

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 12

TO: Valley Clean Energy Alliance Board of Directors

FROM: Mitch Sears, Sustainability Manager, City of Davis

SUBJECT: Fiscal and Treasury Services Agreement with the County of Yolo

DATE: December 13, 2016

Recommendations

1. Adopt a resolution approving a Fiscal and Treasury Services Agreement with the County of Yolo, contingent on the approval of the same by the Yolo County Board of Supervisors.

Analysis and Discussion

The Valley Clean Energy Alliance (“VCEA”) became effective October 25, 2016. Under Section 3.9.3 of the Joint Powers Agency agreement, VCEA requires the appointment of Treasurer and Auditor to provide fiscal and treasury services. The County’s Fiscal Services Department has been identified as an appropriate body to provide these services to VCEA. A services agreement between Yolo County and VCEA to provide fiscal and treasury services is being considered by both bodies on December 13, 2016. The County staff report and the draft services agreement are attached. Staff is recommending that the VCEA Board adopt the attached resolution approving the services agreement.

Environmental Review

The approval and execution of a Fiscal and Treasury Services Agreement is exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to the CEQA guidelines as it is not a “project” but is an organization or administrative activity that will not result in direct or indirect physical changes in the environment (14 Cal Code Regs, 15378(b)).

County Counsel/City Attorney have reviewed and approved the Resolution as to form.

Attachments

1. Resolution
2. Fiscal and Treasury Services Agreement (County)

VALLEY CLEAN ENERGY ALLIANCE

RESOLUTION NO. 2016- _____

**A RESOLUTION OF THE VALLEY CLEAN ENERGY ALLIANCE APPROVING A COOPERATION
AND ADMINISTRATIVE SERVICES AGREEMENT WITH THE COUNTY OF YOLO**

WHEREAS, the Valley Clean Energy Alliance (“VCEA”) is a joint powers agency established under the Joint Exercise of Powers Act of the State of California (Government Code Section 6500 et seq.) (“Act”), and pursuant to a Joint Exercise of Powers Agreement Relating to and Creating the Valley Clean Energy Alliance between the County of Yolo (“County”) and the City of Davis (“City”) (the “JPA Agreement”), to collectively study, promote, develop, conduct, operate and manage energy programs; and

WHEREAS, the VCEA is an independent joint powers authority with the power to conduct its business and enter into agreements; and

WHEREAS, VCEA became effective October 25, 2016, and Section 3.9.3 of the JPA Agreement requires the appointment of a Treasurer and Auditor; and

WHEREAS, VCEA desires to enter into a services agreement with the County of Yolo whereby the County’s Fiscal Services Department will provide Treasurer and Auditor services and VCEA will reimburse the County for associated costs of providing said services; and

WHEREAS, Section 2.5 of the JPA Agreement provides the VCEA with the power to make and enter into contracts, employ agents and employees, and make and enter into services agreements relating to the provisions of services necessary to plan, implement, operate and administer the CCE Program.

NOW, THEREFORE, the Board of Directors of the Valley Clean Energy Alliance resolves as follows:

1. The Board of Directors hereby approves a Fiscal and Treasury Services Agreement with the County of Yolo (“County Cooperation Agreement”) in substantially the form attached hereto as Exhibit A and incorporated herein by reference. The Chairperson is hereby authorized and directed to execute the County Fiscal and Treasury Agreement in substantially the form attached hereto, subject to any minor, clarifying and conforming changes as may be approved by the Chairperson.

ADOPTED, this _____ day of _____, 2016, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Chairperson

Secretary

EXHIBIT A

FISCAL AND TREASURY SERVICES AGREEMENT



County of Yolo
www.yolocounty.org

DRAFT

To: Supervisor Jim Provenza, Chair
and Members of the Board of Supervisors

Consent-Community Services # .
Community Services

Board of Supervisors

Meeting Date: 12/13/2016

Brief Title: Approval of Agreement between Yolo County and Valley Clean Energy Alliance for Financial Services

From: Taro Echiburu, Director, Department of Community Services

Staff Contact: Regina Espinoza, Manager of Climate Action and Sustainability, Department of Community Services, x8725

Subject

Approve agreement between Yolo County Department of Financial Services and Valley Clean Energy Alliance Joint Powers Authority for fiscal and banking services and authorize the Yolo County Human Resources Department to act as the interim Human Resource Entity for the Valley Clean Energy Alliance. (No general fund impact) (Echiburu/Espinoza)

Recommended Action

- A. Approve the agreement between Yolo County Department of Financial Services and Valley Clean Energy Alliance Joint Powers Authority for Financial and Related Services.
- B. Authorize the Yolo County Human Resources Department to act as the interim Human Resource entity for the Valley Clean Energy Alliance.

Strategic Plan Goal(s)

Operational Excellence
Sustainable Environment

Reason for Recommended Action/Background

On October 25, 2016 the Board of Supervisors approved the Joint Powers Agreement between The County of Yolo and the City of Davis, for the creation of Valley Clean Energy Alliance (VCEA). As an initial member of VCEA, the County of Yolo will be assisting in the interim basis as VCEA support staff for Fiscal services, Human Resources, and Administration until VCEA staff is hired.

As a step in the creation of the VCEA the Financial Services such as Auditing, Fiscal and Banking will officially be provided by the County of Yolo Department of Financial Services per the agreement provided in Attachment A. Currently, the Department of Financial Services provides a basic level of accounting services to local special districts and related agencies with funds in the County treasury. Staff have worked with the Department of Financial Services to develop the proposed MOU for an expanded range of services, similar to the services and oversight provided to a County department. There are provisions in the MOU for general accounting services, general ledger maintenance, monthly general ledger reporting, budgeting assistance, and close involvement in annual reporting and auditing. The Department of Financial Services will be compensated for the services it provides to the JPA and reimbursement will be provided as noted in the JPA agreement and attached MOU.

At this time it is critical that the Human Resource Department be authorized to provide interim support to VCEA JPA. It is necessary that the appropriate recruitment efforts are provided to obtain a qualified Executive Director for VCEA in a time sensitive manner. Staff have already been working with the Human Resources Division to launch the recruitment efforts and once given the authorization can move forward with the next steps; which are formalizing the position posting and assisting with recruitment through various avenues available. All Yolo County staffing costs will be reimbursed by VCEA JPA.

The VCEA JPA Board of Directors will consider approving the Financial Services MOU as well as discussing the Executive Director recruitment process at its first meeting on December 13, 2016.

Collaborations (including Board advisory groups and external partner agencies)

Valley Clean Energy Authority, City of Davis, Office of County Counsel and Department of Financial Services.

Fiscal Information

Potential fiscal impact (see notes in explanation section below)

Fiscal Impact of this Expenditure

Total cost of recommended action	\$0
Amount budgeted for expenditure	
Additional expenditure authority needed	\$0
On-going commitment (annual cost)	

Source of Funds for this Expenditure

General Fund	\$0
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Further explanation as needed

As authorized by the Board of Supervisors on October 25, 2016, the VCEA JPA will be comprised of the County of Yolo and the City of Davis for a startup period. As a Yolo County role upon membership of the VCEA, the Financial Services Department will act as the Bank and Fiscal/Treasury services unit for the new JPA. There has already been an allocation of \$500,000 for startup on behalf of the County, and the City of Davis has made the allocation as well. There will need to be a new account created for the JPA. The staff time associated with financial oversight will be reimbursed by the JPA at a future date, however, during the interim period there may be a potential for fiscal impact.

Attachments

Att. A. Financial Services Agreement

Form Review

Inbox	Reviewed By	Date
Leslie Lindbo	Julie Dachtler	12/06/2016 11:13 AM
Taro Echiburu	Taro Echiburu	12/06/2016 11:29 AM
Carolyn West	Carolyn West	12/06/2016 02:06 PM
County Counsel	Phil Pogledich	12/07/2016 09:09 AM
Form Started By: Regina Espinoza		Started On: 11/29/2016 10:21 AM

Final Approval Date: 12/07/2016

DRAFT

Agreement No. 16-_____

(Memorandum of Understanding Between the Yolo Department of Financial Services and the Valley Clean Energy Alliance Regarding Financial and Related Services)

This Memorandum of Understanding ("MOU") is entered into this 13th day of December, 2016 by and between the Yolo County Department of Financial Services ("Department"), and the Valley Clean Energy Alliance, a Joint Powers Agency ("VCEA JPA").

RECITALS

WHEREAS, pursuant to Sections 3.9.3 and 5.1 through 5.3.4 of VCEA's First Joint Powers Agreement, the Board of Directors of the VCEA JPA will be designating the Chief Financial Officer of Yolo County as the Auditor and Treasurer of the agency at their first meeting; and

WHEREAS, the purpose of this MOU is to create a defined framework for the provision of various services and advice to the VCEA JPA by the Chief Financial Officer; and

WHEREAS, to enhance fiscal oversight and accountability, this MOU includes provisions intended to ensure that the VCEA JPA is subject to the same financial controls as County departments, and that the County Chief Financial Officer provides essentially the same level of services to the VCEA JPA that it provides to County departments; and

NOW, THEREFORE, in consideration of the mutual promises contained herein, the parties hereby agree as follows:

AGREEMENT

1. Scope of Services. As recited above, the Board of Directors of the VCEA JPA will designate the County Chief Financial Officer as the Auditor and Treasurer of the agency. Consistent with this designation, the County Chief Financial Officer will provide the following services to the VCEA JPA:

A. General Accounting Services. Government Code Section 6505 requires strict accountability of all VCEA JPA funds and reports of all receipts and disbursements. Consistent with this requirement, the County Chief Financial Officer will process the accounting records, entries, items and transactions for the VCEA JPA in the same manner as it processes them for County departments. This includes, but is not limited to, the following services:

- i. Process payments to external vendors
- ii. Process journal entries and internal billings
- iii. Process credit memos
- iv. Process wire transfers
- v. Record annual budget

- vi. Process budget amendments
- vii. Process deposits received by County Treasurer
- viii. Process capital asset purchases
- ix. Maintain capital asset schedule
- x. Process debt payments
- xi. Maintain debt service schedule

B. General Ledger Maintenance.

- i. The County Chief Financial Officer shall add funds, budget units, cost centers, programs and accounts as required by the VCEA JPA within the Department's existing account structure.
- ii. The County Chief Financial Officer shall establish and maintain files for each JPA vendor as long as the VCEA JPA provides the Department with a copy of Form W-9. The Department will maintain the original Form W-9 and prepare and submit 1099 forms to the Internal Revenue Service.
- iii. The County Chief Financial Officer shall grant general ledger view access to VCEA JPA staff.

C. Monthly General Ledger Reporting. The County Chief Financial Officer will provide the VCEA JPA with view access to the following reports or equivalents at the same time such reports are provided to County departments:

- i. Trial Balance;
- ii. General Ledger;
- iii. Appropriations Ledger;
- iv. Revenue Ledger

D. Budgets. VCEA JPA is responsible for developing and monitoring its own budget. The VCEA JPA is also responsible for adopting budget policies in consultation with the County Chief Financial Officer, which will provide general County budget policies to the VCEA JPA for consideration as a potential template. Subject to the availability of adequate staffing, the County Chief Financial Officer will also provide guidance and advice on budget matters within its expertise when requested by the VCEA JPA.

E. Annual Reporting and Auditing. In addition to the foregoing, the County Chief Financial Officer will also provide the following additional services that are billable to the VCEA JPA:

- i. The Department will annually or biannually (if the Board of Directors opts for a two-year audit in accordance with Government Code Section 6505(f)) conduct or contract for an independent audit in accordance with Government Code Section 6505 unless the VCEA JPA elects, at its sole option, to contract for such audits itself in consultation with the Department. The audit shall meet the minimum requirements prescribed by the State Controller for special districts under Government Code Section 26909 and shall conform to generally accepted accounting

standards. If the independent auditor does not present the audit report and present it to the Board of Directors, the Department will review and present the audit report. The VCEA JPA will provide the audit report to each of its member agencies for retention pursuant to Government Code Section 6505(c).

- ii. The Department will store VCEA JPA financial documents in accordance with State Controller Guidelines.
- iii. The Department will close the accounts of the VCEA JPA and provide reports in accordance with State of California reporting requirements, including but not limited to annual special district financial transaction reports required to be submitted to the State Controller (Government Code Sections 53891-53895.7). The Department will annually present these reports to the Board of Directors in coordination with the Executive Director of the VCEA JPA.
- iv. Subject to the availability of staff, when requested by the Chief Executive Director of the VCEA JPA, the Department will help the JPA staff to prepare cash flow projections and any other information relating to anticipated future revenues, expenses, and related financial information.
- v. The Department may propose to provide, or the VCEA JPA may request, other services that suit the needs of the VCEA JPA. Any such proposal or request may be added to this Terms and Conditions document through the amendment procedure described in Section 5.B, below.

F. Contact with Board of Directors. If the Chief Financial Officer becomes aware of any significant deviations from established cash handling and grant management practices, or of any other irregular activities on the part of the Chief Executive Director or VCEA JPA staff that cause a concern about fiscal responsibility, the Auditor Controller is authorized and encouraged to raise such concerns directly with the Chair of the VCEA JPA Board of Directors or with individual members of the Board.

G. Treasury. The treasury will provide the same services to the VCEA JPA that it provides to County departments, including but not limited to accepting and recording cash deposits, clearing warrants, and reconciling cash balances.

2. Agency Obligations.

A. Administrative Procedures Manual. The VCEA JPA shall comply with applicable County policies set forth in the Yolo County Administrative Procedures Manual, as may be revised from time to time. The VCEA JPA shall also comply with various financial policies and procedures as may be issued from time to time by the County Chief Financial Officer. Any deviation or exception from these policies must be authorized by the JPA Board of Directors.

B. Special District Financial Manual. The VCEA JPA shall follow the cash

management and reserves policy described in the Yolo County Special District Financial Manual. This policy is as follows:

- i. The VCEA JPA is responsible for monitoring its cash balances and cash flows and must maintain a positive balance for the total of all of its cash funds in the County Treasury. If cash balances draw near zero, the Department will cease processing claims for the VCEA JPA (except in emergencies or for public safety reasons) to prevent cash from being overdrawn, unless prior arrangements are made to mitigate the overdraft.
- ii. The Board of Directors is responsible for establishing the necessary reserves to provide for contingencies and emergencies, as well as for large and probable expenditures. A general reserve is normally established and maintained to cover unpredictable emergency expenditures. It can be drawn from only during the annual budget process or when there is a publicly declared emergency.
- iii. The Board of Directors should consider setting the general reserve at a sufficient level to ensure adequate liquidity during dry periods.

C. Records. The VCEA JPA will maintain all source financial records according to the statutory records retention requirements, as may be amended from time to time. Among other things, the VCEA JPA shall retain records needed for grant audits, contract documents, invoices, consultant progress reports, and other matters not customarily retained by the Department. Such records shall be retained for the then-current year and at least five prior years.

3. Payments.

A. Annual Estimate of Costs. The County Chief Financial Officer shall provide an estimate of the total annual cost for services under these Terms and Conditions based on the countywide cost allocation plan at least two months prior to the beginning of the VCEA JPA's fiscal year. These estimated costs will be billed in the year of service and will be true-up two years in arrears when the countywide cost allocation plan is approved.

B. Payment for Services. The County Chief Financial Officer shall be paid its estimated actual cost for all standard services duly provided to the VCEA JPA in accordance with these Terms and Conditions, based on the cost allocation plan as provided above. The County Chief Financial Officer shall also be reimbursed for its actual costs incurred in performing any additional services not covered by its estimate of actual costs, such as costs in paragraph 1.E above; these costs will be billed as incurred..

The County Chief Financial Officer shall submit invoices for the estimated actual cost of its services and any other costs recoverable under these terms and conditions to the VCEA JPA on an annual basis for standard services, and on a quarterly basis for additional services, unless otherwise agreed by the County Chief Financial

Officer and the Chief Executive Director of the VCEA JPA. The VCEA JPA will review invoices submitted by the County Chief Financial Officer and either approve payment or advise the County Chief Financial Officer of any concerns within 30 days after receiving each invoice. If payment is approved, it shall be made from the VCEA JPA's unrestricted funds within 30 days of approval.

4. Term and Termination.

A. Term. These terms and conditions will apply to services provided by the County Chief Financial Officer commencing October 25, 2016. Once in effect, the terms and conditions apply until they are revised by the parties or until either party advises the other of its desire to cease receiving or providing such services, as the case may be.

B. Termination. Any termination of services shall not be effective until at least 60 days after notice is provided to the other party, unless the parties mutually agree to an earlier termination date.

5. Annual Meetings; Amendments.

A. Annual Meeting. On at least an annual basis, the Chief Executive Director of the VCEA JPA and the County Chief Financial Officer shall meet to discuss the services provided under these Terms and Conditions. This meeting is an opportunity to review whether any changes are necessary or desirable, and to discuss all other issues within the scope of these Terms and Conditions.

B. Amendments. If the Chief Executive Director and the County Chief Financial Officer elect to make any changes, whether as a result of an annual meeting or otherwise, they may amend these Terms and Conditions by executing a written amendment signed by both parties.

C. Notice to Board of Directors. The Executive Director shall advise the Board of Directors of the VCEA JPA of any such amendment at the next public meeting of the VCEA JPA. If the VCEA JPA Board of Directors disagrees with the amendment, it may direct the Chief Executive Director to terminate the amendment by providing notice to the County Chief Financial Officer of its decision. The amendment shall be terminated immediately upon the County Financial Officer's receipt of such notice.

6. Indemnity.

A. By the VCEA JPA. The VCEA JPA shall indemnify, defend, and hold the County harmless from and against any and all claims and liabilities that may arise due to the VCEA JPA's failure to pay its debts, to the VCEA JPA's breach of any duty imposed on VCEA JPA by this MOU, or to the VCEA JPA's breach of any other duty not expressly assumed by County under this Agreement.

B. By the County. The County shall indemnify, defend, and hold the VCEA JPA harmless from and against any and all claims and liabilities that may arise due to the

County's breach of any duty expressly assumed by County in this MOU.

7. Governing Law. This MOU has been made and delivered within the State of California, and the rights and obligations of the parties hereto shall be construed and enforced in accordance with California law.

8. Notices. All notices shall be deemed to have been given when made in writing and delivered or mailed to the respective representatives of the parties, as follows:

Yolo County Department of
Financial Services
625 Court Street, Room 102
Woodland, CA 95695
Tel: (530) 666-8625
Fax: (530) 668-8708

Valley Clean Energy Alliance
C/O Yolo County Community Services
292 West Beamer Street
Woodland, CA 95695
Tel: (530) 666-8725

9. Termination. Either party may terminate this MOU, with or without cause, by giving thirty days prior written notice to the other party.

10. Severability. Should any paragraph, clause or provision of this MOU be construed to be against public policy or determined by a court of competent jurisdiction to be void, invalid or unenforceable, such construction and decisions shall affect only those paragraphs, clauses or provisions so construed or interpreted, and shall in no event affect the remaining paragraphs, clauses or provisions of this MOU, which shall remain in force.

11. Entire Agreement. This MOU is the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior and contemporaneous oral and written agreements and discussions. Each party has cooperated in the drafting and preparation of this MOU, and this MOU shall not be construed against any party on the basis of drafting.

IN WITNESS WHEREOF, the parties through their authorized representatives have executed this MOU on the date first set forth above.

COUNTY OF YOLO

VALLEY CLEAN ENERGY ALLIANCE

By Jim Provenza
Chairman Board of Supervisors

By
Interim Chairman, Board of Directors

Attest:
Julie Dachtler, Deputy Clerk
Board of Supervisors

Attest:

By _____

By _____

Approved as to Form:
Philip Pogledich, County Counsel

Approved as to Form:

By _____

By _____

