lines may be desirable to local jurisdictions to improve aesthetics, economic vitality, safety and disabled access. Therefore, it is a key value of SMUD to make selected distribution system enhancements, such as permanent relocation or underground placement of primary power lines below 69 kV.

- a) SMUD will, at its expense and where technically feasible, permanently relocate or underground existing overhead distribution facilities provided the governing body of the city or county in which the electric facilities are and will be located has:
  - i) Identified, after consultation with SMUD, a specific system enhancement project;
  - ii) Determined the project is in the public interest;
  - iii) Ensured all existing overhead communication facilities related to the project will also be permanently relocated or placed underground;
  - iv) Obtained and provided SMUD with all easements necessary for the project.
  
- b) After achievement of core financial targets, SMUD will annually commit up to one-half of one percent of its annual gross electric sales revenue to system enhancements. The proposed projects will be subject to SMUD's annual budget approval process, and uncommitted funds from any given year will not be carried over to future years. Funding will be assigned to projects brought forward by local cities or counties based on applying the following criteria (not in order of preference):
  - i) Project scale and/or cost when measured against available 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

SD-14 states that SMUD “will annually commit up to one-half of one percent of its annual gross electric sales revenue to system enhancements.” However, as a result of SMUD’s financial challenges caused by the COVID-19 pandemic, on June 9, 2020, the Board of Directors approved suspension of funding *new* projects under SD-14 for 2020, 2021 and 2022 (Resolution 20-06-03). Previously committed projects (a total of three) under the Policy continued to progress during these years with construction planned for 2024-2025.

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	2022 Project Budget	2022 Project Spend	Project Status
Sacramento County	Greenback Lane Road Improvements (0.8 miles)	\$1,000K	\$0	\$0	Design in 2024; Construction in 2025
City of Citrus Heights	Auburn Blvd. Rusch Park to I-80 (0.75 miles)	\$2,900K	2,100K <sup>(a)</sup>	\$3.3K	Design in 2023; Construction in 2025
City of Elk Grove	Elk Grove Blvd. Waterman to School St. (0.5 miles)	\$1,500K	\$757K <sup>(a)</sup>	\$0	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, eleven 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 2022.

#### **5. Recommendation**

It is recommended that the Board accept the 2022 Monitoring Report for SD-14, System Enhancement.

#### **6. Appendices**

N/A

**DRAFT**

RESOLUTION NO. \_\_\_\_\_

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

This Board accepts the monitoring report for **Strategic Direction SD-14, System Enhancement**, substantially in the form set forth in **Attachment \_\_\_** hereto and made a part hereof.



SSS No.
ETC 23-022

# BOARD AGENDA ITEM

## STAFFING SUMMARY SHEET

Committee Meeting & Date ERCS - 08/15/23
Board Meeting Date August 17, 2023

TO	TO
1. Frankie McDermott	6.
2. Brandy Bolden	7.
3. Lora Anguay	8.
4. Suresh Kotha	9. <b>Legal</b>
5.	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>		<b>Yes</b>	<input checked="" type="checkbox"/>	<b>No</b> <i>(If no, explain in Cost/Budgeted section.)</i>
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FROM (IPR) Jon Olson	DEPARTMENT Energy Trading & Contracts	MAIL STOP A404	EXT. 7378	DATE SENT 7/14/2023
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**NARRATIVE:**

**Requested Action:** Authorize the Chief Executive Officer and General Manager, or his delegate, to negotiate and execute all agreements necessary to facilitate SMUD’s participation in the **California Independent System Operator Corporation (CAISO) Extended Day-Ahead Market (EDAM)**.

**Summary:** The Balancing Authority of Northern California (BANC) retained consultants, as well as utilized SMUD staff, to study and evaluate the costs and benefits of joining the EDAM operated by the CAISO. The CAISO’s EDAM builds on the existing real-time Western Energy Imbalance Market (EIM), by providing a day-ahead market to increase regional coordination, support energy policy goals, and meet demand cost-effectively.

Based on the results of BANC’s evaluation, staff recommends participating in EDAM as the market will not only provide additional decarbonization, economic and operational/reliability benefits, but will also build on the favorable working partnership between SMUD and CAISO, and the broader Western region. Due to SMUD’s existing participation in the Western EIM since 2019, it is feasible for SMUD to implement EDAM through BANC as the host Balancing Authority. Following the BANC Commission’s authorization to participate in EDAM, SMUD would then proceed with implementation efforts and negotiating the needed agreements to join the EDAM as early as the 2025-2026 timeframe.

- There are three key components driving this recommendation:
- Decarbonization – Regional markets, such as EDAM, supports both SMUD’s local zero-carbon goals as well as regional goals by providing broader access to regional renewable energy resources.
  - Economic Benefit – EDAM provides economic redispatch which allows for the lowest possible cost in serving load. It is conservatively estimated participation in EDAM will result in an incremental net benefit over EIM benefits of \$5M annually for SMUD ratepayers. There is an estimated \$3.5M one-time implementation cost.
  - Reliability Benefit – While BANC will retain its obligation to meet North American Electric Reliability Corporation (NERC) standards for the BANC Balancing Authority Area, energy dispatch will occur over the regional footprint. This allows market participants to take advantage of the natural diversity provided by time zones, individual entity net peaks, and resource types (wind, solar, geothermal, hydro, etc.).

**Board Policy:** Strategic Direction SD-1B, Vision Statement, by adopting an innovative solution to achieve lower cost energy for its customers, improve the environment and the reduction of its carbon footprint; Strategic Direction SD-2, Competitive Rates, by providing access to a new market with opportunities for SMUD to both lower its procurement costs during certain hours and increase its market sales; Strategic Direction SD-7, Environmental Leadership, by reducing SMUD’s reliance on its thermal resources and thereby helping to reduce SMUD’s carbon footprint; Strategic Direction SD-9, Resource Planning, by providing a

contribution to SMUD's Renewable Portfolio Standard (RPS) goals by enhancing SMUD's ability integrate renewable and net carbon free resources.

**Benefits:** Greater access to regional markets and renewable energy; expanded opportunities for market sales and purchases with expected financial benefits to SMUD customers; ability to partner with the CAISO and other entities in the region to address renewable integration and carbon reduction challenges; greater alignment with the State's energy policy objectives.

**Cost/Budgeted:** It is currently estimated there will be a one-time implementation cost of \$3.5M. Operations and Maintenance (O&M) costs will be included in future SMUD budgets closer to the go-live date once that date is determined.

**Alternatives:** Status quo – participate in EIM as-is. This option has risk in that it is expected most Western entities will join a structured Day-Ahead market. This risk includes economic and reliability risks.

**Affected Parties:** Zero Carbon, Grid Operations, Resource Planning, Finance, Legal, BANC, BANC Members; CAISO; Western Area Power Administration (WAPA), CAISO EIM/EDAM Participants

**Coordination:** Energy Trading & Contracts

**Presenter:** Jon Olson, Director, Energy Trading & Contracts

**Additional Links:**

SUBJECT <b>SMUD Participation in the CAISO Extended Day-Ahead Market (EDAM)</b>	ITEM NO. (FOR LEGAL USE ONLY) <b>9</b>
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ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

**RESOLUTION NO. \_\_\_\_\_**

**WHEREAS**, by Resolution No. 16-10-16 adopted on October 20, 2016, this Board authorized the Chief Executive Officer and General Manager (CEO/GM) to negotiate and execute all agreements necessary to facilitate SMUD's participation in the **California Independent System Operator Corporation (CAISO) Energy Imbalance Market (EIM)**; and

**WHEREAS**, the **Balancing Authority of Northern California (BANC)** retained consultants, as well as utilized SMUD staff, to study and evaluate the costs and benefits of joining the **Extended Day-Ahead Market (EDAM)** operated by **CAISO**; and

**WHEREAS**, **CAISO's EDAM** builds upon the existing real-time Western **EIM** by providing a day-ahead market to increase regional coordination, support energy policy goals, and meeting demand cost-effectively; and

**WHEREAS**, based on the results of **BANC's** evaluation, staff recommends participating in **EDAM** as the market will not only provide additional decarbonization, economic and operational/reliability benefits but will also build on the favorable working partnership between SMUD and **CAISO** and the broader Western region; and

**WHEREAS**, due to SMUD's existing participation in the Western **EIM** since 2019, it is feasible for SMUD to implement **EDAM** through **BANC** as the host Balancing Authority; and

**WHEREAS**, following the **BANC Commission's** authorization to participate in **EDAM**, SMUD would then proceed with implementation efforts and

negotiating the needed agreements to join the **EDAM** as early as the 2025-2026  
timeframe; **NOW, THEREFORE,**

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

**Section 1.** The Chief Executive Officer and General Manager, or his  
designee, is authorized to negotiate and execute all agreements necessary to facilitate  
SMUD's participation in the **California Independent System Operator Corporation  
(CAISO) Extended Day-Ahead Market (EDAM).**