

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 18

TO: Board of Directors

FROM: Edward Burnham, Director of Finance & Internal Operations
Mitch Sears, Executive Officer

SUBJECT: JPA Amendment and Adoption of Board Compensation and Expense Reimbursement Policy

DATE: December 14, 2023

RECOMMENDATION

Approve the attached resolution (1) amending the Joint Powers Agreement (JPA) section 3.6 Director Compensation and (2) adopting a Board Compensation and Expense Reimbursement Policy.

BACKGROUND & ANALYSIS

At the October 12, 2023 Board Meeting, Staff introduced ([Item 13](#)), a proposed path to amend VCE's Joint Exercise of Powers Agreement (JPA) relating to Section 3.6 Director's Compensation to allow VCE to adopt a compensation and reimbursement Policy. Section 3.6 currently reads:

Section 3.6 Director Compensation. Directors shall serve without compensation from VCEA. However, Directors may be compensated by their respective appointing authorities. The board, however, may adopt by resolution a policy related to the reimbursement by VCE of expenses incurred by the Directors.

At the November 9, 2023 Board Meeting, the Board provided direction ([Item 8](#)) to amend the JPA and recommend a Board of Directors' Compensation and Expense Reimbursement Policy that would govern compensation and reimbursement of expenses for members of VCE's Board of Directors. As noted in the October Board staff report, staff research has shown that some CCAs provide compensation stipends. Additionally, regional JPAs such as the Sacramento Area Council of Governments, Yolo County Transportation District, and others are providing stipends to their respective board of directors for supporting the agency's required board meetings, training, and other related activities. Based on this research and a general understanding of the level of unique sector specific knowledge required to effectively perform Board functions for VCE and these other comparable sector specific public agencies/organizations, staff is recommending that the amendment be approved.

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If the amendment is adopted by the Board of Directors, staff is recommending a stipend amount of \$125 per meeting/day of service. Based on staff research this is in the lower quartile of similar Board compensation stipends. VCE would be authorized to compensate Board members for attending each meeting of the Board of Directors. The recommended Policy (attached) would apply to both regular members of the Board and alternate members. All expenses contained in the policy that are eligible for reimbursement are based on best practices of governmental agencies.

VCE has provided the required notifications to the member agencies 30 days in advance per JPA Section 7.4 for the JPA amendment process. The attached resolution would modify the joint powers agreement section 3.6 above and adopt a Board Compensation and Reimbursement Policy to govern compensation and reimbursable expenses.

CONCLUSION

Staff recommends the Board approve the attached resolution amending VCE's JPA section 3.6 Director Compensation and adopting a Board Compensation and Expense Reimbursement Policy.

Attachments:

1. Third Amendment to the Joint Exercise of Powers Agreement
2. VCE Board Compensation and Expense Reimbursement Policy (DRAFT)
3. Resolution 2023-XXX

**THIRD AMENDMENT TO THE JOINT EXERCISE OF POWERS AGREEMENT
RELATING TO AND CREATING THE VALLEY CLEAN ENERGY ALLIANCE**

This Third Amendment amends the Joint Exercise of Powers Agreement Relating To and Creating the Valley Clean Energy Alliance (“VCEA”), which was originally entered into as of October 25, 2016 (the “Original Agreement”) as between the County of Yolo, the City of Davis, and the City of Woodland (the “Parties”). The Original Agreement was subsequently amended by that certain First Amendment to the Joint Exercise of Powers Agreement Relating To and Creating the Valley Clean Energy Alliance (the “First Amendment”), dated September 12, 2019 (collectively, the “the First Amended JPA Agreement”). On December 12, 2019, the City of Winters became a signatory and Party to the Agreement pursuant to Section 2.4.2 of the Agreement. The First Amended JPA Agreement was subsequently amended again by that certain Second Amendment to the Joint Exercise of Powers Agreement Relating To and Creating the Valley Clean Energy Alliance (the “Second Amendment”), approved by the Board of Directors (“Board”) on July 14, 2022 (collectively, “the Amended JPA Agreement,” or “Agreement”). The Second Amendment modified Sections 3.7.1 and 3.7.2 of the Agreement to allow Exhibits C and D, “Total Annual Energy” and “Voting Shares”, respectively, to be modified by the Board of Directors (“Board”) and without going through a full amendment process.

This Third Amendment is effective upon notice to the Parties and approval by two-thirds vote of the Board of Directors, as follows:

RECITALS

- A. The Parties share various powers under California law, including but not limited to the power to purchase, supply, and aggregate electricity for themselves and customers within their jurisdictions.
- B. Section 3.6 (Director Compensation) of the Amended JPA Agreement provides that the Board may adopt a policy by resolution governing reimbursement by VCEA of expenses incurred by Directors, but does not allow stipends or other Director compensation.
- C. VCEA desires to amend the Agreement to provide that Directors may receive compensation for their services and reimbursement for expenses from VCEA pursuant to a resolution adopted by the Board.
- D. On November 13, 2023, VCEA provided a letter notifying all parties of this proposed Third Amendment.

AGREEMENT

NOW, THEREFORE, in Consideration of the mutual promises, covenants, and conditions hereinafter set forth, it is agreed by and among the Parties as follows:

- 1. Section 3.6 of the Agreement is hereby amended to read as follows:
 - 3.6 Director Compensation. Directors may receive reimbursement of costs and compensation for their services from VCEA pursuant to a Resolution adopted by the Board.

2. All other provisions of the JPA Agreement not expressly modified by this Third Amendment shall remain in full force and effect.

3. This Third Amendment shall take effect immediately upon approval of a two-thirds majority vote of the Board of Directors.



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Compensation and Expense Reimbursement Policy (DRAFT)

DRAFT

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A. PURPOSE

The (“Policy”) establishes the terms and conditions for members of the Board of Directors to receive per diem compensation and reimbursement of reasonable and necessary expenses when performing their official duties on behalf of Valley Clean Energy Alliance (VCE). The Policy applies to both regular members of the Board and alternate members.

B. DIRECTORS’ COMPENSATION

Pursuant to this Policy adopted by the Board of Directors, VCE is authorized to compensate Board members a stipend in the amount of \$125 for attending each meeting of the Board of Directors. Pursuant to the VCE’s Joint Powers Agreement, the Board of Directors may, from time to time, amend this Policy to change the amount of compensation and/or the maximum number of compensable days per month.

C. COMPENSABLE ACTIVITIES

VCE has identified the following activities to be compensable:

1) Meetings

Each regular Director shall be entitled to receive a stipend for attendance at (1) each meeting of the Board of Directors; (2) each meeting of a standing committee on which the Director serves; (3) each meeting of an ad hoc committee to which the Director has been duly appointed; and (4) each meeting of any joint governmental board, committee, or association to which the Director has been appointed as VCE’s representative. Each alternate Director shall be entitled to compensation for attendance at a meeting when, and only when, the alternate Director attends the meeting in place of the regular Director.

2) Limitations

In no event shall a Director receive compensation for more than one meeting on the same day. Directors may not be compensated for more than six meetings per month.

3) Non-compensable activities

Board members shall not receive compensation for the following activities: (1) attendance at meetings or events of nonprofit organizations or service clubs, except that Board members may receive reimbursement of expenses pursuant to Section D of this Policy when the Board Chair and Executive Officer have authorized the Director to make a presentation on behalf of VCE; (2) VCE sponsored employee events including, but not limited to, an annual employee holiday luncheon and retirement events; (3) parades, festivals, holiday events, or retirement dinners; (4) meetings, without VCE staff present, with existing or potential contractors, vendors, or consultants; (5) meetings of partisan political organizations; (6) meetings, tours, and similar events conducted at the request of the Board member; or (7) any activity not described above.

D. REIMBURSEMENT OF DIRECTORS’ EXPENSES

In accordance with this Policy, VCE will reimburse Directors for certain expenses incurred in connection with the compensable activities described above in Director Compensation; provided,

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however, that Directors shall be authorized to attend CalCCA conferences and shall be eligible for reimbursement of associated expenses as set forth below, including alternate Directors whether or not the alternate Director is attending the conference in place of the regular director.

VCE will not reimburse Directors for any other expense.

1) Mileage for Personal Vehicles

VCE will reimburse Directors for the use of personal vehicles based on actual miles traveled at the then-current “standard mileage rate” adopted by the U.S. Internal Revenue Service for use in deducting the cost of operating an automobile for business purposes. VCE will not reimburse Directors for any other personal vehicle expenses.

When calculating mileage traveled by a Director to attend an event, VCE will use the lesser of (1) the distance from the administrative headquarters of the Director’s member agency to the event, and (2) the actual distance traveled. Mileage reimbursements shall not exceed the cost of the lowest available airfare.

2) Other Transportation Expenses

When travel by personal vehicle is impractical, VCE will reimburse Directors for the actual cost of (1) regularly-scheduled travel by airplane, train, bus, or other commercial carrier, (2) rental cars, and (3) taxis and other comparably priced for-hire vehicles. VCE will also reimburse Directors for related necessary travel expenses such as baggage fees, toll charges, and parking fees. Directors must take advantage of any government or group rates offered by a transportation provider.

Before deciding to travel by air, each Director must consider the total cost of alternatives, including the cost of ground transportation and any necessary lodging. Each Director should also consider alternative departure times, departure and arrival airports, dates, departure times, and stopovers to minimize airfare. Directors should request travel arrangements as early as possible to take advantage of lower airfares.

Generally, VCE will only reimburse Directors for air travel in coach class. When necessary, based on a Director’s physical needs and/or the need to conduct meaningful work during a flight, the Board Chair has the discretion to approve reimbursement of first-class air travel. For trips that will exceed 24 hours, Directors must use their personal cars to travel to and from the airport, and utilize long-term airport parking, rather than pay for a taxi or other transportation to and from the airport.

3) Lodging

VCE will reimburse Directors for actual and necessary lodging expenses incurred in attending a conference, seminar, or meeting. Directors must take advantage of any government rate or group rate for lodging whenever possible. If there is no government or group rate, VCE will reimburse Directors for lodging up to the per diem rate used by the U.S. Internal Revenue Service as the maximum allowable deduction for business-related lodging expenses. The per

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diem rates are set by the General Service Administration (“GSA”) for federal employees. The rates are set forth at GSA.gov/per diem.

4) **Meals**

VCE will reimburse Directors for actual and necessary dining expenses incurred while attending (1) a conference, seminar, or meeting outside of VCE or member jurisdiction locations, or (2) a VCE-related business meeting within VCE facilities. The VCE will reimburse Directors up to the applicable GSA per diem rate for each separate meal set forth at GSA.gov/per diem.

5) **Incidentals**

VCE will reimburse Directors for actual and necessary incidental expenses incurred while attending a conference, seminar, or meeting outside VCE, up to the applicable GSA per diem rate set forth at GSA.gov/per diem. Reimbursable expenses include tips given to drivers, porters, bellhops, baggage carriers, and hotel housekeepers.

6) **Travel Arrangements**

Each Director must utilize VCE staff to arrange all travel, lodging, and event registrations. The Executive Officer shall designate a VCE employee responsible for making these arrangements or designate a single travel agency for use in making all travel arrangements.

7) **Expenses That Are Not Reimbursable**

VCE will not reimburse Directors for the costs of: (1) barber and/or beauty shop services; (2) fines for traffic or parking violations; (3) any person accompanying a Director on a VCE approved trip or event; (4) personal telephone calls; (5) fitness/health facility use; (6) massages; (7) alcoholic beverages; (8) Entertainment (movies, sporting events, etc.); or (9) vehicle expenses other than the standard mileage charge.

8) **Other Expenses**

Any expense that does not meet the requirements of this Policy may be reimbursed only if the Board of Directors approves the expense at a public meeting before the expense is incurred.

E. CONTROL & ACCOUNTABILITY

An information report describing any implemented within budget year rate adjustment authorized under this policy will be provided to the Board at the next regularly scheduled Board Meeting following implementation of the rate adjustment.

1) **Reimbursement Procedure**

Each Director seeking reimbursement must file with the Secretary of the Board an expense report no later than three weeks after the conclusion of the compensable activity. The report shall attach detailed, actual receipts for all expenses. The report shall document that each expense meets the requirements for reimbursement set forth in this policy. Without limiting the foregoing, each report shall identify the compensable activity and the date, nature, and purpose of each expense for which reimbursement is sought. For reimbursement of a personal vehicle

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expense at the standard mileage rate, the expense report shall identify the date of the travel, the actual miles traveled, and the business purpose of the travel. The Executive Officer shall prepare a standard form of expense report for use by Directors in seeking reimbursement.

2) Board Reports

Each Director seeking reimbursement of expenses incurred in connection with an activity shall provide a brief report of the activity at the next regular meeting of the Board of Directors.

3) Penalties

Any Director that misuses public resources or falsifies an expense report required by this Policy is subject to the following penalties: (1) loss of reimbursement privileges; (2) restitution of VCE; (3) civil penalties for misuse of public resources pursuant to Government Code Section 8314; and/or (4) prosecution for misuse of public resources pursuant to Penal Code Section 424.

F. POLICY ADMINISTRATION

The Board must approve amendments to this Policy.

VALLEY CLEAN ENERGY ALLIANCE**RESOLUTION NO. 2023- _____****A RESOLUTION OF THE VALLEY CLEAN ENERGY ALLIANCE (VCE) APPROVING AMENDMENT THREE (3) TO VCE'S JOINT POWERS AGENCY (JPA) AND ADOPTING A COMPENSATION AND EXPENSE REIMBURSEMENT POLICY**

WHEREAS, the Valley Clean Energy Alliance (“VCE”) was formed as a community choice aggregation agency (“CCA”) on November 16, 2016, under the Joint Exercise of Power Act, California Government Code sections 6500 et seq., among the County of Yolo, and the Cities of Davis and Woodland, to reduce greenhouse gas emissions, provide electricity, carry out programs to reduce energy consumption, develop local jobs in renewable energy, and promote energy security and rate stability in all of the member jurisdictions. The City of Winters, located in Yolo County, was added as a member of VCE and a party to the JPA in December of 2019; and,

WHEREAS, under Section 2.4.2 of the Joint Exercise of Powers Agreement Relating To and Creating the VCE (“JPA Agreement”), the Board of Directors (“Board”) may allow other cities and counties to become members in the VCE JPA and thereby to participate in VCE’s Community Choice Energy program (the “Program”) provided certain conditions are met; and,

WHEREAS, in September 2019 the Board, Cities of Davis and Woodland, and Yolo County approved the First Amendment to the JPA to create an Associate Member classification and on November 14, 2019 the City of Winters became an Associate Member; and,

WHEREAS, on November 5, 2019 the City of Winters completed the membership requirements with the passing of an ordinance authorizing its participation in the community choice program as required by Public Utilities Code Section 366.2(c)(12); and,

WHEREAS, the City of Winters membership in Valley Clean Energy JPA was approved via Resolution 2019-016 effective December 12, 2019; and,

WHEREAS, in July 2022, the Board, Cities of Davis, Woodland and Winters, and Yolo County approved the Second Amendment to the JPA Agreement allowing Exhibits C and D, “Total Annual Energy” and “Voting Shares”, respectively, to be modified by the Board without going through a full amendment process; and,

WHEREAS, pursuant to Section 3.6 of the JPA Agreement, the Board may adopt a policy by resolution governing reimbursement by the VCE of expenses incurred by Directors, but does not allow stipends or other Director compensation; and,

WHEREAS, changes to Exhibits require an amendment of the Agreement, which requires that VCEA provide written notice to all Parties of amendments to the Agreement at least 30 days prior to Board action on the amendment; and,

WHEREAS, VCE desires to amend the JPA Agreement to provide that Directors may receive compensation for their services and reimbursement for expenses from VCEA pursuant to a resolution adopted by the Board; and,

WHEREAS, in accordance with Section 7.4 of the JPA, on November 13, 2023, VCE provided written notice to each jurisdiction of the Third Amendment to the JPA Agreement.

WHEREAS, VCE further desires to adopt a Compensation and Expense Reimbursement Policy for Directors in accordance with the Third Amendment.

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

1. Approve the Third Amendment to the VCE’s Joint Exercise of Powers Agreement (JPA).
2. Adopt a Compensation and Expense Reimbursement Policy.

PASSED, APPROVED, AND ADOPTED, at a regular meeting of the Valley Clean Energy Alliance, held on the ___ day of _____ 2023 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Tom Stallard, VCE Chair

Alisa M. Lembke, VCE Board Secretary

Attachment: Exhibit A - Third Amendment to the Joint Powers
Exhibit B – Compensation and Expense Reimbursement Policy