

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 11

TO: Valley Clean Energy Alliance Board of Directors

FROM: Chad Rinde, Accounting Manager, Yolo County
Mitch Sears, Interim General Manager, VCEA
Shawn Marshall, LEAN Energy US

SUBJECT: VCEA Amended Implementation Budget and Fiscal Management Update

DATE: November 16, 2017

RECOMMENDATIONS

1. Approve amended budget allocations for the fiscal year ended 2017-18 for the period of VCEA program implementation (Attachment 1: Implementation Budget);
2. Accept report on accumulated member agency costs subject to reimbursement as of September 30, 2017.

BACKGROUND & DISCUSSION

A. Program Implementation Budget/Allocation of City and County Contributions

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 at each respective agency's pooled municipal treasury rates from early VCEA revenues once the Agency and its Community Choice Energy program is operational and revenue positive.

At its meeting in August 2017, the VCEA board approved the 2017-18 budget. The budget included implementation expenses that cover only the identified costs associated with the next stages of VCEA start up and expected member agency costs that will be incurred by the Cities or County on behalf of VCEA for which reimbursement will be sought in the future.

There are a number of key stages where the budget will need amendment between the adopted budget and the end of the fiscal year. The expected key events that will lead to new information needing to be incorporated in the budget are as follows:

- Selection of vendors for Technical Energy and Data Center
- Finalization of VCEA Staffing Plan and Structure
- Completion of Projections for Power Procurement and Power Sales revenues which is anticipated to begin in June, 2018.

It is expected that the staffing plan will be known and budgetary changes will be done in January, 2018 to accommodate and that the Power Procurement charges will be incorporated in Spring 2018.

The VCEA Board is asked to approve the amended implementation budget (Attachment 1) for fiscal year 2017-18, which has been integrated into the County's chart of accounts as reflected in Attachment 2. Integration into the County's chart of accounts continues to allow both revenues and expenses to be tracked throughout the start-up period, and expenditure reports will be generated and shared with the Board at regular intervals.

B. Reimbursement of Member Agency Costs

In accordance with the Cooperative Agreements that the VCEA Board approved with the City of Davis, County of Yolo, and City of Woodland, each agency is cooperatively providing staffing to VCEA during the interim start-up period until the VCEA hires permanent staff. The VCEA committed to reimburse each member agency for all costs incurred to the extent that VCEA funds are available. Each of the member agencies recognized that that the payment may not occur for a few years and repayment may occur over a period of time. Each agency is being requested to submit their expenditures accumulated that pertain to VCEA on a quarterly basis.

During the fiscal year 2016-17, a total of \$231,595 in member agency costs were accumulated that will be subject to reimbursement. The majority of this pertained to staff cost for City of Davis staff serving as Interim General Manager and for the County of Yolo Energy and Sustainable manager. The remaining costs were primarily related to legal counsel costs for which reimbursement needs to be paid and other reimbursable expenditures paid by the City of Davis during the formation phase.

For the first year for fiscal year 2017-18, accumulated reimbursable costs are \$66,731 which again are primarily comprised of staff costs and legal bills. There is still one pending submission

which will add to the costs which is the invoice for the County of Yolo Energy and Sustainability manager that contributed time to VCEA during the quarter.

Attachments:

1. Proposed VCEA Implementation Budget
2. Proposed VCEA Budget in County Chart of Accounts
3. Member Agency Cost Reimbursement Schedule as of September 30, 2017

**Valley Clean Energy Authority
Proposed Implementation Budget**

	Original Budget	Proposed Amendment	Amended Budget
Program Planning, Strategy and Project Management			
LEAN Energy US - Project Advisors	\$70,000	\$50,000	\$120,000
Subcommittee and Board Meeting Expenses	\$5,000		\$5,000
TOTAL:	\$75,000	\$50,000	\$125,000
JPA Formation			
JPA Agreement/Legal Services	\$25,000		\$25,000
Executive/staff salaries:			
General Manager (50% of year - Jan to Jun 2018)	\$104,000		\$104,000
City of Davis - Interim General Manager (Calendar year 2017)	\$187,000		\$187,000
City of Davis - Administrative Support	\$18,750		\$18,750
County of Yolo - Energy & Sustainability Manager (Jan 17 - Jun 18)	\$123,000	-\$60,000	\$63,000
City of Woodland - Environmental Manager (Jul 17 - Jun 18)	\$78,000	-\$39,000	\$39,000
Start up administrative costs (office rent, equipment, insurance, etc.)	\$50,000		\$50,000
TOTAL:	\$585,750	-\$99,000	\$486,750
Technical and Energy Services			
Implementation Plan, Operating Budget/Proforma, Power Supply RFP, vendor selection and contract negotiations, Rate Design/Rate Setting, Assistance with NEM/FIT programs, registrations and compliance	\$250,000	-\$158,000	\$92,000
TOTAL:	\$250,000	-\$158,000	\$92,000
Communications/Customer Enrollment*			
Logo/Branding/Subbrands, Website, Collateral Design/Video, Paid Media/Prelaunch Outreach, Community Outreach, Customer Notifications	\$400,407		\$400,407
TOTAL:	\$400,407		\$400,407
Data Management/Call Center			
Electronic Data Exchange, Customer Information System, Customer Call Center, Customer Enrollment Forms, Billing Administration, Settlement Quality Meter Data, Reporting	\$0	\$451,647	\$451,647
TOTAL:	\$0	\$451,647	\$451,647
Finance/Legal			
Banking and Credit Services - RFP, Selection, Negotiation and Paperwork	\$25,000		\$25,000
Power Supply Contract - Legal Services	\$50,000		\$50,000
County of Yolo - Department of Financial Services	\$25,000		\$25,000
Financial Audit (FY17 & FY18)	\$20,000		\$20,000
TOTAL:	\$120,000		\$120,000
Regulatory/Legislative			
Participation in Regulatory Proceedings/Legal Monitoring and Reporting	\$15,000	\$10,000	\$25,000
	\$10,000		\$10,000
TOTAL:	\$25,000	\$10,000	\$35,000
Contingency			
Contingency	\$54,716	-\$54,716	\$0
TOTAL:	\$54,716	-\$54,716	\$0
TOTAL:	\$1,510,873	\$199,931	\$1,710,804

*Assumes 4 notices to 50,000 customers in Davis and unincorporated County and additional 23,500 customers in Woodland

**Account
Reference**

501165
501110

501156

See right
502121
502121
502125
502123
See right

501165

501020

501152

501154
501156
501151
501151

501156
501165

503300

Executive Staff/Salaries

500100	\$69,680
500400	\$34,320
Total	\$104,000

Start Up Administrative Costs

501191	\$20,000
501210	\$20,000
501053	\$10,000
Total	\$50,000

Valley Clean Energy Alliance
2017-18 Budget by Account

Prepared as of 11-08-2017

Account	Account Description	Budget	Proposed Amendment	Amended Budget
Revenues				
400700	Investment Earnings-Pool	\$ 7,500	\$ -	\$ 7,500
405050	LTD Proceeds - Loans Payable	\$ 500,000	\$ -	\$ 500,000
405080	Long-Term Debt Proceeds-Other	\$ -	\$ 199,931	\$ 199,931
405999	Fund Balance Available	\$ 1,003,373	\$ -	\$ 1,003,373
Total Revenues		\$ 1,510,873	\$ 199,931	\$ 1,710,804
Expenditures				
Salaries & Employee Benefits				
500100	Regular Employees	\$ 69,680	\$ -	\$ 69,680
500400	Other Employee Benefits	\$ 34,320	\$ -	\$ 34,320
Total Salaries & Employee Benefits		\$ 104,000	\$ -	\$ 104,000
Services & Supplies				
501020	Communications	\$ 400,407	\$ -	\$ 400,407
501053	Insurance-Other	\$ 10,000	\$ -	\$ 10,000
501110	Office Expense	\$ 5,000	\$ -	\$ 5,000
501151	Prof & Spec Svc-Auditg & Acctg	\$ 45,000	\$ -	\$ 45,000
501152	Prof & Spec Svc-Info Tech Srv	\$ -	\$ 451,647	\$ 451,647
501154	Prof & Spec Svc-Fscl Agnt Fees	\$ 25,000	\$ -	\$ 25,000
501156	Prof & Spec Svc-Legal Svc	\$ 90,000	\$ 10,000	\$ 100,000
501165	Prof & Spec Svc-Other	\$ 330,000	\$ (108,000)	\$ 222,000
501191	Rents & Leases-Buildg & Imprv	\$ 20,000	\$ -	\$ 20,000
501210	Minor Equipment	\$ 20,000	\$ -	\$ 20,000
Total Services & Supplies		\$ 945,407	\$ 353,647	\$ 1,299,054
Other Charges				
502121	City of Davis	\$ 205,750	\$ -	\$ 205,750
502123	City of Woodland	\$ 78,000	\$ (39,000)	\$ 39,000
502125	Yolo County-Admin	\$ 123,000	\$ (60,000)	\$ 63,000
Total Other Charges		\$ 406,750	\$ (99,000)	\$ 307,750
Contingency				
503300	Appropriation for Contingency	\$ 54,716	\$ (54,716)	\$ -
Total Contingency		\$ 54,716	\$ (54,716)	\$ -
Total Expenditures		\$ 1,510,873	\$ 199,931	\$ 1,710,804

VCEA Member Agency Reimbursements Summary

Prepared as of October 23, 2017

	Quarter 1 July 1 - September 30, 2016	Quarter 2 October 1 to December 31, 2016	Quarter 3 January 1 - March 31, 2017	Quarter 4 April 1 - June 30, 2017	Total FY16-17
City of Davis					
Executive Director - Mitch Sears	\$ -	\$ -	\$ 62,553.50	\$ 62,553.50	\$ 125,107.00
Legal Counsel - BBK	4,665.76	7,536.62	4,314.65	6,671.39	23,188.42
Reimbursables	-	-	-	40,672.00	40,672.00
Total City of Davis	4,665.76	7,536.62	66,868.15	109,896.89	188,967.42
County of Yolo					
County Counsel - Eric May	-	-	1,150.80	3,452.40	4,603.20
Community Services - Regina Espinoza	-	-	-	37,659.96	37,659.96
Financial Services - Chad Rinde	-	-	364.00	-	364.00
Clerk of Board	-	-	-	-	-
Total County of Yolo	-	-	1,514.80	41,112.36	42,627.16
City of Woodland					
Conservation Coordinator - Reyna Pinon	-	-	-	-	-
Total City of Woodland	-	-	-	-	-
Total by Quarter	\$ 4,665.76	\$ 7,536.62	\$ 68,382.95	\$ 151,009.25	\$ 231,594.58

VCEA Member Agency Reimbursements Summary

Prepared as of October 23, 2017

	Quarter 1 July 1 - September 30, 2017	Quarter 2 October 1 to December 31, 2017	Quarter 3 January 1 to March 31, 2018	Quarter 4 April 1, 2018 to June 30, 2018	Total FY17-18
City of Davis					
Executive Director - Mitch Sears	\$ 55,238.00	\$ -	\$ -	\$ -	\$ 55,238.00
Legal Counsel - BBK	5,075.59	-	-	-	5,075.59
Reimbursables	239.00	-	-	-	239.00
Total City of Davis	60,552.59	-	-	-	60,552.59
County of Yolo					
County Counsel - Eric May	5,221.76	-	-	-	5,221.76
Community Services - Regina Espinoza	-	-	-	-	-
Financial Services - Chad Rinde	682.50	-	-	-	682.50
Clerk of Board	57.09	-	-	-	57.09
Total County of Yolo	5,961.35	-	-	-	5,961.35
City of Woodland					
Conservation Coordinator - Reyna Pinon	216.98	-	-	-	216.98
Total City of Woodland	216.98	-	-	-	216.98
Total by Quarter	\$ 66,730.92				\$ 66,730.92