

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 14

TO: Valley Clean Energy Alliance Board of Directors

FROM: Lisa Limcaco, Finance and Operations Director, VCEA
Mitch Sears, Interim General Manager, VCEA

SUBJECT: Reimbursable Staffing Expenses from Member Agencies

DATE: April 11, 2019

REQUESTED ACTION

Information item. No action requested.

BACKGROUND & DISCUSSION:

In 2016 and 2017, VCE signed a Cooperation and Administrative Services Agreement with each member agency (MOU's). Pursuant to the MOU, the member agencies agreed to provide VCE staff assistance, supplies, technical services and other services and facilities as VCE may request from time to time in carrying out its functions under the JPA Agreement and in furtherance of the CCE Program. VCE agreed to reimburse the Agencies for all costs incurred for services to the extent that funds are available to VCE from revenues received for electric services. It was the intent of all parties that the Agencies shall be entitled to repayment of the expenses incurred under the MOU, consistent with VCE's financial ability, in order to make the member Agencies whole as soon as practically possible.

Each agency previously advanced to VCE \$500,000 to assist with funding of Initial Costs as referenced in Section 5.3.2 of the JPA Agreement. In May 2018, VCE executed a Credit Agreement with River City Bank that included execution of Subordination Agreements by each Agency for the \$500,000 loan to VCE. The subordination agreements did not include the repayment of the reimbursable costs related to services provided by the Agencies described in the MOUs.

All the costs incurred for services under the MOU have been included into VCE's financial model. Since we launched June 1st and received revenues beginning in July, consistent with the intent of the MOU's, we are paying the reimbursable expenses for July 1- December 2018 (Post-launch) in March 2019. The expenses pre-launch for City of Davis and County of Yolo will be repaid over the next 12 months for cash flow purposes. City of Woodland expenses were minimal (less than \$1,000), so VCE repaid the entire amount in March 2019.

The following is a summary of the amounts due to member agencies at December 31, 2018:

SUMMARY OF AMOUNTS DUE TO MEMBER AGENCIES				
	Funding	Pre-Launch	Post Launch Costs	
	Loan (1)	Costs	7/1/18-12/31/18	Total
City of Davis	\$ 500,000	\$ 460,494	\$ 145,288	\$ 1,105,782
County of Yolo	500,000	95,693	14,732	610,425
City of Woodland	500,000	669	-	500,669
	\$ 1,500,000	\$ 556,856	\$ 160,020	\$ 2,216,876
Note (1) - Subordinate to River City Bank Credit Agreement				