

## VALLEY CLEAN ENERGY ALLIANCE

### Staff Report – Agenda Item 7

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**TO:** Valley Clean Energy Alliance Board of Directors

**FROM:** Lisa Limcaco, Director of Finance and Internal Operations, VCE  
Chad Rinde, Asst. Chief Financial Officer, Yolo County  
Mitch Sears, Interim General Manager, VCE

**SUBJECT:** Operating Budget for Fiscal Year 2018-2019

**DATE:** June 6, 2018

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#### **RECOMMENDATION**

Staff is recommending that the Board adopt a resolution approving the Operating Budget of \$46.3 M for fiscal year 2018-2019.

#### **BACKGROUND AND ANALYSIS**

The Board adopted a preliminary operating budget and associated expenditure authorizations in March 2018. Staff has updated the operating budget based on an updated view of committed and expected costs. The March preliminary budget and updated budget are both consistent with VCE's fiscal model (proforma).

The proposed operating budget for fiscal year 2018-2019 includes Purchased power and other operating expenses. Purchased power is calculated based on 1) procurements in place for the bulk of expected load in 2018 and 2) expected power prices and load forecasts for 2019. Other operating expenses include several services already under contract and others are currently in the process of being procured. There is considerable uncertainty around unknown expenses in the initial year of operations, as there is no operating history to ensure all items are accounted for. Therefore, staff recommends a contingency of 10% of other operating expenses to be built into the operating budget until VCE gains more operating experience.

Staff intends to recommend at the July, 2018 Board meeting, budget policies to formalize processes for measuring budget compliance, amending budgets, re-class contingency funds and other budgetary oversight procedures.

#### **CONCLUSION**

Staff recommends Board adoption of the aforementioned resolution.

#### **ATTACHMENT:**

Operating Budget for Fiscal Year 2018-2019

**VALLEY CLEAN ENERGY - OPERATING BUDGET  
FISCAL YEAR 2018-2019**

	July-18	August-18	September-18	October-18	November-18	December-18	January-19	February-19	March-19	April-19	May-19	June-19	TOTAL
Purchased Power	\$ 5,759,803	\$ 5,513,333	\$ 4,162,898	\$ 2,964,421	\$ 2,565,524	\$ 2,838,918	\$ 2,933,408	\$ 2,433,747	\$ 2,409,822	\$ 2,235,284	\$ 2,877,209	\$ 4,408,919	\$ 41,103,286
Labor & Benefits	\$ 120,405	\$ 120,405	\$ 111,239	\$ 111,239	\$ 111,239	\$ 111,239	\$ 112,480	\$ 112,480	\$ 108,697	\$ 108,697	\$ 108,697	\$ 108,697	\$ 1,345,513
Salaries & Wages/Benefits	\$ 62,072	\$ 62,072	\$ 62,072	\$ 62,072	\$ 62,072	\$ 62,072	\$ 63,313	\$ 63,313	\$ 63,313	\$ 63,313	\$ 63,313	\$ 63,313	\$ 752,313
Contract Labor	\$ 58,333	\$ 58,333	\$ 49,167	\$ 49,167	\$ 49,167	\$ 49,167	\$ 49,167	\$ 49,167	\$ 45,383	\$ 45,383	\$ 45,383	\$ 45,383	\$ 593,200
Office Supplies & Other Expenses	\$ 4,600	\$ 4,650	\$ 5,150	\$ 5,150	\$ 5,150	\$ 5,150	\$ 107,192	\$ 5,192	\$ 10,292	\$ 5,192	\$ 5,192	\$ 5,192	\$ 168,102
Technology Costs	\$ 1,000	\$ 1,000	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,520	\$ 1,520	\$ 6,620	\$ 1,520	\$ 1,520	\$ 1,520	\$ 22,220
Office Supplies	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 102	\$ 102	\$ 102	\$ 102	\$ 102	\$ 102	\$ 1,212
Travel	\$ 2,500	\$ 2,550	\$ 2,550	\$ 2,550	\$ 2,550	\$ 2,550	\$ 2,550	\$ 2,550	\$ 2,550	\$ 2,550	\$ 2,550	\$ 2,550	\$ 30,550
CalCCA Dues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 102,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 102,000
Memberships	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,020	\$ 1,020	\$ 1,020	\$ 1,020	\$ 1,020	\$ 1,020	\$ 12,120
Contractual Services	\$ 253,904	\$ 257,912	\$ 201,795	\$ 253,525	\$ 189,354	\$ 191,625	\$ 191,749	\$ 185,333	\$ 188,402	\$ 189,690	\$ 200,378	\$ 213,998	\$ 2,517,664
LEAN Energy	\$ 6,000	\$ 6,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,000
Don Dame	\$ 1,500	\$ 1,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,000
SMUD - Credit Support	\$ 73,596	\$ 69,201	\$ 56,984	\$ 48,714	\$ 44,543	\$ 46,814	\$ 46,919	\$ 40,503	\$ 43,572	\$ 44,860	\$ 55,140	\$ 66,739	\$ 637,585
SMUD - Wholesale Energy Services	\$ 47,000	\$ 47,000	\$ 47,000	\$ 47,000	\$ 47,000	\$ 47,000	\$ 47,000	\$ 47,000	\$ 47,000	\$ 47,000	\$ 47,000	\$ 47,000	\$ 564,000
SMUD - Call Center	\$ 64,521	\$ 64,521	\$ 64,521	\$ 64,521	\$ 64,521	\$ 64,521	\$ 64,521	\$ 64,521	\$ 64,521	\$ 64,521	\$ 64,521	\$ 66,544	\$ 776,275
CirclePoint	\$ 36,401	\$ 36,401	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 72,801
Legal	\$ 3,500	\$ 3,570	\$ 3,570	\$ 3,570	\$ 3,570	\$ 3,570	\$ 3,570	\$ 3,570	\$ 3,570	\$ 3,570	\$ 3,570	\$ 3,570	\$ 42,770
Legislative/Regulatory	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,400	\$ 20,400	\$ 240,800
Accounting Services	\$ -	\$ 8,333	\$ 8,333	\$ 8,333	\$ 8,333	\$ 8,333	\$ 8,333	\$ 8,333	\$ 8,333	\$ 8,333	\$ 8,333	\$ 8,333	\$ 91,667
Human Resources & Payroll	\$ 1,007	\$ 1,007	\$ 1,007	\$ 1,007	\$ 1,007	\$ 1,007	\$ 1,025	\$ 1,025	\$ 1,025	\$ 1,025	\$ 1,025	\$ 1,025	\$ 12,190
Audit Fees	\$ -	\$ -	\$ -	\$ 60,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 60,000
Banking Fees	\$ 380	\$ 380	\$ 380	\$ 380	\$ 380	\$ 380	\$ 380	\$ 380	\$ 380	\$ 380	\$ 388	\$ 388	\$ 4,576
Rents & Leases	\$ 1,400	\$ 1,400	\$ 1,400	\$ 1,400	\$ 1,400	\$ 1,400	\$ 5,100	\$ 5,100	\$ 5,100	\$ 5,100	\$ 5,100	\$ 5,100	\$ 39,000
Hunt Boyer Mansion	\$ 1,400	\$ 1,400	\$ 1,400	\$ 1,400	\$ 1,400	\$ 1,400	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,400
Future Office Space	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,100	\$ 5,100	\$ 5,100	\$ 5,100	\$ 5,100	\$ 5,100	\$ 30,600
Other A&G	\$ 33,511	\$ 33,511	\$ 55,018	\$ 55,018	\$ 55,018	\$ 55,018	\$ 56,093	\$ 56,093	\$ 56,093	\$ 56,113	\$ 56,113	\$ 56,723	\$ 624,318
Marketing Collateral	\$ -	\$ -	\$ 21,507	\$ 21,507	\$ 21,507	\$ 21,507	\$ 21,937	\$ 21,937	\$ 21,937	\$ 21,937	\$ 21,937	\$ 22,181	\$ 217,895
PG&E Data Fees	\$ 32,261	\$ 32,261	\$ 32,261	\$ 32,261	\$ 32,261	\$ 32,261	\$ 32,906	\$ 32,906	\$ 32,906	\$ 32,906	\$ 32,906	\$ 33,272	\$ 391,363
Community Engagement Activities & Sponsorships	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,020	\$ 1,020	\$ 1,020	\$ 12,060
Green-e Certification	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 3,000
Miscellaneous Operating Expenses	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 510	\$ 6,010
Contingency	\$ 41,432	\$ 41,838	\$ 37,510	\$ 42,683	\$ 36,266	\$ 36,493	\$ 47,311	\$ 36,470	\$ 36,908	\$ 36,529	\$ 37,598	\$ 39,022	\$ 470,061
<b>TOTAL OPERATING BUDGET</b>	<b>\$ 6,215,555</b>	<b>\$ 5,973,549</b>	<b>\$ 4,575,509</b>	<b>\$ 3,433,935</b>	<b>\$ 2,964,450</b>	<b>\$ 3,240,342</b>	<b>\$ 3,453,833</b>	<b>\$ 2,834,914</b>	<b>\$ 2,815,813</b>	<b>\$ 2,637,105</b>	<b>\$ 3,290,787</b>	<b>\$ 4,838,161</b>	<b>\$ 46,273,953</b>

**RESOLUTION NO. 2018-\_\_\_\_\_**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLEY CLEAN ENERGY ALLIANCE  
ADOPTING THE OPERATING BUDGET FOR FISCAL YEAR 2018-2019**

**WHEREAS**, Valley Clean Energy Alliance (“VCEA”), is a public agency formed in January 2017 under the provisions of the Joint Exercise of Powers Act of the State of California, Government Code Section 6500 et. seq., between the County of Yolo and the City of Davis to provide Community Choice Energy (CCE) programs within the member agencies, and in June 2017, the City of Woodland also joined VCEA adding to the overall VCEA service territory;

**WHEREAS**, the VCE Operating Budget for Fiscal year 2018-2019 includes purchased power and other operating expenses, totaling \$46.3 M;

**NOW, THEREFORE**, the Board of Directors of the Valley Clean Energy Alliance hereby adopts the Operating Budget for Fiscal Year 2018-2019.

**PASSED, APPROVED AND ADOPTED** at a regular meeting of the Valley Clean Energy Alliance, held on the \_\_\_\_ day of \_\_\_\_\_, 2018, by the following vote:

- AYES:
- NOES:
- ABSENT:
- ABSTAIN:

\_\_\_\_\_  
Lucas Frerichs, VCEA Chair

ATTEST: \_\_\_\_\_  
Alisa Lembke, Secretary

APPROVED AS TO FORM:

\_\_\_\_\_  
Eric May, Interim General Counsel