

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 10

TO: Valley Clean Energy Alliance Board of Directors

FROM: Chad Rinde, Asst. Chief Financial Officer, Yolo County
Mitch Sears, Interim General Manager, VCEA
Shawn Marshall, LEAN Energy US

SUBJECT: Financial Update – Pre Program Launch Expenditures

DATE: December 14, 2017

RECOMMENDATION

1. Accept financial report on VCEA agency cash flows since inception and incurred member agency obligations though October 31, 2017.

BACKGROUND & DISCUSSION

During the 2016-17 City of Davis and Yolo County budget hearings, each Agency allocated \$500,000 to support VCEA start-up activities. The City of Woodland allocated \$500,000 with these funds received in fiscal year 2017-18. These funds are offered as loans to VCEA to be repaid with interest once the Agency and its Community Choice Energy program is operational and revenue positive.

At its meeting on November 11, 2017, the VCEA board approved the 2017-18 amended budget. The budget included implementation expenses that cover the identified costs associated with the next stages of VCEA start up and expected member agency costs that will be incurred through the go-live point of the CCA program.

Certain costs that are being incurred include terms in which the repayment can be deferred including member agency costs and SMUD costs which can be deferred until October, 2017. In order to protect the ensure accountability for the \$1.5 million in start-up contributions, the Board requested to see a cash flow report and schedule of obligations being incurred by VCEA to ensure strict financial accountability of resources.

As shown in Attachment A, VCEA as of October 31, 2017 has \$1,476,007 in Cash in Treasury which are funds deposited and held by the Yolo County Treasurer in a fund restricted for VCEA. VCEA has begun to incur obligations from Member agencies and SMUD and owes as of October 31, 2017 \$298,326 and \$123,246 respectively for a grand total of \$421,571.

VCEA staff, in cooperation with SMUD, have begun forward looking financial modeling and forecasting that will be shared with the Board in detail as the Board begins to deliberate on Financial and Reserve policies for VCEA. These Financial and Reserve policy discussions are included in Agenda items 14 (Financial Reserve Policy), and 15 (Target Power Mix and Rates for 2018) on this December 14th Board agenda.

Attachment

A. Cash Flow, Obligation Schedule, and Chart through October 31, 2017

Valley Clean Energy Alliance
Cash Flows
Calendar Year 2017 (through October 31, 2017)

	2017									
	January	February	March	April	May	June	July	August	September	October
Cash in Treasury - Beginning of Month	\$ -	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,001,334	\$ 1,001,334	\$ 1,002,936	\$ 1,499,979	\$ 1,490,551	\$ 1,490,551
Cash Inflows:										
City of Woodland Contribution	-	-	-	-	-	-	500,000	-	-	-
City of Davis Contribution	500,000	-	-	-	-	-	-	-	-	-
County of Yolo Contribution	500,000	-	-	-	-	-	-	-	-	-
Interest Earnings:	-	-	-	1,334	-	2,039	-	-	-	-
Total Inflows	1,000,000	-	-	1,334	-	2,039	500,000	-	-	-
Cash Outflows:										
Vendors:										
CirclePoint	-	-	-	-	-	-	-	-	-	2,215
Ruud Media	-	-	-	-	-	-	-	960	-	-
Lean Energy	-	-	-	-	-	-	2,957	8,232	-	-
Don Dame	-	-	-	-	-	-	-	-	-	12,329
Internal:										
Food - CEO Recruitment	-	-	-	-	-	119	-	-	-	-
Training - CCA Conference	-	-	-	-	-	317	-	236	-	-
Total Outflows	-	-	-	-	-	436	2,957	9,428	-	14,544
Cash in Treasury - End of Month	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,001,334	\$ 1,001,334	\$ 1,002,936	\$ 1,499,979	\$ 1,490,551	\$ 1,490,551	\$ 1,476,007

Valley Clean Energy Alliance
Obligations Incurred
Calendar Year 2017 (known through October 31, 2017)

	2017									
	January	February	March	April	May	June	July	August	September	October*
Member Agency Obligations:										
City of Davis:										
Obligation - Beginning of Month	\$ 12,202	\$ 13,857	\$ 16,116	\$ 79,071	\$ 81,646	\$ 83,103	\$ 188,967	\$ 191,592	\$ 194,043	\$ 249,520
Increases	1,655	2,259	62,955	2,576	1,457	105,865	2,625	2,451	55,477	-
Decreases	-	-	-	-	-	-	-	-	-	-
Obligation - End of Month	<u>13,857</u>	<u>16,116</u>	<u>79,071</u>	<u>81,646</u>	<u>83,103</u>	<u>188,967</u>	<u>191,592</u>	<u>194,043</u>	<u>249,520</u>	<u>249,520</u>
City of Woodland:										
Obligation - Beginning of Month	-	-	-	-	-	-	-	-	-	217
Increases	-	-	-	-	-	-	-	-	217	-
Decreases	-	-	-	-	-	-	-	-	-	-
Obligation - End of Month	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>217</u>	<u>217</u>
County of Yolo:										
Obligation - Beginning of Month	-	-	-	1,515	1,515	1,515	42,627	42,627	42,627	48,589
Increases	-	-	1,515	-	-	41,112	-	-	5,961	-
Decreases	-	-	-	-	-	-	-	-	-	-
Obligation - End of Month	<u>-</u>	<u>-</u>	<u>1,515</u>	<u>1,515</u>	<u>1,515</u>	<u>42,627</u>	<u>42,627</u>	<u>42,627</u>	<u>48,589</u>	<u>48,589</u>
Vendor Obligations:										
SMUD:										
Obligation - Beginning of Month	-	-	-	-	-	-	-	-	-	65,956
Increases	-	-	-	-	-	-	-	-	65,956	57,290
Decreases	-	-	-	-	-	-	-	-	-	-
Obligation - End of Month	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>65,956</u>	<u>123,246</u>
Total Obligations:										
Total Obligation - End of Month	<u>\$ 13,857</u>	<u>\$ 16,116</u>	<u>\$ 80,585</u>	<u>\$ 83,161</u>	<u>\$ 84,618</u>	<u>\$ 231,595</u>	<u>\$ 234,219</u>	<u>\$ 236,670</u>	<u>\$ 364,282</u>	<u>\$ 421,571</u>

Note (*)

Costs about only reflect Member Agency invoices that have been billed. Invoices have not yet been submitted for the period of October 1 - December 31, 2017. Therefore total obligation may be understated.

VCEA CASH AND DEBT OBLIGATIONS THROUGH OCTOBER 31, 2017

