



**Special Meeting of the Valley Clean Energy Alliance  
Board of Directors  
Wednesday, January 23, 2019 at 5:30 p.m.  
Yolo County Board of Supervisors Chambers,  
625 Court Street, Room 206, Woodland, CA 95695**

Meetings are accessible to people with disabilities. Individuals who need special assistance or a disability-related modification or accommodation to participate in this meeting, or who have a disability and wish to request an alternative format for the meeting materials, should contact Alisa Lembke, VCEA Board Clerk/Administrative Analyst, at least two (2) working days before the meeting at (530) 446-2754 or [Alisa.Lembke@valleycleanenergy.org](mailto:Alisa.Lembke@valleycleanenergy.org).

If you have anything that you wish to be distributed to the Board and included in the official record, please hand it to a member of VCEA staff who will distribute the information to the Board members and other staff.

Please note that the numerical order of items is for convenience of reference. Items may be taken out of order on the request of any Board member with the concurrence of the Board. Staff recommendations are advisory to the Board. The Board may take any action it deems appropriate on any item on the agenda even if it varies from the staff recommendation.

**Board Members:** Tom Stallard (Chair/City of Woodland), Gary Sandy (Vice Chair/Yolo County), Lucas Frerichs (City of Davis), Angel Barajas (City of Woodland), Don Saylor (Yolo County), and Dan Carson (City of Davis)

**5:30 p.m. Call to Order**

- 1. Welcome and Roll Call**
- 2. Approval of Agenda**
- 3. Public Comment:** This item is reserved for persons wishing to address the Board on any VCEA-related matters that are not otherwise on this meeting agenda. Public comments on matters listed on the agenda shall be heard at the time the matter is called. As with all public comment, members of the public who wish to address the Board are customarily limited to two minutes per speaker, but an extension can be provided at the discretion of the Chair.

**CLOSED SESSION**

- 4. Conference with Legal Counsel – Anticipated Litigation**  
Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Section 54956.9: 1 case.

**CONSENT AGENDA**

- 5. Approval of Draft December 13, 2018 Meeting Minutes.**

6. **Receive 2019 Long Range Calendar.**
7. **Receive Financial Update – November 30, 2018 (unaudited) financial statements.**
8. **Receive January 16, 2019 Regulatory Update provided by Keyes & Fox.**
9. **Receive January 14, 2019 Customer Enrollment Update and Monthly Call Center Report as of January 9, 2019.**
10. **Approve contract extensions of Energy Services Consultants: LEAN Energy and Donald Dame.**
11. **Approve contract amendment to extend term, revise scope of services, and increase contract amount of Keyes & Fox, Regulatory Counsel.**
12. **Approve proposal to retain Pacific Policy Group for lobbying services.**
13. **Approve updates to Valley Clean Energy Employee Handbook.**

#### **REGULAR AGENDA**

14. **Update Procurement Authority / Adopt the VCEA Short Term Procurement Guide revisions and approve Financial Delegation for Staff and SMUD to procure energy for 2020 consistent with the VCEA Procurement Policy and Short-Term Procurement Guide. (Action)**
15. **Customer Outreach and Marketing Update. (Informational)**
16. **Provide update to Valley Clean Energy Board regarding the California Public Utilities Commission’s Decision on Energy Resource Recovery Account, including Power Charge Indifference Adjustment. (Informational)**
17. **Update on potential PG&E bankruptcy. (Informational)**
18. **Board Member and Staff Announcements:** Action items and reports from member of the Board, including announcements, AB1234 reporting of meetings attended by Board Members of VCEA expense, questions to be referred to staff, future agenda items, and reports on meetings and information which would be of interest to the Board or the public.

***The next VCEA Board meeting: Thursday, February 14, 2019 at 5:30 p.m. at the City of Davis Community Chambers, 23 Russell Boulevard, Davis, CA 95616.***

**19. Adjournment:**

Public records that relate to any item on the open session agenda for a regular board meeting are available for public inspection. Those records that are distributed less than 72 hours prior to the meeting are available for public inspection at the same time they are distributed to all members, or a majority of the members of the Board. VCEA public records are available for inspection by contacting Board Clerk Alisa Lembke at (530) 446-2750 or [Alisa.Lembke@ValleyCleanEnergy.org](mailto:Alisa.Lembke@ValleyCleanEnergy.org). Agendas and Board meeting materials can be inspected at VCEA’s offices located at 604 Second Street, Davis, California 95616; those interested in inspecting these materials are asked to call (530) 446-2750 to make arrangements. The documents are also available on the Valley Clean Energy website located at: <https://valleycleanenergy.org/about-us/meetings/>

# VALLEY CLEAN ENERGY ALLIANCE

## Staff Report – Agenda Item 5

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**TO:** Valley Clean Energy Alliance Board of Directors  
**FROM:** Alisa Lembke, VCEA Board Clerk/Administrative Analyst  
**SUBJECT:** Approval of Minutes from December 13, 2018 Board Meeting  
**DATE:** January 23, 2019

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### RECOMMENDATION

Receive, review and approve the attached draft Minutes from the December 13, 2018 Board meeting.



**MINUTES OF THE VALLEY CLEAN ENERGY ALLIANCE  
BOARD OF DIRECTORS SPECIAL MEETING  
DECEMBER 13, 2018**

The Board of Directors of the Valley Clean Energy Alliance duly noticed their Special meeting scheduled for Thursday, December 13, 2018 at 5:30 p.m. at the City of Davis Community Chambers, located at 23 Russell Boulevard, Davis, California 95616. Chairperson Lucas Frerichs established that there was a quorum present and began the meeting at 5:32 p.m.

Board Members Present: Lucas Frerichs, Tom Stallard, Angel Barajas, Dan Carson, Don Saylor

Board Members Absent: Duane Chamberlain

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|--|---|
| Approval of Agenda   | Director Saylor make a motion to approve the December 13, 2018 Agenda, seconded by Director Carson. Motion passed unanimously with Director Duane Chamberlain absent.   |
| Public Comment   | Chairperson Frerichs opened the floor for public comment. There being none, the floor was closed.   |
| Approval of Consent Agenda   | Director Stallard made a motion to approve the Consent Agenda, seconded by Director Barajas. Motion passed unanimously with Director Chamberlain absent.  |
| Approval of Minutes from November 1, 2018 and November 15, 2018 Board Meetings | Director Stallard made a motion to approve the November 1, 2018 Special meeting minutes and the November 15, 2018 Special meeting minutes, seconded by Director Barajas. Motion passed unanimously with Director Chamberlain absent.  |
| Receive Long Range Calendars   | Director Stallard made a motion to receive the Long-Range calendars, seconded by Director Barajas. Motion passed unanimously with Director Chamberlain absent.  |
| Receive Financial Update – October 31, 2018 (unaudited) financial statements   | Director Stallard made a motion to receive the financial update – October 31, 2018 (unaudited) financial statements (with comparative year to date information) and Actual vs. Budget year to date ending October 31, 2018, seconded by Director Barajas. Motion passed unanimously with Director Chamberlain absent. |
| Receive Regulatory Update  | Director Stallard made a motion to receive the regulatory monitoring report dated December 5, 2018 prepared by Keyes & Fox, seconded by Director Barajas. Motion passed unanimously with Director Chamberlain absent.   |



Receive Customer Enrollment Update	Director Stallard made a motion to receive the Customer Enrollment update as of December 7, 2018, seconded by Director Barajas. Motion passed unanimously with Director Chamberlain absent.
Community Advisory Committee Report	Director Stallard made a motion to receive the Community Advisory Committee's report of their December 3, 2018 meeting, seconded by Director Barajas. Motion passed unanimously with Director Chamberlain absent.
Amendment 6 to SMUD Agreement, Task Order 4 / Resolution 2018-032	Director Stallard made a motion to adopt a resolution titled "A Resolution of the Valley Clean Energy Alliance approving Amendment 6 to the Sacramento Municipal Utility District (SMUD) Professional Services Agreement for operational Staff Services Task Order 4", seconded by Director Barajas. Motion passed unanimously with Director Chamberlain absent.
Consideration of Appointment of Woodland Resident to Vacant Seat on the Community Advisory Committee	<p>Interim General Manager Mitch Sears introduced this item and reiterated that the Board is being asked to consider appointing Ms. Christine Casey to the vacant City of Woodland seat on the Valley Clean Energy Community Advisory Committee (CAC). Director Stallard made a motion to appoint Ms. Casey to the City of Woodland vacancy on the CAC for a three-year term, expiring 2021, seconded by Director Barajas. Motion passed unanimously by the following vote:</p> <p>AYES: Frerichs, Stallard, Barajas, Carson, Saylor NOES: None ABSENT: Chamberlain ABSTAIN: None</p> <p>Director Carson asked the status of filling the vacation Yolo County seat on the CAC. Mr. Sears informed those present that outreach continues with Yolo County. Director Carson also confirmed with Staff that the seat is vacant for a resident who lives in the unincorporated areas of Yolo County.</p>
PCC-2 Procurement for 2019 / Resolution 2018-033	<p>Ms. Sears introduced this item by reviewing briefly the history of the Board postponing in June 2018 the procurement of PCC-2 renewable energy and informed those present that the CAC at their last meeting, approved recommending that the Board adopt Staff's recommendation to resume the procurement for 2019 needs</p> <p>VCE Staff Gary Lawson reviewed the background of PCC-2 and the effects of Assembly Bill 1110 (AB 1110) which directs the California Energy Commission (CEC) to develop methodology for calculating greenhouse gas emissions (GHG) intensity for inclusion on the annual power content label required for all load serving entities. In addition, new CCAs are given the option to not report GHG emissions for 24 to 36 months following formation (2019 and 2020). These are considered bridge years, in 2020 a large portion of procurement should be from PCC-1 so the PCC-2 would be lower. Mr. Lawson reminded those present that in June 2018 upon Staff recommendation, the Board suspended PCC-2 procurement until the CEC adopted new rules related to the Power Source Disclosure / Power Content Label requirements for California load serving entities. Currently, the</p>



CEC has not issued a rulemaking on the AB 1110 changes and Staff anticipate that the rulemaking will not be issued until sometime in 2019.

Chairperson Frerichs opened up the floor for Board questions. Several issues were discussed, such as: the need to move forward with procurement, data reliability to make policy decisions, why CEC is delaying their decision, the greenhouse gas (GHG) reporting requirements, and content renewable content of PCC-2 power.

Chairperson Frerichs opened the floor to public comment. There being none, the comment period on this item was closed.

Director Carson made a motion to approve a resolution titled “A Resolution of the Valley Clean Energy Alliance Board Authorizing Staff to Resume the Procurement of PCC-2 Renewable Power for Valley Clean Energy Alliance’s Projected 2019 Needs”, seconded by Director Saylor. Motion passed unanimously by the following vote:

AYES: Frerichs, Stallard, Barajas, Carson, Saylor  
NOES: None  
ABSENT: Chamberlain  
ABSTAIN: None

Power Charge  
Indifference  
Adjustment (PCIA)  
Update

Mr. Sears reviewed the Board’s decisions made at their November 15<sup>th</sup> meeting:

1. adopted a minimum VCE net margin (after bank loan principal payments) target of 5%;
2. postponed enrollment of Net Energy Metering customers until at least January 2020 with a reassessment of enrollment date in mid-2019;
3. for 2019, adopted electric generation rates identical to PG&E, after factoring the Power Charge Indifference Adjustment (PCIA) imposed by regulatory agencies;
4. study the possibility of adopting a new rate structure featuring an annual dividend rebate structure to be implemented starting in July 2019;

Mr. Sears provided an update:

- 1) PG&E missed their deadline to have the California Public Utilities Commission (CPUC) adopt the proposed decision (PD) at their December meeting. The CPUC is scheduled to adopt the PD at their January 10<sup>th</sup> meeting. If adopted, the PCIA rates would be in effect at the earliest on March 1<sup>st</sup>, possibly later. However, 12 months of rates are amortized out over the course of 10 months or however many months are remaining in the calendar year from the effective date;



- 2) VCE will be working to correct CEC forecast errors in 2019 in regard to the Resource Adequacy (RA) forecast increase; and,
- 3) Confirmed the Board's action of November 15, 2018 to match PG&E rates beginning January 2019.

Chairperson Frerichs opened the floor for Board discussion. Chairperson Frerichs asked that during the NEM enrollment delay Staff and the CAC look at potential options and focusing on marketing/customer outreach efforts

Director Carson would like to start looking at long term planning once the numbers are determined and things calm down.

Mr. Sears commented that Staff will be looking at the CAC being engaged in possible NEM options and the year-end dividend idea in the hopes that Staff will bring information back to the Board at mid-year.

Chairperson Frerichs opened the floor to public comment.

City of Davis resident Gerry Braun provided comments about being a NEM customer and the other options that should be pursued, such as rate setting. He stressed that NEM customers are VCE's best advocates and co-patriots and should be enrolled as soon as possible.

Resident Jeff Pacchinski who is a NEM customer is unhappy with the enrollment delay. He is now contemplating opting out, getting his own storage, and going completely off the grid.

Chairperson Frerichs thanked those for their public comments. There being no further public comment, the period was closed.

VCE Staff Jim Parks reviewed the PCIA marketing plan, outreach messaging and strategy, and current outreach efforts / status.

Board Member and Staff Announcements

Director Saylor announced that the Yolo County Board of Supervisors approved the 2019 roster of assignments announcing that he and Supervisor Gary Sandy will serve on the VCE Board, with Supervisor Duane Chamberlain serving as an alternate.

Mr. Sears reviewed a Monthly Call Center report and the Customer enrollment update. He informed those present that the CalCCA Board met today and reviewed regulatory and legislative issues and discussed what CalCCA's objectives are in the legislature. He also informed those present that he was invited and spoke at the California Partnership for the San Joaquin Valley on a variety of issues, such as air quality, education, energy, economics and water. They are possibly interested in



forming a CCA. He said there were good questions asked and great interaction between all who attended.

Chairperson Frerichs announced that the next scheduled VCE Board meeting has been scheduled for Thursday, January 10, 2019 at 5:30 p.m. at the City of Woodland Council Chambers, 301 1<sup>st</sup> Street, Woodland, CA 95695.

Election of Chair and Vice Chair (Effective January 2019)

Chairperson Frerichs nominated Tom Stallard as VCE Chair and Director Saylor nominated Gary Sandy as VCE Vice Chair for the 2019 calendar year, seconded by Director Stallard. Motion passed unanimously.

Mr. Sears thanked the 2018 Board and appreciated the leadership of the Chair and Vice Chair this past year. He also commented that having a Board subcommittee has been helpful.

Adjournment

Chairperson Frerichs announced that there being no further regular business to be addressed by the Board, the meeting would be adjourned, and a ceremonial presentation would follow to recognize VCE's 2<sup>nd</sup> Anniversary.

Meeting was adjourned at 6:26 p.m.

Alisa M. Lembke  
Board Clerk/Administrative Analyst



**VALLEY CLEAN ENERGY ALLIANCE  
Board of Directors Meeting**

**Staff Report – Agenda Item 6**

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**TO:** VCEA Board  
**FROM:** Mitch Sears, Interim General Manager  
**SUBJECT:** Long Range Calendar 2019  
**DATE:** January 23, 2019

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**Recommendation**

Please find attached the long-range calendar for 2019.

**VALLEY CLEAN ENERGY**  
**2019 Meeting Dates and Topics – Board and Community Advisory Committee**

MEETING DATE		TOPICS	ACTION
<del>January 10, 2019</del> January 23, 2019	<b>Board</b> WOODLAND	Special Meeting scheduled for <b>Wednesday, January 23rd</b> , at 5:30 p.m. at <b>Yolo County Board of Supervisors Chambers</b> , Woodland <ul style="list-style-type: none"> <li>Procurement Authority / Procure Energy for 2020</li> <li>Schedule of New Rate Structure / Rebate Program</li> </ul>	<ul style="list-style-type: none"> <li>Action</li> <li>Informational</li> </ul>
January 24, 2019	<b>Advisory Committee</b> WOODLAND	Thursday, January 24 <sup>th</sup> at City of Woodland Council Chambers, Woodland <ul style="list-style-type: none"> <li>Preliminary Discussion on New Rate Structure / Rebate Program</li> </ul>	<ul style="list-style-type: none"> <li>Discussion / Formation of Task Group / timeline</li> </ul>
February 4, 2019	<b>Advisory Committee</b> DAVIS	<ul style="list-style-type: none"> <li>Status on New Rate Structure / Rebate Program</li> <li>Net Energy Metering (NEM) Enrollment – Reassessment</li> </ul>	<ul style="list-style-type: none"> <li>Discussion</li> <li>Discussion</li> </ul>
February 14, 2019	<b>Board</b> DAVIS	<ul style="list-style-type: none"> <li>ERRA/PCIA/PG&amp;E</li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>
March 4, 2019	<b>Advisory Committee</b> WOODLAND	<ul style="list-style-type: none"> <li>New Rate Structure / Rebate Program – Draft Recommendation</li> <li>Net Energy Metering (NEM) Enrollment – Reassessment</li> <li>Time of Use for Residential Customers</li> </ul>	<ul style="list-style-type: none"> <li>Action: Draft Recommendation</li> <li>Discussion</li> <li>Info./Discussion</li> </ul>
March 14, 2019	<b>Board</b> WOODLAND	<ul style="list-style-type: none"> <li>Preliminary FY19/20 Operating Budget (Regular)</li> <li>New Rate Structure / Rebate Program – Review Preliminary Recommendation and Staff Report</li> </ul>	<ul style="list-style-type: none"> <li>Review</li> <li>Review and provide feedback</li> </ul>
April 1, 2019	<b>Advisory Committee</b> DAVIS	<ul style="list-style-type: none"> <li>New Rate Structure / Rebate Program – Finalize Recommendation</li> <li>Net Energy Metering (NEM) Enrollment – Reassessment</li> <li>Time of Use for Residential Customers</li> </ul>	<ul style="list-style-type: none"> <li>Action: Finalize Recommendation to Board</li> <li>Discussion</li> <li>Discussion</li> </ul>
April 11, 2019	<b>Board</b> DAVIS	<ul style="list-style-type: none"> <li>New Rate Structure / Rebate Program</li> </ul>	<ul style="list-style-type: none"> <li>Approve</li> </ul>

April 29, 2019	<b>Advisory Committee</b> WOODLAND	<ul style="list-style-type: none"> <li>• Net Energy Metering (NEM) Enrollment – Reassessment – Draft Report</li> <li>• Time of Use for Residential Customers</li> </ul>	<ul style="list-style-type: none"> <li>• Discussion</li> <li>• Discussion</li> </ul>
May 9, 2019	<b>Board</b> WOODLAND	<ul style="list-style-type: none"> <li>• Final Approval of FY19/20 Operating Budget (Consent)</li> </ul>	<ul style="list-style-type: none"> <li>• Approve</li> </ul>
June 3, 2019	<b>Advisory Committee</b> DAVIS	<ul style="list-style-type: none"> <li>• Net Energy Metering (NEM) Enrollment – Reassessment Finalize Report to Board</li> </ul>	<ul style="list-style-type: none"> <li>• Action: Recommendation to Board</li> </ul>
June 13, 2019	<b>Board</b> DAVIS	<ul style="list-style-type: none"> <li>• Net Energy Metering (NEM) Enrollment Reassessment Report</li> </ul>	<ul style="list-style-type: none"> <li>• Action</li> </ul>
July 1, 2019	<b>Advisory Committee</b> WOODLAND	<ul style="list-style-type: none"> <li>• Time of Use for Residential Customers</li> </ul>	<ul style="list-style-type: none"> <li>• Discussion</li> </ul>
July 11, 2019	<b>Board</b> WOODLAND	<ul style="list-style-type: none"> <li>•</li> </ul>	<ul style="list-style-type: none"> <li>•</li> </ul>
July 29, 2019	<b>Advisory Committee</b> DAVIS	<ul style="list-style-type: none"> <li>• Time of Use for Residential Customers (Draft Report)</li> </ul>	<ul style="list-style-type: none"> <li>• Discussion</li> </ul>
August 8, 2019	<b>Board</b> DAVIS	<ul style="list-style-type: none"> <li>•</li> </ul>	<ul style="list-style-type: none"> <li>•</li> </ul>
September 2, 2019 HOLIDAY NEED TO RESCHEDULE	<b>Advisory Committee</b> WOODLAND	<ul style="list-style-type: none"> <li>• Time of Use for Residential Customers Report - Finalization</li> </ul>	<ul style="list-style-type: none"> <li>• Action: Recommendation to Board</li> </ul>
September 12, 2019	<b>Board</b> WOODLAND	<ul style="list-style-type: none"> <li>• Time of Use for Residential Customers Report</li> </ul>	<ul style="list-style-type: none"> <li>• Action</li> </ul>
September 30, 2019	<b>Advisory Committee</b> DAVIS	<ul style="list-style-type: none"> <li>• Committee Evaluation of Calendar Year End (Draft Report)</li> </ul>	<ul style="list-style-type: none"> <li>• Discussion</li> </ul>
October 10, 2019	<b>Board</b> DAVIS	<ul style="list-style-type: none"> <li>• Approval of FY18/19 Audited Financial Statements (James Marta &amp; Co.)</li> <li>•</li> </ul>	<ul style="list-style-type: none"> <li>• Action</li> </ul>
November 4, 2019 NEED TO FIND DIFFERENT LOCATION	<b>Advisory Committee</b> WOODLAND	<ul style="list-style-type: none"> <li>• Committee Evaluation of Calendar Year End (Draft Report)</li> </ul>	<ul style="list-style-type: none"> <li>• Discussion</li> </ul>

November 14, 2019	<b>Board</b> WOODLAND	•	•
December 2, 2019	<b>Advisory Committee</b> DAVIS	<ul style="list-style-type: none"> <li>• Election of Officers for 2020</li> <li>• Finalization of Committee Calendar Year End Report</li> </ul>	<ul style="list-style-type: none"> <li>• Nominations</li> <li>• Approve Report</li> </ul>
December 12, 2019	<b>Board</b> DAVIS	<ul style="list-style-type: none"> <li>• Election of Officers for 2020</li> <li>• Receive CAC Calendar Year End Report</li> </ul>	<ul style="list-style-type: none"> <li>• Nominations</li> <li>• Receive</li> </ul>

## VALLEY CLEAN ENERGY ALLIANCE

### Staff Report – Item 7

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

**FROM:** Lisa Limcaco, Finance and Operations Director, VCEA  
Chad Rinde, Chief Financial Officer, Yolo County  
Mitch Sears, Interim General Manager, VCEA

**SUBJECT:** Financial Update – November 30, 2018 (unaudited) financial statements (with comparative year to date information) and Actual vs. Budget year to date ending November 30, 2018

**DATE:** January 23, 2019

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#### **RECOMMENDATION:**

Accept the Financial Statements (unaudited) for the period of November 1, 2018 to November 30, 2018 (with comparative year to date information) and Actual vs. Budget year to date ending November 30, 2018.

#### **BACKGROUND & DISCUSSION:**

The attached financial statements are prepared in a form to satisfy the debt covenants with River City Bank pursuant to the Line of Credit and are required to be prepared monthly.

The Financial Statements include the following reports:

- Statement of Net Position
- Statement of Revenues, Expenditures and Changes in Net Position
- Statement of Cash Flows

In addition, staff is reporting the Actual vs. Budget variances year to date ending November 30, 2018.

#### Financial Statements for the period November 1, 2018 – November 30, 2018

In the Statement of Net Position, VCEA as of November 30, 2018 has a total of \$4,304,479 in its checking, money market and lockbox accounts, \$1,100,000 restricted assets for the Debt Service Reserve account and \$265,633 restricted assets for the Power Purchases Reserve account. VCEA has incurred obligations from Member agencies and SMUD and owes as of November 30, 2018 \$662,059 and \$1,512,360 respectively for a grand total of \$2,174,419. VCEA began paying SMUD for the monthly operating expenditures (starting with November 2018 expenditures) and repayment of the deferred amount of

\$1,512,360 over a 24-month period. The outstanding line of credit balance with River City Bank at November 30, 2018 totaled \$1,976,610. At November 30, 2018, VCE's net position is \$2,550,916.

In the Statement of Revenues, Expenditures and Changes in Net Position, VCEA recorded \$2,871,551 of revenue (net of allowance for doubtful accounts) of which \$3,618,685 was billed in November and (\$749,308) represent estimated unbilled revenue (net October and November). The large decrease in unbilled revenues for November is due to the change to winter rates and no demand charges effective November 1, 2018. The cost of the electricity for the November revenue totaled \$2,318,451. For November, VCEA's gross margin is approximately 19.26% and operating income totaled \$264,433.

In the Statement of Cash Flows, VCEA cash flows from operations was \$622,883 due to the cash receipts of revenues from the summer months and a higher payment of October purchased electricity due to a \$847,000 payment of Renewable Energy Credits (REC) purchased in July but paid in November. The October purchased electricity (paid in November) was paid with cash from operations. VCE used the cash from operations to make a \$1,000,000 principal payment on the line of credit in early November.

Actual vs. Budget Variances for the year to date ending November 30, 2018

Below are the financial statement line items with variances >\$25,000 and 5%:

Electric revenues - (\$1,377,733) and (5%)- actual electric revenues are down from budget due to the mild summer weather which led to lower retail customer usage than forecasted load and the deferral of NEM customers until 2020.

Purchased Power – (\$1,021,894) and (5%) – due to customer load is down due to decrease in electric revenues and deferral of NEM customers until 2020.

Labor & Benefits – (\$170,964) and (29%) – the decrease is due to the budgeted Assistant general manager (AGM) position has not been filled. Beginning September 2018, SMUD's Task Order 4 was amended to have SMUD provide proxy AGM services which is included in Contract Labor.

CalCCA dues - \$41,715 and 100% - the increase is due to CalCCA billing on a quarterly basis, but our budget has it as a one-time annual expense in January 2019.

SMUD – Credit Support – (\$25,028) and (9%) – due to the contracted amount is based on wholesale load which is down as explained in Purchased power explanation above.

SMUD – Call Center – (\$26,940) and (8%) – due to contracted amount based on # of customers which are down because of the deferral of ~7,000 NEM customers enrollment until 2020.

Legislative/Regulatory – (\$45,216) and (45%) – the decrease is due to no legislative expenditures incurred year-to-date.

Accounting Services – (\$28,269) and (85%) – due to Yolo County’s accounting department providing accounting services along with the VCE Director of Finance oversight which is ~\$6,000/month less than an outside accounting firm’s fees that were budgeted.

Audit fees – (\$42,000) and (70%) – the decrease is due to the audit fees for the 2017/18 fiscal year were \$18,000 due to only one month of operations compared to the budget of \$60,000.

Marketing Collateral – (\$61,287) and (95%) – the decrease is due to the selection of a new marketing firm made in November.

PG&E Data Fees – (\$58,311) and (36%) – due to timing of the billing from PG&E and the deferral of the NEM customers that were included in the budget.

Contingency – (\$199,729) and (100%) – due to the inclusion of 10% of operating expenses for contingency in the VCE budget.

Interest on RCB loan – (\$146,232) and (71%) – due to lower outstanding Line of credit balance than originally budgeted.

**Attachments:**

- 1) Financial Statements (Unaudited) November 1, 2018 to November 30, 2018 (with comparative year to date information.)
- 2) Actual vs. Budget for year to date ending November 30, 2018



# VALLEY CLEAN ENERGY

**VALLEY CLEAN ENERGY ALLIANCE**

**FINANCIAL STATEMENTS**

**(UNAUDITED)**

**FOR THE PERIOD OF NOVEMBER 1, 2018 TO NOVEMBER 30, 2018**

**(WITH COMPARATIVE YEAR TO DATE INFORMATION)**

**PREPARED ON DECEMBER 21, 2018**



**VALLEY CLEAN ENERGY ALLIANCE**  
**STATEMENT OF NET POSITION**  
**AS OF NOVEMBER 30, 2018**  
**(UNAUDITED)**

**ASSETS**

Current assets:

Cash and cash equivalents	\$ 4,304,479
Accounts receivable, net of allowance	3,944,869
Accrued revenue	1,638,085
Prepaid expenses	12,070
Inventory - Renewable Energy Credits	478,598
Other current assets and deposits	2,540
Total current assets	<u>10,380,641</u>

Restricted assets:

Debt service reserve fund	1,100,000
Power purchase reserve fund	265,633
Total restricted assets	<u>1,365,633</u>

Noncurrent assets:

Other noncurrent assets and deposits	600,000
Total noncurrent assets	<u>600,000</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 12,346,274</u></u>

**LIABILITIES**

Current liabilities:

Accounts payable	\$ 473,608
Accrued payroll	3,994
Interest payable	87,980
Due to member agencies	662,059
Accrued cost of electricity	3,541,230
Other accrued liabilities	1,512,360
User taxes and energy surcharges	37,517
Total current liabilities	<u>6,318,748</u>

Noncurrent liabilities

Line of credit	1,976,610
Loans from member agencies	1,500,000
Total noncurrent liabilities	<u>3,476,610</u>
<b>TOTAL LIABILITIES</b>	<u><u>\$ 9,795,358</u></u>

**NET POSITION**

Net position:

Restricted	
Local Programs Reserve	\$ 39,747
Unrestricted	2,511,169
<b>TOTAL NET POSITION</b>	<u><u>\$ 2,550,916</u></u>

**VALLEY CLEAN ENERGY ALLIANCE**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN NET POSITION**  
**FOR THE PERIOD OF NOVEMBER 1 TO NOVEMBER 30, 2018**  
**(WITH COMPARATIVE YEAR TO DATE INFORMATION)**  
**(UNAUDITED)**

	FOR THE PERIOD ENDING NOVEMBER 30, 2018	YEAR TO DATE
<b>OPERATING REVENUE</b>		
Electricity sales, net	\$ 2,871,551	\$ 25,564,944
Other revenue	-	-
<b>TOTAL OPERATING REVENUES</b>	<b>2,871,551</b>	<b>25,564,944</b>
<b>OPERATING EXPENSES</b>		
Cost of electricity	2,318,451	19,944,085
Contract services	173,835	992,287
Staff compensation	79,104	408,596
General, administration, and other	29,308	161,628
<b>TOTAL OPERATING EXPENSES</b>	<b>2,600,698</b>	<b>21,506,596</b>
<b>TOTAL OPERATING INCOME (LOSS)</b>	<b>270,853</b>	<b>4,058,348</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest income	2,824	3,794
Interest and related expenses	(9,244)	(87,373)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>(6,420)</b>	<b>(83,579)</b>
<b>CHANGE IN NET POSITION</b>	<b>264,433</b>	<b>3,974,769</b>
Net position at beginning of period	2,286,483	(1,423,853)
Net position at end of period	<b>\$ 2,550,916</b>	<b>\$ 2,550,916</b>

**VALLEY CLEAN ENERGY ALLIANCE**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE PERIOD OF NOVEMBER 1 TO NOVEMBER 30, 2018**  
**(WITH COMPARATIVE YEAR TO DATE INFORMATION)**  
**(UNAUDITED)**

	<b>FOR THE PERIOD ENDING NOVEMBER 30, 2018</b>	<b>YEAR TO DATE</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from electricity sales	\$ 4,325,220	\$ 22,839,666
Payments to purchase electricity	(3,658,972)	(19,118,804)
Payments for contract services, general, and administration	34,177	(134,582)
Payments for staff compensation	(77,542)	(299,011)
<b>Net cash provided (used) by operating activities</b>	<b>622,883</b>	<b>3,287,269</b>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Draw of line of credit	-	4,376,610
Principal payments of Line of Credit to bank	(1,000,000)	(4,000,000)
Interest and related expenses	(13,936)	(60,949)
<b>Net cash provided (used) by non-capital financing activities</b>	<b>(1,013,936)</b>	<b>315,661</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest income	2,824	3,794
<b>Net cash provided (used) by investing activities</b>	<b>2,824</b>	<b>3,794</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(388,229)</b>	<b>3,606,724</b>
Cash and cash equivalents at beginning of period	6,058,341	2,063,388
<b>Cash and cash equivalents at end of period</b>	<b>\$ 5,670,112</b>	<b>\$ 5,670,112</b>
Cash and cash equivalents included in:		
Cash and cash equivalents	\$ 4,304,479	\$ 4,304,479
Restricted assets	1,365,633	1,365,633
<b>Cash and cash equivalents at end of period</b>	<b>\$ 5,670,112</b>	<b>\$ 5,670,112</b>

**VALLEY CLEAN ENERGY ALLIANCE**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE PERIOD OF NOVEMBER 1 TO NOVEMBER 30, 2018**  
**(WITH COMPARATIVE YEAR TO DATE INFORMATION)**  
**(UNAUDITED)**

	<b>FOR THE PERIOD ENDING NOVEMBER 30, 2018</b>	<b>YEAR TO DATE</b>
	<u>                    </u>	<u>                    </u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating Income (Loss)	\$ 270,853	\$ 4,058,348
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
(Increase) decrease in net accounts receivable	754,300	(3,939,198)
(Increase) decrease in accrued revenue	749,212	1,186,405
(Increase) decrease in prepaid expenses	8,758	(12,070)
(Increase) decrease in inventory - renewable energy credits	251,430	(42,011)
Increase (decrease) in accounts payable	415,644	336,133
Increase (decrease) in accrued payroll	1,562	2,370
Increase (decrease) in due to member agencies	19,550	127,420
Increase (decrease) in accrued cost of electricity	(1,591,951)	867,291
Increase (decrease) in other accrued liabilities	(206,632)	675,066
Increase (decrease) in user taxes and energy surcharges	(49,843)	27,515
<b>Net cash provided (used) by operating activities</b>	<u>\$ 622,883</u>	<u>\$ 3,287,269</u>

**VALLEY CLEAN ENERGY**  
**ACTUAL VS. BUDGET FYE 6-30-2019**  
**FOR THE YEAR TO DATE ENDING November 30, 2018**

Description	11/30/2018	11/30/2018	YTD Variance	%
	YTD FY2019 Actuals	YTD FY2019 Budget		
Electric Revenue	\$ 25,564,944	\$ 26,942,677	\$ (1,377,733)	-5%
Interest Revenues	3,794	27,601	(23,807)	-86%
Purchased Power	19,944,085	20,965,979	(1,021,894)	-5%
Labor & Benefits	408,596	579,560	(170,964)	-29%
Salaries & Wages/Benefits	136,922	310,360	(173,438)	-56%
Contract Labor	265,663	264,167	1,497	1%
Human Resources & Payroll	6,011	5,033	978	19%
Office Supplies & Other Expenses	47,302	24,700	22,602	92%
Technology Costs	2,928	6,500	(3,572)	-55%
Office Supplies	921	500	421	84%
Travel	1,738	12,700	(10,962)	-86%
CalCCA Dues	41,715	-	41,715	100%
Memberships	-	5,000	(5,000)	-100%
Contractual Services	992,285	1,214,078	(221,793)	-18%
LEAN Energy	4,496	12,000	(7,505)	-63%
Don Dame	2,391	3,000	(609)	-20%
SMUD - Credit Support	268,009	293,037	(25,028)	-9%
SMUD - Wholesale Energy Services	258,710	235,000	23,710	10%
SMUD - Call Center	295,665	322,605	(26,940)	-8%
CirclePoint	57,536	72,801	(15,265)	-21%
Legal	24,397	17,780	6,617	37%
Legislative/Regulatory	54,784	100,000	(45,216)	-45%
Accounting Services	5,064	33,333	(28,269)	-85%
Audit Fees	18,000	60,000	(42,000)	-70%
Marketing Collateral	3,234	64,521	(61,287)	-95%
Rents & Leases	6,998	7,000	(3)	0%
Hunt Boyer Mansion	6,998	7,000	(3)	0%
Future Office Space	-	-	-	0%
Other A&G	103,151	169,453	(66,301)	-39%
PG&E Data Fees	102,991	161,303	(58,311)	-36%
Community Engagement Activities & Sponsorships	150	5,000	(4,850)	-97%
Green-e Certification	-	1,250	(1,250)	-100%
Banking Fees	10	1,900	(1,890)	-99%
Miscellaneous Operating Expenses	4,181	2,500	1,681	67%
Contingency	-	199,729	(199,729)	-100%
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 21,506,598</b>	<b>\$ 23,162,998</b>	<b>\$ (1,656,400)</b>	<b>-7%</b>
Interest Expense - Munis	18,465	19,773	(1,308)	-7%
Interest on RCB loan	58,670	204,902	(146,232)	-71%
Interest Expense - SMUD	10,236	7,750	2,486	32%
<b>NET INCOME</b>	<b>\$ 3,974,769</b>	<b>\$ 3,574,855</b>	<b>\$ 399,914</b>	<b>11%</b>

# VALLEY CLEAN ENERGY ALLIANCE

## Staff Report – Agenda Item 8

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To: Valley Clean Energy Alliance Board of Directors

From: Mitch Sears, Interim General Manager

Subject: Regulatory Monitoring Report

Date: January 23, 2019

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**RECOMMENDATION:** Receive regulatory monitoring report.

### Regulatory Priorities

The Keyes and Fox Board report includes several priority issues including:

1. A Proposed Decision has been issued in PG&E's ERRA Forecast proceeding, which will set the PCIA rate in 2019 for VCE customers. That proposed decision, as well as one in the Resource Adequacy rulemaking, could be considered at the CPUC's January 31, 2019 Business Meeting.
2. PG&E filed its Phase I general rate case. Of note, PG&E is proposing a new non-bypassable charge that would shift certain costs related to its hydroelectric generation resources from its bundled customers to all customers, including VCE customers.
3. In "Other Regulatory Developments" this month, we had some major developments, including (1) PG&E announcing its intent to reorganize under Chapter 11, (2) CPUC opening two new rulemakings related to wildfire cost recovery and de-energization of power lines, and (3) a U.S. District Court judge modifying the terms of PG&E's probation, which could result in more frequent power outages during Wildfire Season to ensure safety.

**Attachment:** Keyes & Fox January 16, 2019 Regulatory Memorandum

# Valley Clean Energy Alliance

## Regulatory Monitoring Report

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To: Valley Clean Energy Alliance Board of Directors

From: Tim Lindl, Partner, Keyes & Fox LLP  
Sheridan Pauker, Partner, Keyes & Fox, LLP  
Ben Inskeep, Sr. Analyst, EQ Research, LLC

Subject: Regulatory Update

Date: January 16, 2018

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### Summary

Keyes & Fox LLP and EQ Research, LLC, are pleased to provide VCE's Board of Directors with this monthly informational memo describing key California regulatory and compliance-related updates from the California Public Utilities Commission (CPUC), California Energy Commission (CEC), and California Air Resources Board (CARB).

This month's report includes regulatory updates on the following priority issues:

- PG&E's 2019 Energy Resource and Recovery Account (ERRA) Forecast
- Resource Adequacy (RA)
- PCIA Rulemaking
- PG&E's Phase I General Rate Case (GRC)
- Renewables Portfolio Standard (RPS) Rulemaking
- Integrated Resource Plans
- Tree Mortality Nonbypassable Charge (NBC)
- 2017 Rate Design Window (RDW)
- 2018 RDW
- Other Regulatory Developments

### PG&E's 2019 Energy Resource and Recovery Account Forecast

On December 7, 2018, the judge issued a Proposed Decision (PD). On December 27, 2018, the judge issued a Ruling asking parties to confirm or correct the PCIA revenue requirement in his Proposed Decision. The PD was held at the January 10, 2019 meeting until the January 31, 2019 meeting.

- **Background:** Utility ERRA proceedings establish the amount of the PCIA and other nonbypassable charges for 2019. More specifically, they determine fuel and purchased power costs associated with serving bundled customers that utilities may recover in rates. In its November Update, PG&E requested a 2019 total revenue requirement of \$2.929 billion, comprised of \$1.554 billion related to its ERRA, plus three nonbypassable charges: the ongoing Competition Transition Charge (CTC), \$80.3 million; the PCIA, \$1.164 billion; and the Cost Allocation Mechanism, \$131.1 million. PG&E's forecasted 2019 revenue requirement for the PCIA

in its November Update is 84.1% higher than its approved 2018 revenue requirement, whereas the CTC and CAM revenue requirements decreased by 3.3% and 7.5%, respectively.

- **Details:** The PD rejects PG&E's proposals on (1) forecasting sales at the sales price rather than the market price benchmark and (2) allocating the PCIA based on billing determinants less than forecasted system sales. The judge's subsequent Ruling corrected the values initially included in the PD, resulting in a reduction in the PCIA revenue requirement from \$1.164 billion to \$1.042 billion, a decrease of about \$122 million, and the 2019 total revenue requirement from \$2.929 billion to \$2.907 billion, a decrease of \$22 million.
- **Analysis:** This proceeding implements the October Track 2 Decision from the PCIA docket and will establish the amount of the PCIA for VCE's 2019 rates and the level of PG&E's generation rates for bundled customers.
- **Next Steps:** The PD will be considered for adoption, at the earliest, at the CPUC's January 31, 2019 Business Meeting. This delay means new 2019 PCIA rates may not be implemented until March or potentially April, 2019.
- **Additional Information:** [Ruling](#) (December 27, 2018); [Proposed Decision](#) (December 7, 2018); [PG&E November Update](#) with proposed PCIA rates on page 60 (November 9, 2018); [Joint NorCal CCA Motion](#) (October 24, 2018); [Scoping Memo and Ruling](#) (August 16, 2018); [CCA Parties' Protest](#) (July 5, 2018); [PG&E's Application](#) (June 1, 2018); [PG&E's Testimony](#) (June 1, 2018); Docket No. [A.18-06-001](#).

## Resource Adequacy (RA)

Stakeholders are currently awaiting issuance of a Track 2 Decision that would implement multi-year requirements and establish the utilities as the central buyers for Local RA requirements. The vast majority of comments filed by parties have been critical of the CPUC's central procurement entity proposal. Separately, the judge requested comments on Energy Division's updated Effective Load Carrying Capacity (ELCC) proposal, but later issued a Ruling suspending the date for filing comments.

- **Background:** This proceeding has three tracks, and is currently focused on Track 2. [Track 1](#) addressed 2019 local and flexible RA capacity obligations and several near-term refinements to the RA program and is closed. Currently in [Track 2](#), the CPUC is considering the adoption of multi-year local RA requirements and moving to a Central Buyer mechanism for local RA. A future [Track 3](#) will address issues including 2020 RA requirements, potential revisions to RA counting rules for weather-sensitive and local demand response resources, and other issues that arise.

The ELCC is a calculation for adjusting the capacity value of a generator for RA counting purposes based how it performs relative to a perfect generator.

- **Details:** Energy Division's ELCC proposal recommends allocating all excess storage capacity to solar because solar is the primary source of over-generation that is used to charge storage, leaving storage with a 100% ELCC and modifying the ELCC of both solar and wind resources. This tends to increase the solar ELCC value relative to what it would be under a split or all wind allocation by a sizable amount during March - May, but decreases it slightly during some other months. For wind, the effect of assigning the storage excess to solar produces a generally opposite effect, reducing the ELCC relative to a split or wind-only allocation most prominently during March - May. Under any storage allocation scenario, the solar and wind ELCC values remain generally lower than the previously adopted ELCC monthly values except for modest increases during winter months.

As previously reported, the pending PD designates distribution utilities as the central procurement entity for [Local](#) RA for their respective distribution service areas and adopts requirements for implementing a multi-year [Local](#) RA procurement process beginning for the 2020 compliance year. Load-serving entities (LSEs) like VCE would continue to procure RA to meet their [System](#) and [Flexible](#) requirements. The PD also adopts a full procurement model in which the central buyers procure for local resources within their service areas rather than a residual procurement



model that would have allowed LSEs to procure local resources based on their preferences. A competitive solicitation process will be conducted by the central buyers for three-year local RA procurement, with bids selected based on a least-cost, best-fit methodology. Finally, the PD directs Energy Division to post a summary list of the resources listed on each LSE's monthly RA plans for the previous year, including the scheduling resource ID, scheduling coordinator ID or counterparty, zonal location, and local area.

- **Analysis:** If adopted by the CPUC, the PD would affect VCE's RA compliance obligations beginning in 2020 and result in a new RA procurement framework in California that would impact VCE's ability to procure Local RA capacity on its own behalf. Costs would be recovered by the IOUs through the CAM charge. The PD would also result in increased transparency regarding which resources each LSE has used to meet its RA obligations in the previous year.
- **Next Steps:** The PD will be considered, at the earliest, at the CPUC's January 31, 2019 Business Meeting. The proceeding will remain open thereafter for Track 3, at which time RA issues not addressed or only partially addressed in the decision may be considered.
- **Additional Information:** [Ruling](#) suspending ELCC comment deadline (January 3, 2019); [Ruling](#) requesting comments on [updated ELCC proposal](#) (December 4, 2018); [Track 2 Proposed Decision](#) (November 2018); [2017 Resource Adequacy Report](#) (August 3, 2018); [D.18-06-030](#) setting local capacity requirements and resource adequacy program revisions and [D.18-06-031](#) adopting flexible capacity requirements for 2019 (both on June 22, 2018); [Scoping Memo and Ruling](#) (January 1, 2018; [modified](#) in part on May 2, 2018); Docket No. [R.17-09-020](#).

## PCIA Rulemaking

In December, a prehearing conference was held, and parties are now awaiting the issuance of a Scoping Ruling and the Commission's ruling on Applications for Rehearing. In addition, PG&E filed Advice Letter (AL) 5440-E establishing its Portfolio Allocation Balancing Account (PABA) to implement the annual PCIA true-up, pursuant to the Track 2 PCIA Decision issued in October 2018. CalCCA protested the AL as overly broad.

- **Background:** The first phase of this proceeding had two tracks. [Track 1](#) addressed the PCIA exemption currently in place for CCA customers participating in the California Alternate Rates for Energy (CARE) and Medical Baseline (MB) programs. [Track 2](#) addressed alternatives to the current PCIA methodology.

Currently, the CPUC is considering Applications for Rehearing of its Track 2 Decision and has opened Phase 2 of this proceeding to address additional PCIA issues.

- **Details:** CCAs including VCE will be name as a respondent in the forthcoming Phase 2 Scoping Ruling. Working groups will be established to address the following issues: (1) benchmark true-up related to resource adequacy and the RPS, (2) prepayment, (3) portfolio optimization and cost reduction, and (4) allocation and auction. In a December 21 email, the utilities requested that PG&E be assigned to co-chair the Benchmark True-Up working group, SCE co-chair the Portfolio Optimization working group, and SDG&E co-chair the Prepayment working group.
- **Analysis:** Phase 2 of this proceeding could further affect the PCIA paid by VCE's customers in future (post-2019) years, as well as other important PCIA issues that could impact CCAs such as prepayment.
- **Next Steps:** The judge is expected to issue a Scoping Ruling for Phase 2 within the next few weeks. After January 18, 2019, parties that filed Applications for Rehearing may appeal the Commission's decision. A new reporting requirement established in the Track 2 Decision during Phase 1 requires VCE to file specific contract information with the Energy Division by January 31, 2019.
- **Additional Information:** [PG&E AL 5440-E](#) (December 10, 2018); [ALJ Ruling](#) scheduling prehearing conference (November 29, 2018); Applications for Rehearing of D.18-10-019: [PCE](#),

[SCP, and MCE](#), [Shell Energy North America](#), [CalCCA](#), [California Large Energy Consumers Association](#), [Protect Our Communities Foundation and Utility Consumers' Action Network](#) (November 19, 2018); [D.18-10-019](#) Track 2 Decisions adopting the Alternate Proposed Decision (October 19, 2018); [D.18-09-013](#) Track 1 Decision approving PG&E Settlement Agreement (September 20, 2018); Docket No. [R.17-06-026](#).

## PG&E Phase I General Rate Case (GRC)

On December 13, 2018, PG&E filed its Phase I GRC application.

- Background:** PG&E's three-year GRC covers the 2020-2022 period. For 2020, it has requested an additional \$1.058 billion (from \$8.518 billion to \$9.576 billion), or a 12.4% increase over its 2019 authorized revenue requirement, comprised of increases related to its gas distribution (\$2.097 billion total, or a \$134 million increase), electric distribution (\$5.113 billion total, or a \$749 million increase), and generation (\$2.366 billion total, or a \$175 million increase) services. If approved, it would increase a typical monthly residential electric (500 kWh) and natural gas (34 therms) customer bill by \$10.57, or 6.4%, comprised of an electric bill increase of \$8.73 and a gas bill increase of \$1.84. For 2021 and 2022, PG&E requested total increases of \$454 million and \$486 million, respectively. *Note that PGE's GRC does not include a request for cost recovery related to 2017 and 2018 wildfire liabilities.*

- Details:** Overall, more than half of PG&E's proposed increase in this GRC is directly related to wildfire prevention, risk reduction, and additional safety enhancements. Specifically, PG&E proposes expanding its integrated wildfire mitigation strategy, the Community Wildfire Safety Program, which PG&E established following the October 2017 North Bay wildfires to mitigate wildfire threats, with plans to spend an incremental \$5 billion between 2018-2022. PG&E is also requesting a two-way balancing account for insurance premiums and other financial-risk transfer instruments, under which it would be permitted to recover up to \$2 billion in insurance costs.

Significantly, PG&E is proposing to shift substantial hydroelectric generation costs into a non-bypassable charge, arguing that its hydro facilities provide benefits beyond electricity generation. PG&E proposes to shift costs associated with these alleged public benefits from its generation rates (applicable only to bundled customers) to a non-bypassable charge (e.g., the Electric Public Purpose Programs charge). Examples of current and future costs that would be recovered through the non-bypassable charge include, but are not limited to: (1) protection of the natural habitat of fish, wildlife, and plants; (2) outdoor public recreation; (3) protection of historic resources; (4) compliance with conservation easements on the watershed lands; (5) post-decommissioning activities that are a result of FERC orders. PG&E estimates that the unrecovered historic costs that it would shift to the non-bypassable electric charge are \$83.1 million for fish and wildlife and recreation values, plus tens of millions in forecasted future costs, with new license compliance (~\$59 million in 2021-2022) expected as the largest subcategory of future expenses.

PG&E is also proposing to establish solar, fuel cell, and hydroelectric decommissioning reserves, a safety-related shareholder earnings adjustment mechanism. The filing also includes PG&E's 10-year Grid Modernization Plan.

- Analysis:** PG&E's GRC proposals include shifting substantial costs associated with its hydroelectric generation from its generation rates (applicable only to its bundled customers) into a non-bypassable charge affecting all of its distribution customers, including VCE customers, which would negatively affect the competitiveness of VCE's rates relative to PG&E's.

**Next Steps:** Protests are due January 17, 2019. The CPUC Energy Division and PG&E will be hosting a Public Workshop on January 25, 2019. PG&E will propose its cost allocation and rate design in its 2020 GRC Phase II proceeding, which PG&E plans to file in August 2019.

- Additional Information:** [Application](#) and [PG&E GRC Website](#) (December 13, 2018). [A.18-12-009](#)

## Renewables Portfolio Standard (RPS) Rulemaking

On December 21, 2018, the CPUC issued Draft Resolution E-4977, which would amend the Bioenergy Renewable Auction Mechanism (BioRAM) Program and extend certain contracts pursuant to SB 901. On December 24, 2018, the IOUs filed Advice Letters (ALs) implementing adjustments to their Bioenergy Market Adjusting Tariff (BioMAT) tariffs as required by D.18-11-004. In December and January, parties filed comments and reply comments on the Draft Resolution and the BioMAT staff proposal.

- **Background:** On July 12, 2018, the CPUC adopted an Order Instituting Rulemaking (OIR) establishing this proceeding to address RPS-related issues going forward. The November 2018 scoping memo and ruling clarified that the issues to be addressed in this proceeding are threefold: (1) implementing existing and new statutory requirements that are mandated or may be mandated during the course of this proceeding; (2) continuing and completing specific tasks identified in R.15-02-020 (the now-closed previous RPS docket), but not completed prior to the issuance of this new Order Instituting Rulemaking (OIR); and (3) continuing, monitoring, reviewing, and improving elements of the RPS program that have previously been put in place, including identifying additional program elements that could be developed.
- **Details:** The Draft Resolution orders the IOUs to amend their BioRAM contracts in several ways and to seek to extend certain BioRAM and other biomass contracts by five years, in accordance with SB 901. Parties filed comments on this Draft Resolution on January 11, 2019.

The ALs implement the CPUC's Decision making changes to interconnection rules for California's Bioenergy Market Adjusting Tariff (BioMAT) program in accordance with Assembly Bill 1923. No parties protested these ALs.

- **Analysis:** This proceeding will affect VCE's RPS compliance obligations in 2019 and thereafter. This proceeding will also impact PG&E's RPS compliance obligations and above-market costs for the PCIA calculation. Potential issues to be addressed that could impact VCE include, but are not limited to, implementing SB 100 (*i.e.*, increasing the RPS to 60% by 2030 and 100% clean energy by 2045), reviewing and revising RPS penalty rules and confidentiality rules, and potentially increasing the RPS procurement percentage for later compliance periods.
- **Next Steps:** Reply comments on the Draft Resolution are due January 16, 2019. A Proposed Decision on individual LSE's 2018 RPS Procurement Plans was anticipated for Q4 2018, but has not been issued. A Ruling on 2019 RPS Procurement Plans is expected in Q2 2019. A Proposed Decision on ELCC, time of delivery factors, and project viability is expected sometime in 2019.
- **Additional Information:** [Draft Resolution E-4977](#) (December 21, 2018); PG&E's [AL-5454-E](#) implementing BioMAT changes from D.18-11-004 (December 24, 2018); [Scoping Ruling](#) (November 9, 2018); [D.18-11-004](#) on interconnection rules in the BioMAT program per AB 1923 (November 8, 2018); [AL-5422](#) on PG&E RPS transactions (November 2, 2018); [Ruling](#) on revised RPS Procurement Plans (September 19, 2018); [Order Instituting Rulemaking](#) (July 23, 2018); [R-18-07-003](#).

## Integrated Resource Planning (IRP)

In December and early January, parties filed comments and reply comments on three separate rulings regarding (1) the 2019-2020 Reference System Plan (RSP) modeling (November 29, 2018 Ruling), (2) how to address emerging electricity market issues in the near-to-medium term that may overlap with resource adequacy issues (November 16, 2018 Ruling), and (3) the production cost modeling approach and schedule (November 15, 2018 Ruling). On January 11, 2019, the judge issued a Ruling providing the recommended preferred system portfolio to support the Preferred System Plan (PSP) for the 2017-2018 IRP cycle, as well as recommendations for CAISO's 2019-2020 Transmission Planning Process (TPP).

- **Background:** In February 2018, the CPUC established the 2017-2018 IRP filing requirements and statewide RSP. VCE submitted its IRP on August 1, 2018. Its next IRP filing is due May 1, 2020.
- **Details:** The January 11, 2019 Ruling seeks comments on the analysis supporting its preferred system portfolio recommendation, whether the recommended preferred system portfolio is reasonable, and any actions the CPUC should take as a result of the recommended portfolio. The preferred system portfolio is the result of aggregation of data from individual LSE IRP submissions in 2018 as well as modeling relating to reliability. CPUC Staff recommend the adoption of the hybrid conforming portfolio as the basis for the 2017-2018 RSP. Regarding the 2019-2020 TPP, CPUC Staff recommend that the hybrid conforming portfolio (aggregation of the LSE IRPs) be transmitted to CAISO as the reliability base case and the policy-driven base case.
- **Analysis:** The proceeding is now focused on addressing issues that will be relevant to VCE's 2020 IRP filing.
- **Next Steps:** Comments on the January 11, 2019 Ruling are due January 31, 2019, with reply comments due February 11, 2019. A proposed decision on the PSP and individual LSE's 2018 IRPs is anticipated in March 2019. The CPUC is also expected to issue a new Order Initiating a Rulemaking on the 2019-2020 IRP cycle in early 2019.
- **Additional Information:** [Ruling](#) and attachments on [Proposed Preferred System Portfolio for 2017-2018](#) and [Proposed IRP Portfolios for 2019-2020 CAISO Transmission Planning Process](#) (January 11, 2019); [Ruling](#) seeking comments on 2019-2020 Reference System Plan (November 29, 2018); [Ruling](#) seeking comments on reliability issues (November 16, 2018); [Ruling](#) finalizing production cost modeling approach and schedule (November 15, 2018); [VCE's 2018 IRP](#) (August 1, 2018); [D.18-02-018](#) adopting IRP reference plan and load-serving entity requirements (February 13, 2018); Docket No. [R.16-02-007](#).

## Tree Mortality Nonbypassable Charge (NBC)

On December 21, 2018, the CPUC issued Decision (D.)18-12-003, establishing a methodology for calculating a non-bypassable charge that will collect revenue to pay for certain biomass energy procurement by utilities including PG&E.

- **Background:** On November 14, 2016, PG&E, SCE, and SDG&E filed an application seeking a "Tree Mortality Non-Bypassable Charge," and proposed cost recovery through the Public Purpose Program Charge. The utilities asserted that SB 859 (2016) required these costs be allocated to all customers, including unbundled customers. The utilities defined the costs to be allocated as net costs factoring in all contract costs net of energy, ancillary service, and renewable energy credit values.
- **Details:** The Decision establishes the non-bypassable charge that will recover the net costs to the utilities of the tree mortality-related biomass energy procurement, *i.e.*, excluding revenue received by the utilities through sales of energy and ancillary services and the value of RECs related to the procurement. The Decision also clarified that resource adequacy attributes and RECs may not be valued at zero if the attributes are RECs are used by the IOUs for compliance purposes. Costs will be recovered through the Public Purpose Program Charge.
- **Analysis:** The Decision results in additional costs being recovered from VCE customers through the Public Purpose Program Charge.
- **Next Steps:** The proceeding is now closed and will be removed from Board Memoranda going forward.
- **Additional Information:** [D.18-12-003](#) establishing non-bypassable charge (December 13, 2018); [Proposed Decision](#) (November 8, 2018); [Scoping Memo and Ruling](#) establishing the scope and procedural schedule (May 30, 2018); [Ruling](#) denying CalCCA's Motion to include consolidated cost recovery in the scope of this proceeding (March 14, 2018); Docket No. [A.16-11-005](#).

## 2017 Rate Design Window (RDW)

On December 21, 2018, the CPUC issued Decision (D.)18-12-004 in Phase IIA of the proceeding, primarily addressing SDG&E's residential default time-of-use rate design proposal and transition implementation. In January, hearings were held in Phase IIB.

- **Background:** The IOUs' RDW applications have been consolidated into one proceeding. This proceeding is divided into three phases, with the second phase further bifurcated. A May 2018 [Phase I Decision](#) granted PG&E approval to begin transitioning eligible residential customers to TOU rates beginning in October 2020.

The proceeding is now focused on [Phase II](#), which is considering the IOUs' specific rate design proposals for default TOU and other rate options, as well as implementation issues for default TOU. With respect to PG&E, [Phase IIA](#) is focused on PG&E's proposal to restructure the CARE discounts into a single line item percentage discount to the customer's total bill, and [Phase IIB](#) is addressing its rate design proposals and implementation, including a number of issues impacting CCA customers (e.g., PG&E's CCA rate comparison tool and TOU rate design roll out to CCA customers).

[Phase III](#) will consider the IOUs' proposals for fixed charges and/or minimum bills. PG&E proposed raising its minimum bill from \$10/month to \$15/month and implementing a fixed charge beginning at \$3.70/month in the first year and rising to \$7.40/month in the second year.

- **Details:** The Decision resolved Phase IIA issues. It primarily addressed SDG&E's proposed default TOU rate and plan to transition customers. However, the PD also adopted proposals from PG&E and SCE to transition their discounted programs (CARE for PG&E and CARE and Family Electric Rate Assistance for SCE) to provide a percentage-based bill discount in place of the current practice of establishing separate tariffs with discounted rates for these customers. PG&E's and SCE's additional rate design proposals and implementation issues related to their transitions to default TOU rates, which are set to begin in October 2020, will be considered in a subsequent phase of this proceeding.
- **Analysis:** This proceeding will impact the timing, details, and implementation of residential TOU rates for bundled PG&E customers as well as VCE customers via rate design changes to the distribution component of customer bills. It could affect the level of VCE's rates compared to PG&E's, and to the extent VCE mirrors PG&E's residential rate design, lead to changes in the way VCE structures its residential rates.
- **Next Steps:** In Phase IIB, opening briefs are due February 15, 2019, reply briefs are due March 8, 2019, and a Proposed Decision is expected in June 2019. In Phase III, supplemental IOU testimony on the impacts of federal tax changes is due March 29, 2019, with intervenor testimony due May 31, 2019 and rebuttal testimony due June 28, 2019. A Proposed Decision is expected in Q1 2020.
- **Additional Information:** D.18-12-004 on Phase IIA Issues (December 21, 2018); [Ruling](#) requesting supplemental testimony on GHG reduction cost estimates (August 17, 2018); [PG&E Supplemental Testimony](#) (August 17, 2018); [Ruling](#) clarifying scope (July 31, 2018); [D.18-05-011](#) (Phase I) on the timing of a transition to default TOU rates (May 17, 2018); [Amended Scoping Memo](#) (April 10, 2018); PG&E Rate Design Window Application & Testimony (December 20, 2017); Docket No. [A.17-12-011](#) (consolidated).

## 2018 RDW

In December, the Agricultural Energy Consumers Association and California Farm Bureau Federation filed Protests. On January 4, 2019, a prehearing conference was held.



- **Background:** The filing stems from PG&E's recently completed Phase 2 rate case, where a new set of default rates (AG-A, AG-B, and AG-C) and opt-in rates (AG-RA, AG-RB, and AG-RC) were adopted to replace the legacy set of agricultural rate schedules. The associated settlement required to PG&E to file a 2019 RDW proposal seeking bill mitigation measures for "highly impacted" customers, defined as those that would see bill increases over 7% and \$100 per year.
- **Details:** PG&E states that these new rates would replace all of the rates adopted in the 2017 GRC and consequently requests a decision on the RDW Application by April 2019 in order to implement the rates by March 2020, and avoid customer confusion (i.e., by adopting the 2017 GRC rates only to have them replaced soon thereafter).
- **Analysis:** This proceeding could result in changes to rates for PG&E's agricultural customers as well as VCE's customers to the extent they mirror PG&E's rates.
- **Next Steps:** A scoping ruling is likely to be issued.
- **Additional Information:** [PG&E Application](#) (November 26, 2018); [A.18-11-013](#).

## Other Regulatory Developments

- **PG&E Bankruptcy Filing Imminent.** On January 14, 2019, PG&E [provided](#) the required 15-day advance notice that it intends to file petitions on January 29, 2019 to reorganize under Chapter 11 of the U.S. Bankruptcy Code.
- **Federal Judge Orders PG&E to Operate Grid Safely.** A U.S. District Court judge issued a sharply worded [Order](#) modifying the terms of PG&E's probation in light of wildfires allegedly caused by its equipment. The Order requires PG&E to re-inspect its entire grid before the 2019 Wildfire Season in light of PG&E's "history of falsification of inspection reports." During the 2019 Wildfire Season, PG&E would be required to de-energize any part of its grid not yet rated as safe by PG&E. In determining safety, PG&E is forbidden from considering the need for reliability of service, the inconvenience to customers resulting from interruption in service, or its impact upon PG&E's revenues and profits. Parties may respond to the Order by January 23, 2019, to explain why PG&E's conditions of probation should not be modified as described therein. The judge invited the CPUC and CAL FIRE to file comments by January 25, 2019, and attend the hearing that it set for January 30, 2019.
- **Wildfire Cost Recovery (SB 901) Rulemaking Opened.** At its January 10, 2019 Business Meeting, the CPUC [issued](#) an Order Instituting Rulemaking (OIR) on wildfire cost recovery pursuant to SB 901 (R.19-01-006). (Note: The adopted OIR was had not been posted to the CPUC website at the time this memo was written.) This OIR will adopt criteria and a methodology for use by the Commission in future applications for cost recovery of wildfire costs.
- **De-energizing Power Lines Rulemaking Opened.** On December 19, 2018, the CPUC [issued](#) an Order Instituting Rulemaking to examine its rules on allowing electric utilities to de-energize power lines in case of dangerous conditions that threaten life or property in California (R.18-12-005). Staff held workshops in December and January to gather input from first responders, affected communities, and other stakeholders. Comments are due 45 after the issuance of the OIR, which is February 2, 2019; since that is a Saturday, comments will be due Monday, February 4, 2019.
- **PG&E Organization and Governance Scrutinized.** On December 21, 2019, the CPUC issued a [Scoping Memo](#) opening the next phase of an ongoing investigation into whether PG&E's organizational culture and governance prioritize safety (I.15-08-019). The next phase of this proceeding will consider a broad range of alternatives to current management and operational structures for providing electric and natural gas in Northern California, including whether PG&E should be turned into one or more publicly owned utilities, transitioned to a "wires-only" company, or have its electric and natural gas divisions separated into different companies, among a list of other possibilities.

# VALLEY CLEAN ENERGY ALLIANCE

## Staff Report – Agenda Item 9

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**TO:** Valley Clean Energy Alliance Board of Directors  
**FROM:** Mitch Sears, Interim General Manager, VCEA  
**SUBJECT:** Customer Enrollment Update and Call Center Report (Information)  
**DATE:** January 23, 2019

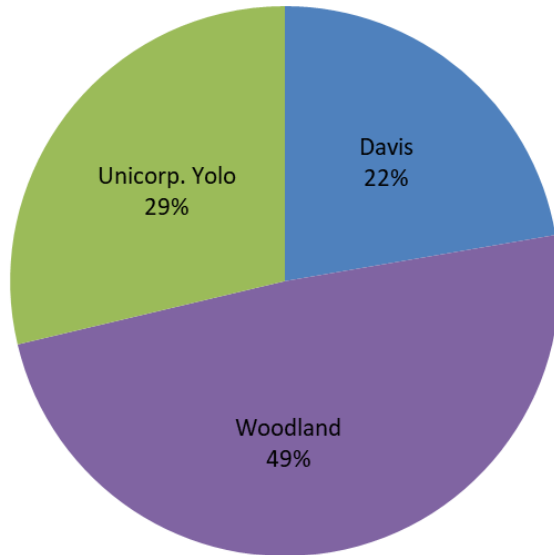
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### RECOMMENDATION

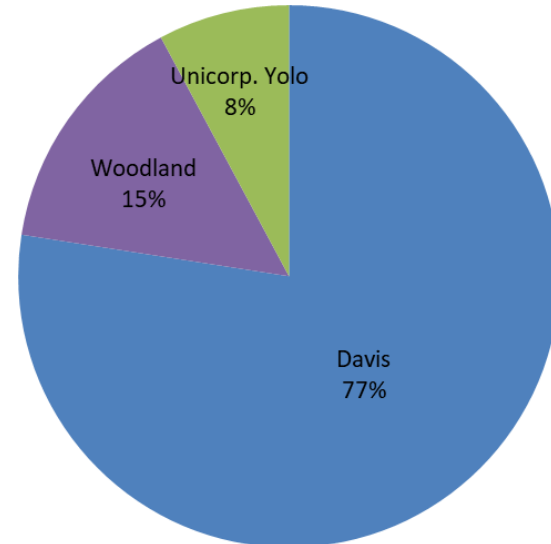
Receive and review the attached Customer Enrollment update as of January 14, 2019 and the monthly Call Center report as of January 9, 2019.

# Enrollment Update

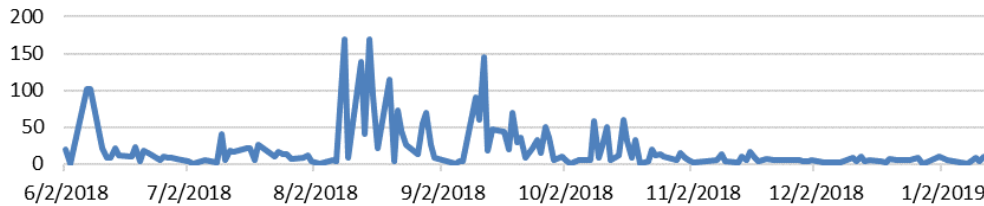
**4,446 Opt Outs**  
6.8% of customers



**102 Opt Ups**



**Daily Opt Outs**



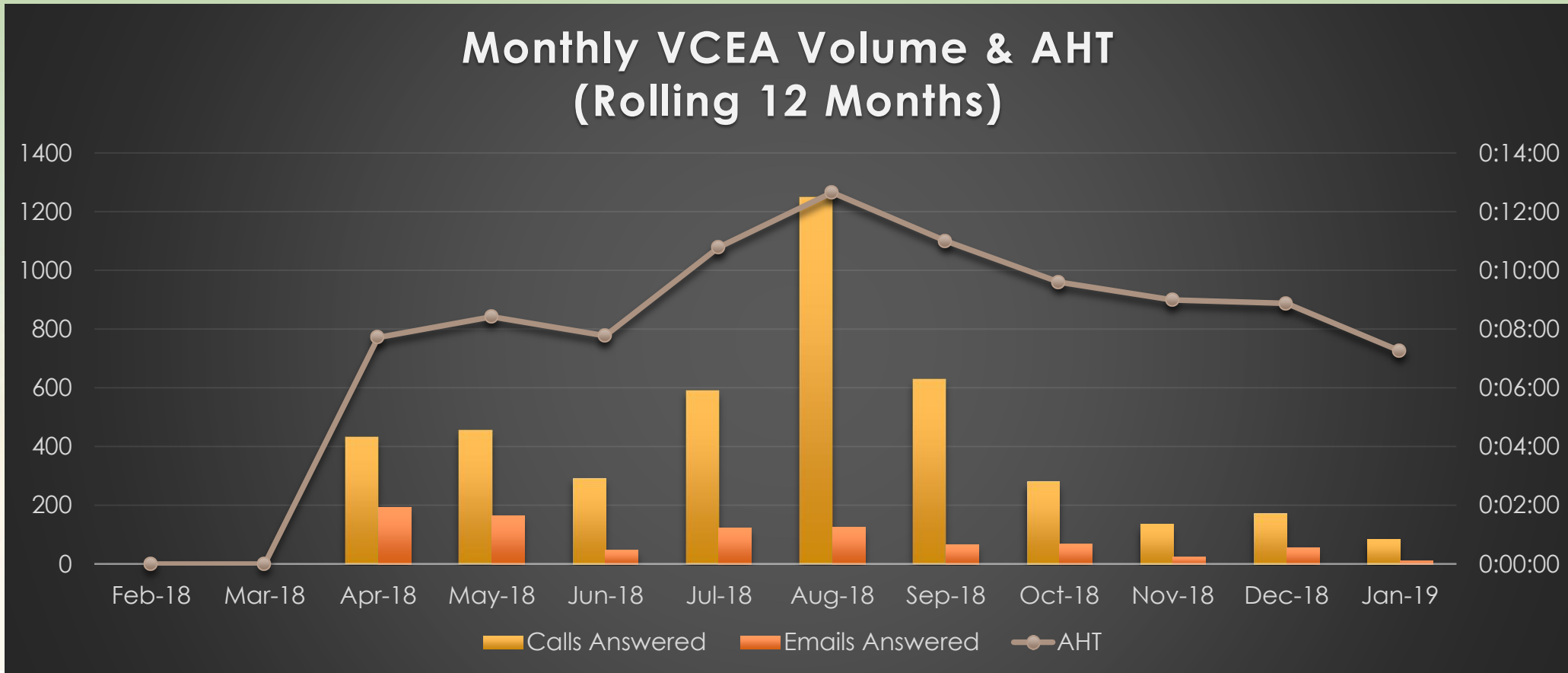
	Eligible	Opt-Out	% Opt Out
Residential	56,500	3,746	6.6%
Non-Residential	8,500	700	8.2%
<b>Total</b>	<b>65,000</b>	<b>4,446</b>	<b>6.8%</b>



Status Date: 1/14/19



# VCE Monthly Call Center Report



## VALLEY CLEAN ENERGY ALLIANCE

### Staff Report – Item 10

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

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

**SUBJECT:** Contract Extensions

**DATE:** January 23, 2019

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#### **RECOMMENDATION:**

Authorize the Interim General Manger to extend the following VCEA’s existing contracts to June 30, 2019:

1. LEAN Energy
2. Donald Dame, Consultant

#### **BACKGROUND & DISCUSSION:**

The contracts with LEAN Energy and Consultant Donald Dame were to terminate on or around VCEA’s launch date, which was in June 2018. On September 13, 2018, the Board extended both contracts to terminate on December 31, 2018. LEAN Energy continues to provide Staff with CCA support services post-launch and in cultivating new opportunities to grow VCEA as a Joint Powers Agency. Approximately \$7,800 remains on LEAN Energy’s contract as of December 31, 2018.

Donald Dame continues to provide professional consulting services, technical review, electric utility expertise, and program implementation assistance among other related skills. Approximately \$3,600 remains on the contract as of December 31, 2018.

#### **CONCLUSION:**

Staff continues to use these consultant services with monies available within the contract terms and recommends to the Board that the two contract terms expire on June 30, 2019.

## VALLEY CLEAN ENERGY ALLIANCE

### Staff Report – Item 11

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To: Valley Clean Energy Alliance Board of Directors

From: Mitch Sears, Interim General Manager, VCEA

Subject: Keyes & Fox – Contract Amendment

Date: January 23, 2019

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**RECOMMENDATIONS:** Authorize the Interim General Manager, in consultation with VCE Legal Counsel, to amend VCE's existing contract with Keyes & Fox LLP for Regulatory and Legal Services in an amount not to exceed \$142,600.

**BACKGROUND & DISCUSSION:** The VCEA Board has previously authorized the Interim General Manager to execute a contract with Keyes & Fox LLP for legal services related to regulatory compliance and regulatory advocacy for an amount not to exceed \$66,667 that expired December 31, 2018.

The Keyes & Fox contract provides the following scope of services: 1) Determine and review regulatory compliance obligations, 2) Support VCE staff as its expert regulatory resource and 3) Review contracts between VCEA and third parties.

In addition to services provided to VCE, Keyes & Fox provides regulatory counsel support to CalCCA and other CCA joint CPUC filings. Since the vast majority of VCE's advocacy in proceedings before regulators is anticipated through CalCCA during 2019, the need for substantial amount of regulatory advocacy for VCE by Keyes & Fox is anticipated to be very limited at this time. However, VCE requires continued regulatory counsel support for CPUC filings and regulatory activities specific to VCE (e.g. Resource Adequacy filings, Integrated Resource Plan submissions, etc). The scope of Keyes & Fox work for VCE is similar to regulatory counsel work required by all individual CCA's. Note: though not a specific line item in the attached scope of work for Keyes and Fox, staff believes experienced regulatory counsel will be critical as VCE and other CCA's determine best course of action in the context of the pending PG&E bankruptcy filing.

The recommended amendment will extend the Keyes & Fox contract to December 31, 2019 and refine the previous scope of services for 2019, for an amount not to exceed \$142,600. All other provisions of the contract remain unchanged. Staff will work with VCE's legal counsel to finalize and execute the recommended amendment.

**FISCAL IMPACT:** The costs associated with the Keyes & Fox contract amendment are accounted for in the VCE's FY 2018/19 Budget approved by the Board at the June 6, 2018 meeting and the projected Proforma costs for 2019/2020.

Costs for the Keyes & Fox contract amendment is a time and materials-based contract not to exceed \$142,600.

#### ATTACHMENT

Draft - Amended Exhibit A – Scope of Services  
Draft - Amended Exhibit C – Schedule of Services  
Draft - Amended Exhibit D - Payment

**EXHIBIT A**

**SCOPE OF SERVICES**

**Services Keyes & Fox LLP Will Provide**

Task 1: Maintain a calendar of regulatory compliance filing obligations and deadlines and provide a weekly snapshot highlighting upcoming filing dates and responsibilities. The weekly snapshot includes CPUC, CAISO, CEC, CARB, and U.S. EIA compliance deliverables.

Task 2: Review compliance filings after they are prepared by SMUD to ensure they are complete and correct prior to filing. A compliance review will be conducted for the following filings: (1) RPS Compliance Report; (2) RPS Procurement Plan; (3) Month-Ahead Resource Adequacy (RA) templates (12 templates total); (4) Monthly Load Migration Forecast (12 templates total); (5) Year-Ahead System, Local and Flexible RAR compliance showing (6 templates total). Once complete, K&F will submit the (1) RPS Compliance Report and (2) RPS Procurement Plan filings to appropriate regulatory authorities on behalf of VCE.

Task 3: Support VCEA staff team as its expert regulatory resource by (i) participating in California Community Choice Association’s (“CalCCA’s”) weekly regulatory call to keep abreast of positions and activities and informing VCEA of any proceedings that will directly impact VCE in a way that CalCCA is not directly addressing, (ii) monitoring key regulatory proceedings (initial list in Exhibit A), notifying VCEA in a timely manner of issues arising in those proceedings that will critically impact VCEA, and attending monthly Board Meetings to explain such issues, if necessary, and (iii) drafting monthly informational memos for the Board of Directors covering the key regulatory proceedings and additional proceedings that may have an impact on VCEA’s compliance obligations.

Task 4: Review contracts entered between VCEA and SMUD and VCEA and third parties. K&F understands many of the key contracts between VCEA and SMUD have already been executed and that the need for additional contracting with SMUD and third parties will be limited, so K&F proposes setting aside a small portion of the total budget for this item.

An initial list of the key regulatory proceedings at the California Public Utilities Commission discussed above is as follows:

Docket Number	Subject Matter
R.11-05-005	Renewable Portfolio Standard
R.16-02-007	Integrated Resource Planning
R.17-06-005	Power Charge Indifference Adjustment
R.17-09-020	Resource Adequacy
A.17-12-011, <i>et al.</i>	PG&E Rate Design Window Proceeding
A.18-12-009	PG&E Phase I GRC
A.19-06-XXX (TBD)	2020 PG&E Energy Resource and Recovery Account Compliance Proceeding (Filed late February 2019)
A.19-06-XXX (TBD)	2020 PG&E Energy Resource and Recovery Account Forecast Proceeding (Filed June 1, 2018)
R.18-10-007	Utility Wildfire Mitigation Plan
A.18-11-018	PG&E 2019 Rate Design Window
I.15-08-019	PG&E Organization Culture & Governance
A.19-08-XXX (TBD)	PG&E Phase II GRC (c. Aug. 2019)
R.19-XX-XXX (TBD)	IRP Rulemaking (New Docket)
R.19-01-XXX (TBD)	Wildfire Cost Recovery Rulemaking (c. Jan 2019)

Note re Regulatory Advocacy: Since the vast majority of VCEA’s advocacy in proceedings before regulators is anticipated to be through CalCCA and others during 2019, the need for drafting of motions for party status, pleadings, responses to discovery requests, comments related to compliance filings, or Advice Letters; conducting significant legal or policy research; reviewing or providing feedback to VCEA on CalCCA or other CCA joint filings; attending CalCCA-related calls other than the monthly regulatory call; or attending hearings, workshops or meetings with regulators is anticipated to be very limited at this time. For example, the tasks above do not include responses to discovery requests or the filing of individual VCEA comments in the Power Charge Indifference Adjustment docket (R.17-06-026). To the extent VCEA requires such work, that work, and any associated expenses, travel, and time spent filing and serving documents, shall be considered “Extra Work” pursuant to Section 4.5 of this Agreement and invoiced at the hourly rates listed in Exhibit D.

**EXHIBIT C**

**SCHEDULE OF SERVICES**

The scope of this contract commences on January 1, 2019 and runs through December 31, 2019. The schedule may be extended by mutual agreement in writing by both parties.

EXHIBIT C

## EXHIBIT D

### **PAYMENT**

Subject to adjustments necessary for the minimum set fee related to Task 3 and the do-not-exceed levels related to Tasks 1-4 (“Do-Not-Exceed”) below, all work will be performed at the hourly billing rates set forth below as “Keyes & Fox LLP 2019 Hourly Rates”.

Keyes & Fox LLP (“K&F”) will invoice Valley Clean Energy Alliance (“VCEA”) monthly. K&F will keep an hourly total of any time spent on VCEA matters. K&F invoices will list the matter worked on and provide information on the dates of service, time involved, attorney or other personnel responsible and activity undertaken. Any unpaid amounts after forty-five (45) days will accrue interest at a rate of nine percent (9%) per annum. All fees for services will be earned as of the time of invoicing.

Expenses, travel time, and time for filing and service are included in the fee structure outlined below unless they are associated with “Extra Work” pursuant to Section 4.5 of this Agreement and, in that case, will be billed at cost (for expenses) or at the billable rates below (for time spent travelling, filing and serving).

Services Keyes & Fox LLP Will Provide	Fee Structure
<p><u>Task 1:</u> Maintain a calendar of regulatory compliance filing obligations and deadlines and provide a weekly snapshot highlighting upcoming filing dates and responsibilities. The weekly snapshot includes CPUC, CAISO, CEC, CARB, and U.S. EIA compliance deliverables.</p>	<p>Billed hourly with a Do-Not-Exceed for 2019 of \$6,600</p>
<p><u>Task 2:</u> Review compliance filings after they are prepared by SMUD to ensure they are complete and correct prior to filing. A compliance review will be conducted for the following filings: (1) RPS Compliance Report; (2) RPS Procurement Plan; (3) Month-Ahead Resource Adequacy (RA) templates (12 templates total); (4) Monthly Load Migration Forecast (12 templates total); (5) Year-Ahead System, Local and Flexible RAR compliance showing (6 templates total). Once complete, K&amp;F will submit the (1) RPS Compliance Report and (2) RPS Procurement Plan filings to appropriate regulatory authorities on behalf of VCE.</p>	<p>Billed hourly with a Do-Not-Exceed for 2019 of \$10,000</p>
<p><u>Task 3:</u> Support VCEA staff team as its expert regulatory resource by (i) participating in California Community Choice Association’s (“CalCCA’s”) weekly regulatory call to keep abreast of positions and activities and informing VCEA of any proceedings that will directly impact VCE in a way that CalCCA is not directly addressing, (ii) monitoring key regulatory proceedings (initial list in Exhibit A), notifying VCEA in a timely manner of issues arising in those proceedings that will critically impact VCEA, and attending monthly Board Meetings to explain such issues, if necessary, and (iii) drafting monthly informational memos for the Board of Directors covering the key regulatory proceedings and additional proceedings that may have an impact on VCEA’s compliance obligations.</p>	<p>\$7,000/month minimum set fee with (a) time spent above the \$7,000 billed hourly and (b) an aggregate Do-Not-Exceed for 2019 for Task 4 of \$115,000</p>



Services Keyes & Fox LLP Will Provide	Fee Structure
<p><u>Task 4</u>: Review contracts entered between VCEA and SMUD and VCEA and third parties. K&amp;F understands many of the key contracts between VCEA and SMUD have already been executed and that the need for additional contracting with SMUD and third parties will be limited, so K&amp;F proposes setting aside a small portion of the total budget for this item.</p>	<p>Billed hourly with a Do-Not-Exceed of \$11,000</p>

Note re Regulatory Advocacy: Since the vast majority of VCEA’s advocacy in proceedings before regulators is anticipated to be through CalCCA and others during 2019, the need for drafting of motions for party status, pleadings, responses to discovery requests, comments related to compliance filings, or Advice Letters; conducting significant legal or policy research; reviewing or providing feedback to VCEA on CalCCA or other CCA joint filings; attending CalCCA-related calls other than the monthly regulatory call; or attending hearings, workshops or meetings with regulators is anticipated to be very limited at this time. For example, the tasks above do not include responses to discovery requests or the filing of individual VCEA comments in the Power Charge Indifference Adjustment docket (R.17-06-026). To the extent VCEA requires such work, that work, and any associated expenses, travel, and time spent filing and serving documents, shall be considered “Extra Work” pursuant to Section 4.5 of this Agreement and invoiced at the hourly rates listed herein.

K&F and VCEA will review the Do-Not-Exceed amounts set forth above upon a request from either VCEA or K&F for such a review. Any changes to the Do-Not-Exceed amounts resulting from such review shall not affect the amount of any fees already earned.

## Keyes & Fox LLP 2019 Hourly Rates

It is K&F's policy to adjust hourly rates for all personnel at the beginning of the calendar year. Rates quoted here are 2019 rates.

### ATTORNEYS

Kevin Fox	340
Tim Lindl	275
Sheridan Pauker	330
Scott Dunbar	220
Beren Argetsinger	200

### NON-ATTORNEYS

Amanda Vanega	170
Justin Barnes	170
Chelsea Barnes	160
Laurel Passera	140
Ben Inskeep	135
Blake Elder	110
Vanessa Luthringer	90

**VALLEY CLEAN ENERGY ALLIANCE**

**RESOLUTION NO. 2019- \_\_\_\_\_**

**A RESOLUTION OF THE VALLEY CLEAN ENERGY ALLIANCE APPROVING AMENDMENT ONE (1) TO THE KEYES & FOX LLP CONTRACT AND AUTHORIZING THE VCEA INTERIM GENERAL MANAGER TO EXECUTE THE AGREEMENT UNDER THE TERMS SET FORTH HEREIN**

**WHEREAS**, the Valley Clean Energy Alliance (“VCEA”) is a joint powers authority 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 (“Davis”) and the City of Woodland (“City”) (the “JPA Agreement”), to collectively study, promote, develop, conduct, operate and manage energy programs; and

**WHEREAS**, on June 26, 2018 an agreement was entered into between Valley Clean Energy and Keyes & Fox LLP to provide legal services related to regulatory compliance and regulatory advocacy in the amount not to exceed \$66,667 expiring December 31, 2018;

**WHEREAS**, Keyes & Fox also provides regulatory counsel support to CalCCA and other Community Choice Aggregators joint California Public Utilities Commission filings;

**WHEREAS**, VCEA and Keyes & Fox negotiated an amendment to the June 26, 2018 agreement that extends the term through December 31, 2019 and refines the previous scope of services for 2019, for an amount not to exceed \$142,600; and,

**NOW, THEREFORE**, the Board of Directors of the Valley Clean Energy Alliance hereby authorizes the VCEA Interim General Manager, in consultation with VCEA Legal Counsel, to finalize, approve and execute on behalf of VCEA the Amendment One (1) to the Agreement in substantial conformance under the terms set forth in this Resolution.

**PASSED, APPROVED, AND ADOPTED**, at a regular meeting of the Valley Clean Energy Alliance, held on the \_\_\_\_\_ day of \_\_\_\_\_, 2019, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

\_\_\_\_\_  
Tom Stallard, VCEA Chair

\_\_\_\_\_  
Alisa M. Lembke, VCEA Board Secretary

**VALLEY CLEAN ENERGY ALLIANCE**  
**Board of Directors Meeting**

**Staff Report – Item 12**

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To: Valley Clean Energy Alliance Board of Directors

From: Mitch Sears, Interim General Manager, VCE

Subject: Approval of Proposal to Retain Pacific Policy Group for Lobbying Services

Date: January 23, 2019

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**RECOMMENDATIONS**

Authorize VCE’s Interim General Manager, in consultation with VCE Legal Counsel, to complete final negotiations and execute a contract to retain Pacific Policy Group for Lobbying services.

**BACKGROUND & DISCUSSION**

During VCE’s first year of operations, there have been several legislative bills identified in the 2017-2018 Legislative session that pose significant issues for CCA’s. Although VCE participates in the joint CalCCA Legislative group for monitoring of legislative bills that may have significant impact on CCA’s, VCE does not have a lobbying and consulting firm that would provide legislative advocacy services for VCE’s specific interests.

Pacific Policy Group, LLC is a Sacramento-based lobbying and consulting firm specializing in improving California’s environmental and renewable energy policies through focused legislative and regulatory strategies specific to the needs of their clients. The firm currently represents Peninsula Clean Energy (CCA) and other public entities.

Pacific Policy Group would provide legislative advocacy services to advance policy priorities. With consultation and agreement with VCE, Pacific Policy Group will advocate VCE’s positions before the legislature in both the policy and budget processes. In addition, Pacific Policy Group will build relationships with stakeholders to foster greater support for CCAs. Staff believes that an experienced and consistent presence representing VCE’s interests at the Legislature is very important and especially critical in the upcoming legislative session given the pending PG&E bankruptcy filing. The proposed scope of work is included as Attachment 1.

**CONCLUSION**

Staff recommends that VCE retain Pacific Policy Group for lobbying services described above for \$5,000 per month retainer for a one-year term for an amount not to exceed \$60,000.

**FISCAL IMPACT**

The costs associated with the Pacific Policy Group proposal are accounted for in the VCE’s FY 2018/19 Budget approved by the Board at the June 6, 2018 meeting and the projected Proforma costs for 2019/2020.

Costs included in the Public Policy Group proposal is \$5,000 per month retainer for one-year, not to exceed \$60,000.

**ATTACHMENT**

Proposal for Lobbying Service – Pacific Policy Group

# PACIFIC POLICY GROUP

## Proposal for Lobbying Service

Pacific Policy Group, LLC (PPG) is a Sacramento-based lobbying and consulting firm specializing in improving California's environmental and renewable energy policies through focused legislative and regulatory strategies that meet the needs of our clients. We have extensive expertise in climate change, clean energy, natural resources, water, and local government. PPG believes in a team-oriented approach to our advocacy and consulting services anchored by first investing in developing an in-depth knowledge of our clients and their priorities.

PPG was established to be a firm whose clients can work together toward the common goal of protecting and enhancing California's natural resources and environment. From working on state-level legislation to empower local governments to deliver more renewable electricity, to pulling state funding together for projects that protect and restore the state's watersheds, PPG's suite of services is dynamic and go beyond those of a traditional lobbying firm.

We are pleased to propose the following scope of lobbying services to Valley Clean Energy (VCE).

- **Provide legislative advocacy services to advance policy priorities.** Working with VCE, PPG will identify specific legislation and legislative issues as well as opportunities in the state budget that require VCE's engagement. With consultation and agreement by VCE, PPG will advocate VCE's positions (support, oppose, request for amendments, etc.) before the legislature in both the policy and budget processes. PPG's activities include:
  - Testifying on behalf of VCE in committee hearings;
  - Representing VCE in meetings with legislators, staff, committee consultants, the Governor's Office and other appropriate members of the Administration;
  - Advocate on behalf of VCE within CalCCA;
  - Representing VCE positions with appropriate stakeholders and within coalitions; and
  - Drafting position letters, fact sheets, and other information pieces that convey VCE's positions.
- **Build relationships with stakeholders to foster greater support for CCAs.** CCAs will need strong relationships with legislators and key decision makers of the administration. Relationships with key stakeholders, such as environmental and environmental justice groups and local governments and their associations are just as important. PPG has strong relationships with many legislators and their staff and the administration but understands this is an effort for CalCCA to lead. Accordingly, PPG will focus our work under this proposal on building relationships with other stakeholders to foster greater support for VCE and CCAs.

### PPG Team

PPG approaches all of its clients with a team-oriented focus where each Principal is knowledgeable and an active participant in providing services to each client. Accordingly, all three of PPG's principals will participate in advocacy on behalf of and provide advice to VCE to achieve the goals described within this proposal.

## PACIFIC POLICY GROUP

### ***Mark Fenstermaker***

Mark Fenstermaker is a registered lobbyist with a focus on climate change, clean energy, natural resource, and local government policy and state budget advocacy. Mr. Fenstermaker has extensive experience lobbying on behalf of and advising clients on legislation as well as regulatory matters at agencies and departments including, the California Energy Commission, Public Utilities Commission, Strategic Growth Council, Air Resources Board, Department of Fish and Wildlife, and CAL FIRE. He specializes in working the state's budget process to influence state appropriations and policy.

Before co-founding PPG, Mr. Fenstermaker worked for Conservation Strategy Group from 2012 to 2018, most recently as the firm's Legislative Director. He was responsible for developing and leading the firm's lobbying strategies on behalf of all of PPG's clients, directing the firm's team of lobbyists, and running the day to day operations as part of PPG's Management Team. In his time at PPG, Mr. Fenstermaker represented more than 30 different organizations that included for profit companies, nonprofit organizations, and local governments. He is a graduate of the University of Arizona with a B.A. in Political Science.

### ***Tasha Newman***

Tasha Newman is a registered lobbyist and state funding consultant who has worked on California natural resource issues as a lobbyist and consultant for more than 20 years. Most recently, she has successfully lobbied for the appropriation of \$18 million for coastal and Bay Area flood and multibenefit projects through the state legislative budget process, which Sonoma Water was a partner and supporter.

Prior to co-founding PPG, Ms. Newman worked for Conservation Strategy Group (PPG) for 18 years in multiple capacities, most recently as Director of Conservation Programs. As Director of Conservation Programs, Tasha was responsible for managing the overall workload and deliverables for 14 clients. She was also responsible for the management and implementation of project funding strategies and grant program work for the firm and its clients. Additionally, Ms. Newman helped run the day to day operations of CSG as part of the CSG Management Team. She is a graduate of California State University Sacramento with a B.A. in Sociology and Business Administration.

### ***Jacob Moss***

Jacob Moss specializes in policy matters in both the Legislature and the Administration as well as regulatory policy matters at agencies and departments, ranging from the California Public Utilities Commission (CPUC) to the California Air Resources Board (CARB) to the Governor's Office of Business & Economic Development (GO-Biz).

Prior to becoming a Legislative Advocate, Jacob was legislative staff for Senator Mark Leno, (D-San Francisco). While working for Senator Leno, the Chairman of the Senate Budget Committee, Jacob developed an expertise in energy and environmental policy and in the budget process. He was instrumental in the development of numerous policy measures. Most notable among these was the designation of funding to study the impacts of harmful pesticides on bees and other pollinators, increased funding to ease the enrollment crisis facing City College of San Francisco,

## PACIFIC POLICY GROUP

and the creation of a program at both CARB and CEC to begin the process of modelling out-of-state natural gas infrastructure to measure the leakage of natural gas imported into California.

Jacob has demonstrated the ability to achieve tangible results for his clients. Recently, for example, he helped to secure over \$700 million in funding to improve air quality for communities near highways and freight distribution facilities. He also successfully shepherded legislation that clarified and strengthened the photovoltaic solar property tax exemption, and he successfully negotiated legislation that enhanced the ability of regulators to more quickly stop the release of toxic contaminants into residential neighborhoods.

### **Proposed Fee Schedule:**

PPG works on a retainer basis. The fee for services described in this proposal is \$5000.00 per month retainer for a one-year term, with extension by mutual agreement.

**VALLEY CLEAN ENERGY ALLIANCE  
Board of Directors Meeting**

**Staff Report – Item 13**

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**TO:** VCEA Board

**FROM:** Lisa Limcaco, Director of Finance & Internal Operations

**SUBJECT:** Update to Valley Clean Energy Employee Handbook

**DATE:** January 23, 2019

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**Recommendation:**

Approve the updates made to the Valley Clean Energy Employee Handbook.

**Background:**

The Board adopted an Employee Handbook in January 2018. As employment law is an ever-changing area, the Handbook has been updated for changes in employment regulations and edits to payroll operational procedures.

Staff worked with VCE's legal counsel at Best, Best & Krieger (BBK) who reviewed and edited the existing Handbook. Attached are the redlined version showing deletions and additions and the updated version in its final form.

**Attachments:**

1. Redlined VCE Employee Handbook
2. Updated January 2019 VCE Employee Handbook





**VALLEY**  
**CLEAN ENERGY**

# Employee Handbook

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**Updated on**  
**January, ~~2018~~2019**

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## Welcome To Valley Clean Energy Alliance

DATE

Dear VCEA Employee:

**INSERT COVER LETTER HERE**

Sincerely,

Mitch Sears  
Interim General Manager

## Introductory Policies

### Introduction & Future Revisions

We hope you will find your employment with [Valley Clean Energy Alliance \(“-VCEA” or “Agency”\)](#) to be both rewarding and challenging. Our staff are key to VCEA’s success and we carefully select our new employees. This handbook is not a contract, express or implied, nor does it guarantee employment for any specific length of time.

The policies included in this handbook are guidelines only and are subject to change as VCEA deems appropriate. From time to time you may receive notice of new or modified policies, procedures, benefits, or programs. No oral statements or representations can in any way change or alter the provisions of this employee handbook.

### Our Working Relationship

VCEA does not offer tenure or any other form of guaranteed employment. Either VCEA or the employee can terminate the employment relationship at any time, with or without cause, with or without notice. This is called Employment At Will. This employment at will relationship exists regardless of any other written statements or policies contained in this handbook or any other Agency documents or any verbal statement to the contrary.

No one except VCEA’s General Manager can enter into any kind of employment relationship or agreement that is contrary to the previous statement. To be enforceable, such relationship or agreement must be in writing, signed by the General Manager, [approved by the VCEA Board](#), and notarized.

### Open Communication Policy

At VCEA, courtesy, tact and consideration should guide each employee in relationships with fellow workers and the public. It is mandatory that each employee show maximum respect to every other person in the organization. The purpose of communication should be to help others and to make our business run as effectively as possible, thereby gaining the respect of our colleagues and customers.

### Equal Employment Opportunity

VCEA is an equal opportunity employer and makes employment decisions on the basis of merit and business need. VCEA’s policies prohibit unlawful discrimination based on race, color, religious creed, gender, pregnancy (or related medical condition), genetic information, genetic characteristics, gender identity, gender expression, religion, marital status, military or veteran status, age, national origin or ancestry, physical or mental disability, medical condition, sexual orientation, or any other consideration made unlawful by federal, state or local laws. All such discrimination is contrary to VCEA policy.

### Reasonable Accommodation.

When necessary under the California Fair Employment and Housing Act and the Americans with Disabilities Act, VCEA will reasonably accommodate an employee or applicant with a disability if the employee or applicant is otherwise qualified to safely perform all of the essential functions of the position.

We will make reasonable accommodations when requested to comply with applicable laws ensuring equal employment opportunities to qualified individuals with a disability. VCEA will engage in a timely, good-faith, interactive process to determine a reasonable accommodation, if any, in response to a request for reasonable accommodation by an employee or applicant with a known physical or mental disability or known medical condition. VCEA will consider all requests for accommodation, but retains discretion to determine what, if any, accommodation to provide.

### **Unlawful Harassment**

VCEA intends to provide a work environment that is pleasant, professional, and free from intimidation, hostility or other offenses which might interfere with work performance. Harassment of any sort - verbal, physical, or visual - will not be tolerated. This includes both sexual harassment as well as harassment based on an employee's status in a protected class. These classes include, but are not necessarily limited to race, color, religion, age, gender, genetic information, genetic characteristics, gender identity, gender expression, sexual orientation, pregnancy (or related medical condition), national origin or ancestry, disability, medical condition, marital status, veteran status, military status, or any other protected status defined by law. This policy also prohibits unlawful harassment based on the perception that anyone has any of those characteristics, or is associated with a person who has or is perceived as having any of those characteristics. This policy extends to unlawful harassment of VCEA employees by any other VCEA employees, vendors, independent contractors, customers, or others with whom employees may come into contact with during their work for VCEA.

Our workplace is not limited to our facilities, but may also include customer and vendor facilities, as well as anywhere a business-related function, or social function sponsored by VCEA, is taking place.

### **What Is Workplace Harassment?**

Workplace harassment can take many forms. It may be, but is not limited to, words, signs, offensive jokes, cartoons, pictures, posters, e-mail jokes, social media communication, messages or statements, pranks, intimidation, physical assaults or contact, or violence. It may also take the form of other vocal activity including derogatory statements not directed to the targeted individual but taking place within their hearing. Other prohibited conduct includes written material such as notes, photographs, cartoons, articles of a harassing or offensive nature, and taking retaliatory action against an employee for discussing or making a harassment complaint. In addition, this policy protects employees against conduct from all individuals in the workplace, such as fellow employees, supervisors, outside customers, vendors, independent contractors, or other non-employees who conduct business with our agency.

### **What Is Sexual Harassment?**

Sexual harassment may include unwelcome sexual advances, requests for sexual favors, or other verbal or physical contact of a sexual nature. When this conduct creates an offensive, hostile and intimidating working environment, it may prevent an individual from effectively performing the duties of their position. It also encompasses such conduct when it is made a term or condition of employment or compensation, either implied or stated and when an employment decision is based on an individual's acceptance or rejection of such conduct.

It is important to note that harassment crosses age and gender boundaries and cannot be stereotyped. Among other perceived unconventional situations, sexual harassment may involve two women or two men. Harassment



may exist on a continuum of behavior. For instance, one example of harassment may be that of an employee showing offensive pictures to another employee.

Generally, two categories of harassment exist. The first, "quid pro quo," may be defined as ~~the demand for an exchange of~~ sexual favors in exchange for improvement or continuance in your working conditions and/or compensation. The second category, "hostile, intimidating, offensive working environment," can be described as a situation in which unwelcome sexual advances, requests for sexual favors, or verbal or other conduct creates an intimidating or offensive environment. Examples of a hostile, intimidating, and offensive working environment include, but are not limited to, pictures, cartoons, symbols, or items found to be offensive. An employee may have a claim of harassment even if he or she has not lost a job or other economic benefit. ~~The law~~

~~prohibits any form of protected basis harassment that impairs an employee's working ability or emotional well-being at work.~~

~~We prohibit any employee from retaliating in any way against anyone who has raised any concern about sexual harassment or discrimination against another individual. We will investigate any complaint of sexual harassment and will take immediate and appropriate disciplinary action if sexual harassment has been found within the workplace.~~

### **Responsibility**

All VCEA employees, and particularly supervisors, have a responsibility for keeping our work environment free of harassment. Any employee who becomes aware of an incident of harassment, whether by witnessing the incident or being told of it, must report it to their immediate supervisor, the General Manager or a management representative with whom they feel comfortable. When supervisors become aware of the existence of conduct that could violate this policy, they are obligated to take prompt and appropriate action, whether or not the recipient of the harassment wants VCEA to do so.

### **Reporting**

If you believe you have been harassed by any agency employee, customer, contractor, or other business contact, you are required to report it to your supervisor or any other member of management. While we encourage you to communicate directly with the alleged harasser, and make it clear that the harasser's behavior is unacceptable, it is not required that you do so. It is essential, however, to notify a member of management immediately even if you are not sure the offending behavior is considered harassment. Any incidents of harassment must be immediately reported. At any time if you feel that you are in immediate harm and do not have time to contact either the General Manager or your supervisor, seek assistance from any management representative.

Appropriate investigation and disciplinary action will be taken. All reports will be promptly investigated. However, confidentiality cannot be guaranteed. Any employee found to have harassed any employee will be subject to severe disciplinary action up to and including termination. VCEA will also take any additional action necessary to appropriately remedy the situation. Retaliation of any sort will not be permitted. No adverse employment action will be taken for any employee making a good faith report of alleged harassment.

All employees must report any incidents immediately so that complaints can be quickly and fairly resolved. The California Department of Fair Employment and Housing (“DFEH”) investigates and may prosecute complaints of harassment. Whenever an employee thinks he or she has been harassed or that he or she has been retaliated against for resisting or complaining, that employee may file a complaint with the DFEH. The nearest DFEH office is listed in the telephone book or on-line.

### **Harassment and Retaliation Prohibited**

VCEA prohibits any form of harassment on a protected basis that impairs an employee’s working ability or emotional well-being at work. VCEA also prohibits any employee from retaliating in any way against anyone who has raised any concern about harassment or discrimination against another individual. We will investigate any complaint of harassment, discrimination, and retaliation and will take immediate and appropriate disciplinary action if any such conduct has been found within the workplace.

## **Employment Policies and Practices**

### **Classification of Employees**

A new hire will be classified as either “exempt” or “non-exempt.”

Non-exempt employees are entitled to overtime pay for hours worked in excess of forty (40) hours per workweek.

Exempt employees are those employees whose duties and responsibilities allow them to be “exempt” from provisions as provided by the Federal Fair Labor Standards Act (FLSA) and any applicable state laws. If you are an exempt employee, you will be advised that you are in this classification at the time you are hired, transferred, or promoted. Participation in VCEA’s benefits programs may be affected by your employment status or classification.

All employees of VCEA whether exempt, non-exempt, full-time, part-time, or temporary are employed at-will.

1. The EXEMPT status applies to certain administrative, professional, and executive staff. Exempt employees qualify for exemption from overtime regulations under state and federal law and their salaries already take into account that they may work long hours.
2. The NON-EXEMPT status applies to all other regular employees. Non-exempt employees receive extra pay for overtime work (as described in the overtime section of this employee handbook). Employees working in non-exempt positions are compensated for the actual amount of time spent on their job and are entitled to receive time and one-half (1 ½) their regular rate of pay for each hour worked in excess of forty (40) hours in a work week.
3. FULL-TIME employees work on a regular basis for at least 40 hours per week. Full-time employees may or may not be EXEMPT. They are eligible for all benefits available through work at VCEA, so long as they meet the applicable requirements, such as length of service.

4. PART-TIME employees are regularly scheduled to work fewer than 40.0 hours per week. Part-time employees are entitled to all benefits as explained later in this employee handbook according to a prorated formula based on their average hours worked compared to a standard 40.0 hour workweek.
5. TEMPORARY EMPLOYEES are hired with the understanding that their employment will not continue beyond a stated date or beyond completion of a specified project or projects. Temporary employees will generally not be employed for more than 6 months. Temporary employees are not eligible for benefits covered in this employee handbook, other than those required by law or as stipulated in writing signed by the General Manager.
6. INTERNS are employees who are students gaining supervised practical experience in a professional field. Interns may be paid, but are not eligible for any benefits listed in this employee handbook except as required by law.

### **Recruitment**

VCEA will conduct an appropriate recruitment, depending on the needs of the organization and the position involved. Open positions may or may not be posted to solicit outside candidates. If you are aware of a vacancy and are interested in being considered for the position, you should discuss the matter with your current supervisor.

### **Rehired/Converted Employees**

If you meet eligibility requirements for rehire at the time of your separation from VCEA, you may apply for any open position for which you are qualified. Former employees will be considered along with all other applicants, and have no greater chance of being selected for employment than all other applicants.

If you are rehired by VCEA or convert from part-time to full-time status, your length of service with VCEA for all purposes will be calculated from the rehire date or the date of conversion to full-time status.

Employees who are involuntarily terminated for performance reasons or for violation of agency policy are ineligible for rehire. In addition, employees who voluntarily resign may still be ineligible for re-hire if VCEA learns of circumstances that would have justified termination for performance-based reasons regardless of when that information is acquired.

### **Job Duties**

Your supervisor will explain your job responsibilities and the performance standards expected of you. Your job responsibilities may change at any time during your employment; for example you may be asked to work on special projects or to assist with other work necessary or important to the operation of VCEA. It is expected that VCEA will have your cooperation and assistance in performing such additional work.

VCEA also may, at any time, with or without notice, alter or change your job responsibilities, reassign or transfer your position, or assign you additional job responsibilities depending on business needs.

### **Work Schedules**

VCEA's normal business hours are 8:00 a.m. through 5:00 p.m., Monday through Friday. Your supervisor will assign your individual work schedule, and you are expected to be ready to perform your work at the start of your scheduled shift.

On occasion, work schedules may fluctuate with customer demand and business needs. If a change in your work schedule is required, your supervisor will notify you at the earliest opportunity. You may be required to work overtime or hours other than those normally scheduled. Exempt employees are required to work as many hours as are necessary to complete the responsibilities of their positions.

### Personnel Records

A personnel file will be confidentially maintained ~~in the office of the General Manager on~~for each VCEA employee. You may review your personnel file during regular business hours upon making a request to the General Manager. An appointment will be made for the purpose of allowing the review.

VCEA will ~~keep/treat~~ your personnel records as confidential and private. However, there are certain times when information may be given to a person outside VCEA. These include:

1. In response to a subpoena, court order, or order of an administrative agency;
2. To a governmental agency as part of an investigation by that agency of VCEA's compliance with applicable law;
3. In a lawsuit, administrative proceeding, grievance, or arbitration in which you and VCEA are parties;
4. In a workers' compensation proceeding;
5. To administer employee health benefit plans;
6. To a health care provider, when necessary;
7. To a first aid or safety personnel, when necessary; and
8. Information will be disclosed to prospective employers in accordance with the section on Employment Verification and References. ~~To a prospective employer or other person requesting a verification of your employment.~~

Please promptly notify the General Manager of any changes in your personal data. Keeping your file up-to-date can be important with regard to pay, deductions, benefits and other matters. Coverage or benefits that you and your family may receive under VCEA's benefits package could be negatively affected if the information in your personnel file is incorrect.

### Inspection of Payroll Records

Employees and former employees have the right to inspect and obtain copies of their own payroll records as required by applicable law. All requests must be submitted in writing to VCEA's General Manager. Requests Responses will be provided as required by law will be honored within 30 days from the date they are received. Individuals who make a request may be asked to provide identification and may be required to pay for the cost of making the copies.

### Layoffs and Work Reductions

VCEA may implement layoffs. Employees will be selected for layoff at VCEA's discretion based on a combination of factors, including, but not necessarily limited to: business needs, employee performance and productivity, qualifications, attendance, attitude, ability and willingness to work the required days and hours, and the ability to work cooperatively with others in the affected work unit.

The weight given to the above factors may vary depending upon the particular needs of the affected work unit and VCEA as a whole at the time of the layoff.

~~Seniority shall be considered only when, in VCEA's opinion, all other factors are equal between two or more employees in the affected work unit. Seniority will be computed on the basis of an employee's total continuous service with VCEA. For this purpose, continuous service before and after any break in service of less than 30 days or an approved leave of absence, will be counted.~~

### **Employment Termination**

VCEA strives to ensure a smooth transition for employees leaving VCEA.

VCEA and its employees have an employment relationship that is known as "employment at will." This means that employees are not required to work for VCEA for any set period of time nor is VCEA required to employ individuals for any specific length of time. **The statements made in this policy do not alter, modify or limit the employment at will relationship.** An "at-will" employee is subject to termination of employment at any time VCEA concludes it appropriate to do so.

Involuntary separation from service means that the termination action is being initiated by VCEA, rather than by the employee. In general, employees who are discharged by VCEA are not eligible for rehire. However, employees who are terminated due to layoff or restructuring may be eligible for rehire or recall at VCEA's discretion.

VCEA will consider you to have voluntarily terminated your employment if you do any of the following:

1. Resign from VCEA;
2. Fail to return from an approved leave of absence on the date specified by VCEA, or;
3. Fail to report to work or call in for 3 consecutive work days

In the event that you resign voluntarily, we ask – but do not require – that you provide two weeks' notice to allow for a smooth transition and training of any replacement personnel.

All agency property such as office equipment, credit cards, keys, manuals, computer equipment, and cell phones must be returned on or prior to the last day of employment. You should return these items to your immediate supervisor.

Final wages for time worked, plus any pay for unused but accrued PTO, will normally be paid on your last day of employment, but no later than the next regularly scheduled payday.

### **Employment Verification and References**

When VCEA receives a request for references or employment verification, VCEA will disclose only the dates of employment and the title of the last position held. VCEA will provide a prospective employer with your last earned wage or salary only at your written request. VCEA will release additional information only with a signed authorization and waiver of liability in a form acceptable to VCEA.

Only the General Manager is authorized to respond to requests for employee references and verification of employment. No other supervisor or employee is authorized to provide references for current or former employees.

As an employee of VCEA, all requests for information regarding another employee must be forwarded to the General Manager.

## Timekeeping and Attendance

### Punctuality and Attendance

Regular attendance and punctuality are “essential functions” of your job. You are expected to have-maintain regular attendance during all scheduled work hours, report to work on a timely basis, and work through the end of your regularly scheduled workday. Chronic absenteeism or lateness will not be tolerated and will result in discipline, up to and including termination. In the event of an unscheduled absence, please abide by the following:

- You must personally call your supervisor prior to the start of your shift if you are unable to report to work, or will be late to work, on any particular day.
- You are expected to advise another management representative of your absence if you are not able to reach your supervisor and leave a telephone number where you can be reached.
- You may not have a relative or friend call in to report your absence, unless you are unable to call yourself due to a medical or other emergency.
- If you call after the start of your shift you will be considered tardy for that day.
- You are expected to provide your supervisor with explanation of your absence or tardiness and inform your supervisor of the expected duration of the absence. If you are absent for medical reasons, you do not need to disclose the underlying medical condition.
- With the exception of certain extenuating circumstances, you must call in each day you are scheduled to work and will not report to work.

Repeated absenteeism or tardiness (whether excused or not) is not tolerated. Continuing patterns of absences, early departures, or tardiness - regardless of the exact number of days—may warrant disciplinary action, up to and including termination of employment. Emergency or extraordinary circumstances concerning an absence or tardiness will be considered, and we reserve the right to make an exception to this policy if, at our discretion, an exception is warranted. Repeated car failures, missing the bus, consistently failing to arrange back-up childcare or oversleeping do not constitute emergency or extraordinary circumstances. We reserve the right to determine what is considered excessive absenteeism. In all cases, we will make accommodations for qualified employees with disabilities where required by law.

If you fail to report for work for three (3) consecutive days without any notification to your supervisor, we will consider that you have abandoned your employment, and have resigned your position.

### **Timekeeping Requirements for Non-Exempt Staff**

Applicable law requires VCEA to keep an accurate record of time worked. Employee time records are official VCEA records and must be accurately maintained. You must input your own time at the start and at the end of each workday, and at the start and end of each lunch hour. Completing another employee's time record or intentionally falsifying a time record is a serious violation and may result in immediate termination of employment. If a time record needs to be corrected, both you and your supervisor must initial the change in the time record to verify its accuracy.

### **Meal and Rest Periods for Non-Exempt Staff**

~~Non-exempt employees will be given at least a 30-minute lunch break each day, generally within the first five hours of your workday. If you work more than 10 hours, you can request the opportunity to take a second meal period.~~

~~You are allowed one ten-minute rest period for every four hours of work or major portion thereof. While there is no set schedule for breaks, you are able to take restroom breaks and get refreshments as desired.~~

~~If, at any time, you are unable to take a lunch break and/or rest period because of workload, please inform your supervisor.~~

~~You are expected to observe your assigned working hours and the time allowed for meal and rest periods.~~

Employees will generally be provided with at least a 30-minute lunch break per day, which can be scheduled by your supervisor to best accommodate the workday.

### **Overtime Time Provisions for Non-Exempt Staff**

As necessary, you may be asked to work overtime. Only actual hours worked in a given workday or workweek will be counted in determining which hours constitute overtime. We will attempt to distribute overtime evenly and accommodate individual schedules. A supervisor must previously authorize all overtime work. Any overtime worked without prior authorization may be grounds for discipline. We provide compensation for all overtime hours worked by non-exempt employees as follows: All hours worked in excess of forty (40) hours in one workweek will be treated as overtime.

Hours worked for purposes of overtime do not include an unpaid meal period, ~~make-up time~~, or hours away from work due to PTO, sickness, holiday, jury duty, or other absences from work. No overtime compensation will be paid to exempt employees. Exempt employees may have to work hours beyond their normal schedules, as work demands require.

### **Make-Up Time for Non-Exempt Staff**

Make-Up time is defined as when a non-exempt employee asks his or her supervisor for additional time off to attend to personal matters. If the request is granted, this time off will be without pay. If you wish to make up this missed time, you may submit a "Make-Up Time Request Form" to your supervisor before the make-up time is worked. It is within the supervisor's discretion to grant the request. Make-Up time must be worked in the same workweek as the missed time (including prior to the missed time) in order not to incur overtime. You may not work ~~over eleven (11) hours in one (1) day or~~ over forty (40) hours total in the week including make-up time.

### **Exempt Employee Time Off**

Exempt employees of VCEA are paid a salary, which compensates them for working as many hours as required to complete their job duties. Exempt employees do not receive overtime pay. We realize, however, that in instances of extraordinary additional pressure or increased work hours, it may be appropriate for supervisors to recognize the exempt employee's efforts by granting the employee extra time-off separate from and in addition to the employee's accrued PTO time. In order to achieve consistency among supervisors and fairness to the exempt employees, supervisors should use the following guidelines when exercising their discretion to grant additional time off:

1. Limit the amount of additional time-off to no more than two days;
2. Require the employee to take the time-off in the ~~following week~~ immediately following the increased hours whenever possible and;
3. Do not allow employees to accumulate any granted but unused time-off

### **Lactation Accommodation**

VCEA will provide a reasonable amount of break time to accommodate an employee desiring to express breast milk for the employee's infant child. The break time shall, if possible, run concurrently with any break time already provided to the employee. VCEA shall ~~make reasonable efforts to~~ provide the employee with the use of a room or other location, other than a toilet stall, in close proximity to the employee's work area, for the employee to express milk in private. If special arrangements are made to provide a non-exempt employee extra time beyond her normal rest period, the time will be unpaid.

### **Payment of Wages**

Paydays ~~are every other week.~~ are semi-monthly, the 15<sup>th</sup> and last day of the month. There are ~~24~~ 24 pay periods in a year. The workday (a 24-hour, consecutive period) begins at 12:01 a.m. and ends at midnight. The workweek begins on Sunday and ends on Saturday.

If a regular payday falls on a weekend or holiday, you will be paid on the first day of work prior to the regularly scheduled payday. If there is an error on your check, please report it immediately to your supervisor.

For your convenience, we offer a direct deposit option.

### **Advances**

We do not permit advances against paychecks or against unaccrued PTO.

### **Payroll Deductions, Wage Attachments and Garnishments**

VCEA makes certain deductions from every employee's paycheck. Among these are applicable federal, state, and local income taxes, social security and Medicare taxes, state disability insurance contributions, and paid family leave contributions. By law, VCEA is also required to honor legal attachments and garnishments of an employee's wages or salaries. If your wages are attached, we will withhold the specified amount to satisfy the terms of the attachment.

### **Reporting Time Pay**

Reporting time pay will be paid under the following conditions:



1. Reporting time pay to non-exempt is owed when you report to work at your regularly scheduled time, but you are ~~not put to work or are~~ given less than half the usual or scheduled day's work. In this case, you will be paid for at least half of the hours you were scheduled to work, but never less than two hours pay, and never more than four hours pay.
2. Reporting time pay is also owed if you are required to report to work a second time in any one (1) workday and are given less than two (2) hours work on the second reporting. In this case you will receive at least two (2) hours pay for the second appearance.

These provisions do not apply if you are on a paid "standby" or "on call" status. In some instances, you may not receive reporting time pay. Reporting time pay does not apply if public utilities fail, such as water, gas, electricity, or sewer and/or when work is interrupted by an "act of God" or other causes not within VCEA's control.

### **Payment for Hours Worked During Business Travel for Non-Exempt Staff**

Whenever possible, non-exempt employees traveling on agency business are expected to do so during normal working hours. In the very rare instance where your travel time constitutes overtime, you will be paid overtime as required by law. Non-exempt employees will be paid for all hours worked, including out of town travel time, at regular and overtime pay rates according to the law. Pay for travel time may be at a rate of pay that is less than the employee's normal rate of pay.

If you are non-exempt and traveling on business, you will not be paid for time between work assignments; e.g., if you stay the night in a hotel, pay begins when you begin to work, or are in transit. Travel ~~pay~~ is to be scheduled in advance, in writing by your supervisor, with the knowledge of the General Manager.

Non-exempt travel may be approved on an as-needed basis, but only with prior authorization from your supervisor.

### **Pay for Mandatory Meetings for Non-Exempt Staff**

VCEA will pay you for your attendance at meetings, lectures and training programs if all of the following conditions are met:

1. Attendance is mandatory (i.e. required by VCEA).
2. The meeting, course, or lecture is directly related to your job.
3. You are notified of the necessity for such meetings, lectures, or training programs by your supervisor (i.e. pre-approval by management is required)

If you meet the above conditions you will be compensated at your regular rate of pay. If you are required to travel, then travel pay will be ~~initiated~~provided. You will not receive compensation ~~time spent~~ for ~~in~~-voluntary attendance in courses that are conducted outside of normal business hours and/or that are not directly related to your current job.

## Standards of Conduct

### Professional Business Conduct and Ethics

By accepting employment with ~~us~~VCEA, you have a responsibility to VCEA and to your fellow employees to adhere to certain codes of behavior and conduct. The purpose of these rules is ~~not to restrict your rights, but rather to ensure to be certain~~ that you understand what conduct is expected and necessary. When each person is aware that he or she can fully depend upon fellow workers to follow the rules of conduct, then our agency will be a better place for everyone to work.

Generally speaking, we expect you to act in a mature and responsible way at all times. VCEA values honesty in communication and personal responsibility. To avoid any possible confusion, some of the more obvious unacceptable activities are noted below. If you have any questions concerning any work or safety rule, or any of the unacceptable activities listed, please ask for an explanation.

Occurrences of any of the following violations, because of their seriousness, may result in disciplinary action up to and including immediate suspension or termination:

#### Unacceptable Activities:

1. Generally, conduct which is disloyal, disruptive, ~~competitive~~ or damaging to VCEA.
2. Falsification of timekeeping records.
3. Dishonesty; falsification or misrepresentation on your application for employment or other work records; lying about sick or personal leave; falsifying reason for a leave of absence or other data requested by VCEA; alteration of agency records or other agency documents.
4. Working under the influence of alcohol or illegal drugs, including marijuana.
5. Theft or inappropriate removal or possession of agency property or the property of fellow employees; unauthorized use of agency equipment and/or property for personal reasons.
6. Possession, distribution, solicitation, sale, transfer, or use of alcohol or illegal drugs, including marijuana, in the workplace, while on duty, or while operating agency-owned vehicles or equipment.
7. Fighting, threatening, or coercing fellow employees on agency property or during working hours, for any purpose.
8. Boisterous or disruptive activity in the workplace.
9. Negligence or any careless action leading to damage of agency-owned or customer-owned property or which endangers the life or safety of another person.
10. Obscene or abusive language toward any supervisor, employee or customer; indifference or rudeness towards a customer or fellow employee; any disorderly/antagonistic conduct on agency premises.
11. Insubordination or other disrespectful conduct; refusing to obey instructions properly issued by your supervisor pertaining to your work; refusal to help out on a special assignment.
12. Violation of security or safety rules or failure to observe safety rules and/or practices; failure to wear required safety equipment; tampering with VCEA equipment or safety equipment.
13. Creating or contributing to unsanitary conditions in the workplace.
14. Smoking in prohibited areas.
15. Any act of harassment, sexual, racial or other; telling sexist or racist jokes; making racial or ethnic slurs.

16. Possession of dangerous or unauthorized materials, such as explosives or firearms, in the workplace.
17. Excessive absenteeism ~~or any absence without notice~~; failure to report an absence or late arrival.
18. Unauthorized absence from work station during the workday; sleeping or loitering during working hours.
19. Unauthorized use of telephones, mail system, or other agency-owned equipment.
20. Originating, spreading, ~~and or~~ taking part in malicious gossip or rumors about employees of VCEA.
21. Unauthorized disclosure of business "secrets" or confidential information; giving confidential or proprietary information to competitors or other organizations or to unauthorized VCEA employees; breach of confidentiality of personnel or agency information.
22. Violation of agency rules or policies; any action that is detrimental to VCEA's efforts to operate profitably.
23. Unsatisfactory or careless work; failure to meet production or quality standards as explained to you by your supervisor.
24. Soliciting during working hours and/or in working areas; selling merchandise or collecting funds of any kind for charities or others without authorization during business hours, or at a time or place that interferes with the work of another employee on agency premises.
25. ~~Conducting a lottery or g~~ Gambling on agency property.
26. Failure to immediately report any damage or accident involving agency equipment ~~and or~~ vehicles.
27. Failure or refusal to comply with the work schedule, including mandatory overtime.
28. Using, removing, or borrowing agency equipment or property without prior authorization.
29. The use of abusive or threatening language or actions toward anyone.

This list is not exhaustive. Rather, we ask that you keep in mind at all times the need to conduct yourself with reasonable and proper regard for the welfare and rights of all our employees and for the best interests of the agency. This statement of prohibited conduct does not alter VCEA's policy of at-will employment. Either you or VCEA remains free to terminate the employment relationship at any time, with or without reason or advance notice.

### **Performance Evaluations**

VCEA encourages an open dialogue between an employee and his or her supervisor on an informal, regular basis. We believe this type of interaction increases job satisfaction for both the employee and VCEA.

Formal performance evaluations will be conducted annually or with frequency dependent on length of service, job position, past performance, changes in job duties, or recurring performance problems. After the review, you will be asked to sign the evaluation report to acknowledge that it has been presented to you and discussed with you by your supervisor, and that you are aware of its contents.

Positive performance evaluations do not guarantee increases in salary or promotions. Salary increases and promotions are solely within the discretion of VCEA, and depend upon many factors in addition to performance. Wage and salary increases are based on merit alone, not length-of-service or the cost-of-living. Having your compensation reviewed does not necessarily mean that you will be given an increase.

## Problem Resolution

At some time, you may have a complaint or question about your job, your working conditions, or the treatment you are receiving. Your good-faith complaints and questions are of concern to us. We ask that you take your concerns first to your supervisor, following these steps:

1. Bring the situation to the attention of your immediate supervisor who will then investigate-review your concern and provide a solution or explanation.
2. If the problem remains unresolved, you may present it in writing to the General Manager who will work towards a resolution.

This procedure, which we believe is important for both you and us, cannot result in every problem being resolved to your satisfaction. However, we value your input and you should feel free to raise issues of concern, in good faith, without the fear of retaliation.

## Alcoholic Beverage Consumption

Due to the high risk and liability involved, VCEA will not provide alcoholic beverages at social gatherings to VCEA employees. This policy applies to the following:

1. Birthday parties;
2. Office parties;
3. Office picnics; and
4. Recreational activities (i.e. organized team sports)

## Drug and Alcohol Abuse and Testing

VCEA is concerned about the use of alcohol, illegal drugs, or controlled substances as it affects the workplace. We comply with state and federal drug abuse regulations, including the Drug-Free Workplace Act of 1988. Use of these illegal substances (whether illegal under California or federal law) whether on or off the job can adversely affect your work performance, efficiency, and safety and health. The use or possession of these substances on the job constitutes a potential danger to the welfare and safety of other employees, and exposes VCEA to the risks of property loss or damage, or injury to other persons. Furthermore, the use of prescription drugs and/or over-the-counter drugs also may affect your job performance and seriously impair your value to us. Any employee who is using prescription or over-the-counter drugs that may impair your ability to safely perform the job, or affect the safety or well-being of others, must notify a supervisor of such use immediately before starting or resuming work. All precautions necessary to preserve your privacy will be taken. You must adhere to the rules stated in this policy as a condition of employment. Failure to comply with this policy may result in discipline, including termination. The General Manager has been designated to administer this policy, monitor the program and make reports as required by law.

If there is ever a reasonable basis to suspect you of violating the drug and alcohol policy and being under the influence during working hours, you will be requested to immediately submit to a drug and/or alcohol test. Suspicion will be based on objective symptoms, such as factors related to your appearance, behavior and speech. A reasonable basis may also exist if you are found to be in possession of illegal drugs, alcohol or paraphernalia connected with the use of an illegal drug. Possession of illegal drugs or alcohol is prohibited even if you have not used these substances.

The following rules and standards of conduct apply to all employees either on agency property, or during the workday (including meals and rest periods). The following are strictly prohibited by VCEA:

1. Possession or use of alcohol or illegal drugs, including marijuana, or being under the influence of alcohol or illegal drugs while on agency premises or at any time on duty.
2. Driving an agency vehicle or driving for agency business in a private vehicle while under the influence of alcohol or illegal drugs, including marijuana.
3. Distribution, sale, or purchase of an illegal or controlled substance while on agency premises or at any time on duty.
4. Possession or use of an illegal or controlled substance, or being under the influence of an illegal or controlled substance while on agency premises or at any time while working.
5. Any drug or alcohol statute conviction. You must notify VCEA within 5 days of such conviction.

In order to enforce this policy, we reserve the right to conduct searches of agency property and to implement measures necessary to deter and detect abuse of this policy.

In the event of suspicion of use ~~and/or an~~ connection with an on the job accident, you may be asked to provide body substance samples (such as urine and/or blood) to determine the illicit or illegal use of drugs and alcohol. VCEA will test for alcohol, cannabinoids, (THC), Opiates, i.e. codeine and morphine, Cocaine metabolites, Amphetamines, i.e. amphetamine and metamorphines, adulterants low creatine levels and Phencyclidine. VCEA assures that any information concerning your drug and/or alcohol use will remain confidential. Refusal to submit to drug testing may result in disciplinary action, up to and including termination of employment.

If the results of your drug and/or alcohol test are positive, VCEA will take disciplinary action which may include suspension or immediate termination. The disciplinary action will be based on the seriousness of the offense and your past performance. If you return to work after testing positive for drugs and/or alcohol, you may be required to consent to unannounced tests for drugs and/or alcohol for a specified two-year period as a condition of continued employment. In the event that you test positive, you may request a second test to be performed by a reliable drug testing agency, at your expense.

Any conviction you receive on a charge of illegal sale or possession of any controlled substance will not be tolerated. In addition, we must keep people who use, sell, or possess controlled substances off VCEA's premises in order to keep the controlled substances themselves off the premises.

Violation of the above rules and standards of conduct will not be tolerated. VCEA may bring the matter to the attention of appropriate law enforcement authorities.

VCEA's policy on drug and alcohol in no way limits or alters the at-will employment relationship.

### **Customer and Public Relations**

The success of VCEA depends upon the quality of the relationships between VCEA, our employees, and our customers, suppliers and the general public. Our customers' impression of VCEA and their interest and willingness to do business with us are formed by how you serve them.

The opinions and attitudes that customers have toward our agency can be affected for a long period of time by the actions of just one employee. It is sometimes easy to take a customer for granted, but when we do, we run the risk of not only losing that customer, but their associates, friends or family who also may be customers or prospective customers.

Here are several things you can do to help give customers a good impression of VCEA:

1. Customers are to be treated courteously and given proper attention at all times. Never regard a customer's questions or concerns as an interruption or an annoyance. Customer inquiries, whether in person or by telephone, must be addressed promptly and professionally.
2. Never place a telephone caller on hold for an extended period of time. Direct incoming calls to the appropriate person and make sure that the call is received/answered.
3. Act competently and deal with customers in a courteous and respectful manner. Through your conduct, show your desire to assist the customer in obtaining the help that he or she needs. If you are unable to help a customer, find someone who can.
4. All correspondence and documents, whether to customers or others, must be neatly prepared and error-free. Attention to accuracy and detail in all paperwork demonstrates your commitment to those with whom we do business.
5. Never argue with a customer. If a problem develops or if a customer remains dissatisfied, ask your supervisor to intervene.
6. Communicate pleasantly and respectfully with other employees at all times.

These are the building blocks for your and VCEA's continued success.

### **Confidentiality**

It is your responsibility to safeguard confidential information obtained during your employment with us, including financial information obtained from customers and vendors of VCEA/private information about other employees.

You may in no way reveal or divulge any such information unless it is necessary for you to do so in the performance of your duties. Such confidential information includes, but is not limited to, the following examples:

- ~~customer lists and customer history~~ • ~~research and development programs~~
- ~~pending projects and proposals~~ • ~~marketing strategies~~ • ~~employee data~~
- ~~compensation data~~ • ~~financial information~~
- ~~budget information~~ • ~~pricing information~~
- ~~periodic business reports and summaries~~ • ~~passwords~~
- ~~bid proposals/contract negotiations~~ • ~~business plans~~
- ~~statistical data~~

Access to confidential information should be on a "need-to-know" basis and must be authorized by your supervisor.

If you are questioned by someone outside VCEA or your department and you are concerned about the appropriateness of giving them certain information, you are not required to answer. Instead, as politely as possible, refer the request to your supervisor or the General Manager.

It is also important to remember that you may not disclose or use proprietary or confidential information except as your job requires. You may not keep or retain any originals or copies of reports, notes, proposals, customer lists or other confidential and proprietary documents, equipment, supplies, or property belonging to VCEA. Any and all copies or originals of reports, and notes, proposals, customer lists or other confidential and proprietary documents belong to VCEA and must be turned over to VCEA within twenty-four (24) hours of termination of employment.

You are not permitted to remove or make copies of any VCEA records, reports or documents without prior management approval. Do not post confidential ~~or proprietary~~ information about VCEA, customers, employees, or affiliates on any social media. Disclosure of confidential information could lead to termination, as well as other possible legal action.

### **Conflict of Interest**

As an employee of VCEA, you must avoid actual or potential conflicts of interest with VCEA. If you are found to have a conflict of interest, you may be subject to discipline, including termination. You should contact your supervisor with any questions about this policy. Prohibited activities include, but are not limited to:

- ~~1. Being an owner, employee, consultant or vendor to any business that competes, directly or indirectly, with VCEA.~~
- ~~2.1.~~ Having a direct or indirect financial relationship with a ~~competitor/VCEA,~~ customer, vendor, s, or supplier; however, no conflict will exist in the case of ownership of less than 1 percent of a publicly traded corporation.
- ~~3.2.~~ Engaging in any other employment or personal activity during work hours, or using VCEA's name, logo, equipment or property, including stationery, office supplies, computers, telephones, fax machines, postage, and office machines, for personal purposes.
- ~~4.3.~~ Soliciting agency employees, suppliers, or customers to purchase goods or services of any kind for non-agency purposes, or to make contributions to any organizations or in support of any causes.
- ~~5.4.~~ Soliciting or entering into any business or financial transaction with another employee whom the soliciting employee supervises, either directly or indirectly, such as hiring the employee to perform personal services or soliciting the employee to enter into an investment.

### **Solicitation**

You are not permitted to solicit or distribute literature during working time. Working time includes both your working time and the working time of the employee to whom the solicitation or distribution is directed. Similarly, distribution of written solicitation material in working areas is prohibited at all times. If you wish to distribute fundraising items such as cookies, candy, and coupon books for sale, you may place them without solicitation in your workstation or VCEA break rooms.



## Media Contact

~~Only contact people designated by the General Manager of VCEA may comment on agency policy or events that have an impact on VCEA.~~ If you are contacted by a news organization regarding VCEA business, please direct all media inquiries to your supervisor, the General Manager, or the Director of Marketing.

## Employment of Friends or Relatives

The employment of friends and relatives in the same area of an organization may cause conflicts of interest and appearances of impropriety. In addition, personal conflicts may impact the working relationship of the parties. Although VCEA does not prohibit the hiring of friends and relatives of existing employees, VCEA is committed to monitoring situations in which friends or relatives work in the same area. In the event of an actual or potential problem, VCEA's response may include reassignment or termination of one or both of the individuals involved. For the purposes of this policy, a relative is any person who is related by blood or marriage, or whose relationship with an employee is similar to that of persons who are related by blood or marriage, or one who is a domestic partner.

~~VCEA desires to avoid misunderstandings, complaints of favoritism, claims of sexual harassment, and employee dissension that may result from personal or social relationships amongst employees. Therefore, VCEA asks that if you become romantically involved with another employee that you disclose your relationship to a supervisor with whom you feel comfortable. This information will be kept as confidential as possible. For purposes of this provision, "romantically involved" will be interpreted broadly. VCEA reserves the right to take necessary and appropriate action to resolve any potential conflict of interest arising out of romantic involvement among employees. Depending on the facts of the situation, such action may include reassignment or termination of one or both of the employees involved.~~

## Personal Relationships in the Workplace

VCEA desires to avoid misunderstandings, complaints of favoritism, claims of sexual harassment, and employee dissension that may result from personal or social relationships amongst employees. Therefore, VCEA asks that if you become romantically involved with another employee that you disclose your relationship to a supervisor with whom you feel comfortable. This information will be kept as confidential as possible. For purposes of this provision, "romantically involved" will be interpreted broadly. VCEA reserves the right to take necessary and appropriate action to resolve any potential conflict of interest arising out of romantic involvement among employees. Depending on the facts of the situation, such action may include reassignment or termination of one or both of the employees involved.

VCEA is committed to maintaining a professional work environment where ~~their~~ supervisors treat all employees fairly and impartially. Accordingly, supervisors are not allowed to date, or become romantically or intimately involved with, employees who report to them directly or indirectly. Also, spouses and immediate family members are prohibited from working in positions where they directly report to, or are reported to, by their spouses or family members. Personal relationships very often cause problems in the workplace, such as a lack of objectivity towards the subordinate's job performance, the perception of favoritism by other employees (whether justified or not), and potential sexual harassment complaints.



For purposes of this policy, “immediate family” includes significant others (such as unmarried couples who live together), domestic partners, step-parent and step-child relationships, in-law relationships, grandparents and cousins (including analogous relationships with the parents and children of an employee’s significant other). This policy covers all family-like relationships, regardless of blood or legal relationships.

Employees who are currently dating one another, or employees who are married or related and report to or supervise each other, may request to be transferred in order to comply with this policy. When possible, VCEA will attempt to accommodate such requests. Please understand, however, that VCEA reserves the right not to transfer employees based on conflicting business considerations.

Unprofessional behavior in the workplace, such as sexually related conversations, inappropriate touching (i.e., kissing, hugging, massaging, sitting on laps) another employee, and any other behavior of a sexual nature, is prohibited.

If two employees marry or become related, causing actual or potential problems such as those described, only one of the employees will be retained with VCEA unless reasonable accommodations can be made to eliminate the actual or potential conflict. The employees will have 30 days to decide which relative will stay with VCEA. If this decision is not made in the time allowed the General Manager will make the decision, taking the employment history and job performance of both employees as well as the business needs of VCEA into account. Supervisors who have any questions about the application of this policy to an employee or applicant should contact the General Manager.

### **Dress Policy**

You are expected to dress and groom yourself in accordance with accepted social and business standards, particularly if your job involves dealing with customers or visitors in person. A neat, tasteful appearance contributes to the positive impression you make on our customers.

Business casual dress is generally expected which should include nice shoes, slacks, pantsuits, dresses, skirts, and shirts (and possibly suits and ties when appropriate). Violating dress code standards may subject you to appropriate disciplinary action.

## **Day-to-Day Operations**

### **Employer and Employee Property**

Routine inspections of agency property might result in the discovery of an employee’s personal possessions. You are encouraged not to bring into the workplace any item of personal property which you do not want to reveal to VCEA.

All desks, lockers, offices, work spaces, credenzas, cabinets, electronic mail (e-mail), telephone systems, office systems, computer systems, any and all electronically issued technology, agency vehicles and other areas or items belonging to VCEA are open to VCEA and its employees. **YOU SHOULD HAVE NO EXPECTATION OF PRIVACY IN ANY OF THESE AREAS.** Personal items and messages or information that you consider private should not be placed or kept in any of these places or areas belonging to VCEA.

Storage areas, work areas, file cabinets, credenzas, computer systems and software, office telephones, cellular telephones, any and all electronically issued technology, modems, facsimile machines, copy and scanner machines, tools, equipment, desks, voice mail, and electronic mail are the property of VCEA, and need to be maintained according to agency rules and regulations.

Desks and work areas must be kept clean, and are to be used for work-related purposes. VCEA's property is subject to inspection at any time, with or without prior notice. Prior authorization must be obtained before any of VCEA's property may be removed from the premises.

For security reasons, you should not leave personal belongings of value in the workplace. Personal items, lockers and desks are subject to inspection and search, with or without notice, and with or without your prior consent.

Terminated employees should remove any personal items at the time of separation. Personal items left in the workplace by previous employees are subject to disposal if not claimed at the time of your termination.

### **Electronic Systems and Privacy**

Access to VCEA's electronic systems is provided for work-related purposes. There should be NO expectation of privacy in connection with the use of electronic systems, including stored e-mail/voice mail/text messages or any messages sent electronically. All messages created, sent, received or stored in these systems are and remain the property of VCEA. VCEA reserves the right to retrieve and review any message composed, sent or received via the system. Please note that even when a message is deleted or erased, it is still possible to recreate the message; therefore, the ultimate privacy of messages cannot be ensured to anyone.

To safeguard and protect the proprietary, confidential and business-sensitive information of VCEA, and to ensure that the use of all electronic systems and equipment is consistent with VCEA's legitimate business interests, authorized representatives of VCEA may monitor the use of such systems from time to time without notice, which may include printing and reading materials, files on the system, list servers, and equipment.

You should be aware that e-mail messages, like VCEA correspondence, and any and all messages sent electronically may be read by other VCEA employees and outsiders under certain circumstances. While it is impossible to list all of the circumstances, some examples are the following: (1) during system maintenance of the e-mail system, (2) when VCEA has business needs to access the employee's mailbox, (3) when VCEA receives a legal request that requires disclosure of e-mail messages, or (4) when VCEA has reason to believe the employee is using e-mail in violation of VCEA policies.

### **Social Media Guidelines**

VCEA understands that various forms of communication occur through social media, such as Facebook, Twitter, LinkedIn, blogs, and multimedia host sites such as YouTube. Such communications occur in social networking, blogs, and video sharing and similar media. It should be remembered that social media sites do not provide a private setting. Employees who communicate information through social media therefore should not expect that such information is private

Employees must remember that all existing policies apply to information disseminated through social media. These guidelines are intended to help employees understand some of the unintended outcomes of sharing information through social media.

### **Application of Policies**

The employer's policies and standards apply to conduct that occurs in the workplace and while employees are on duty, wherever they happen to be. They also apply to activities that occur during an employee's own time, outside of work, if the activities have an actual or potential impact on the employee's performance, the performance of coworkers, or the employer. Employees should therefore understand that they are responsible for certain activities that occur off the employer's premises or on their own time both to the employer and third parties. Nothing in this policy prevents employees from exercising their broad rights to discuss the terms and conditions of employment with others, to take action with others to improve your working conditions, or to otherwise exercise their rights to engage in protected concerted activity.

### **General Policies**

VCEA's policies regarding workplace conduct and interpersonal interactions are embodied in a number of policies, including policies that protect VCEA's legal interests and confidential information.

The policies also prohibit unlawful harassment and discrimination and require employees to use work time in an appropriate manner.

The principles set forth in VCEA's policies apply equally to social media, even when the policies do not refer specifically to social media. Violations of any policy through social media or networking will be appropriately addressed when brought to management's attention.

Illustrations of some of the relevant policies and how they may apply to social media are provided below. The following guidelines apply to all employees when they are at work and away from work.

#### General expectations

- Employees may not post or transmit any material or information that includes confidential, proprietary or trade secret information, or information that is untrue, defamatory, obscene, profane, threatening, harassing, abusive, hateful or humiliating to another person or entity. This includes, but is not limited to, comments regarding VCEA or its employees or customers. Employees should ask their supervisors and refer to agency policies if they have any questions about what is appropriate to include in communications involving social media.

#### Harassment

- VCEA will not tolerate intimidation, bullying or threats of violence among co-workers and such acts, even if occurring ~~on line~~ outside of work, will result in serious consequences, including termination.
- VCEA maintains a strict policy prohibiting harassment of any kind. Harassment is inappropriate and contrary to VCEA policy if it is based upon any legally protected characteristic. It includes unwelcome verbal, physical, or visual conduct that creates an intimidating, offensive, or hostile work environment or unreasonably interferes with work performance.

## Reputation

- Employees should act responsibly and remember that untrue or defamatory postings can have serious consequences. Do not create fake blogs or false reviews of VCEA or its ~~competitors~~customers.

## Acceptable Use Guidelines

- E-mail and Internet access is provided to support VCEA's business operations. Incidental use of e-mail and internet for personal reasons is permissible during non-working periods during the workday, provided it is not excessive and provided it does not interfere with VCEA business ~~Users who are given access to these tools may not make personal use of them either during work or non-work time.~~ Any use that includes tapping into electronic social media should be consistent with VCEA's values, policies and applicable laws.
- Participation in social media sites should be limited during work time; incidental use during break time is not prohibited by this policy. Under no circumstances may employees access social media sites while performing safety-sensitive functions such as driving.

## Opinions

- Employees should not ~~refer~~ speak on behalf of VCEA without proper authorization to do so. Employees should at all times make it clear that their opinions do not represent those of VCEA. They should include disclaimers in online communications advising that they are not speaking officially or unofficially on behalf of the organization.
- Employees may not use VCEA's logo or proprietary graphics to imply that you are speaking on behalf of VCEA.

## Questions

- Employees who have concerns regarding workplace conduct or inappropriate behavior or comments are encouraged to contact the General Manager for further guidance.

## Additional Guidance and Information

While VCEA's policies offer very clear direction on some issues, there are other areas where common sense must prevail. When in doubt about posting, employees should consider the following:

- There is no expectation of privacy when engaging in social media networking activities. You may know everyone in the room when you have a conversation in person. This will not apply with social networking applications. You may not have full control over how your comments are perceived or shared.
- These are public forums. As a practical matter, it may be impossible to delete information that is shared. Comments may be publicly available for years.
- Even when you do not identify your employer by name in the communication or posting, some readers are likely to know where you work. Keep this in mind when you consider posting or transmitting comments that may be work-related. This should also be considered when creating your profile.
- Do not state or imply that the opinions you express are those of VCEA, its management, or other employees. Include a disclaimer to this effect.

### **Telephone Usage**

You may use agency telephones for local or personal calls within reason. You are not to charge long distance personal telephone calls to VCEA. You are expected to limit personal calls so they do not become excessive or disruptive to your work or work area.

### **Cell Phone Usage**

VCEA realizes that in our fast-paced business environment, meeting our goals and staying in touch with our customers and co-workers is a necessary process in working efficiently. But, first and foremost, we want to preserve the safety of our employees and those in the community. California law limits the use of cell phones while driving to those having hands-free operation.

This law provides that, it is illegal to drive a motor vehicle while using a wireless telephone, unless that telephone is designed and configured to allow hands-free listening and talking operation, and is used in that manner while driving.

Additionally, writing, sending, or reading text-based communications on your cell phone while driving is also prohibited under California law. This includes text messaging, instant messaging, and e-mail. You will be responsible for any tickets you receive if you violate this law.

Use of a hands-free cell phone is required while driving for agency business. An option is that you pull over while driving to place or receive calls on your cellular phones. There is a great potential for harm to you and to others if this policy is violated.

Personal cell phone use is not needed or required for work purposes and should not be used for work.

### **Workplace Monitoring**

Workplace monitoring, both human and electronic, may be conducted by VCEA to ensure quality control, employee safety, compliance with VCEA policies, security, and customer satisfaction.

Customer sites may also utilize video surveillance of non-private workplace areas. Video monitoring is used to identify safety concerns, maintain quality control, detect theft and misconduct, and discourage or prevent acts of harassment and workplace violence.

Because VCEA is sensitive to your legitimate privacy rights, every effort will be made to see that workplace monitoring is done in an ethical and respectful manner.

### **Travel Expense Policy**

VCEA will reimburse you for work-related travel expenses such as transportation, overnight accommodations and meals. You should have your supervisor's approval before incurring travel expenses. All requests for reimbursement must be submitted to the General Manager for approval along with supporting documents or original invoices.

Non-exempt employees will be paid for time spent traveling and in conference sessions. If you are required to use your personal automobile on work-related business, VCEA will reimburse you for mileage at the current IRS

reimbursement rate and for parking expenses. You should submit the appropriate expense form to the General Manager for approval and then forward it to accounting for payment once per month. If you use your personal vehicle for work-related travel you are expected to maintain at least the minimum insurance required by law.

### **Agency Property and Equipment**

Equipment essential to accomplishing job duties is often expensive and may be difficult to replace. When using agency property, you are expected to exercise care, arrange for required maintenance, and follow all operating instructions, safety standards, and guidelines.

VCEA requires that all equipment be in proper working order and safe to work with at all times. If any equipment appears to be damaged, defective, or in need of repair, do not use it until a qualified technician certifies that it is repaired and safe. Never try to fix broken equipment yourself. Please notify your supervisor of any equipment breakdown as soon as it happens. If the breakdown requires emergency repairs, your supervisor will help you deal with the emergency situation as soon as possible. Prompt reporting of damages, defects, and the need for repairs could prevent possible personal injury and deterioration of equipment. Please ask your supervisor if you have any questions about your responsibility for maintenance and care of equipment used on the job.

If you are authorized to operate an agency vehicle in the course of your assigned work, or if you operate your own vehicle in performing your job, you must adhere to the following rules:

1. You must be a licensed California driver and must maintain at least the minimum insurance required by law.
2. You must maintain weekly mileage reports.
3. You are responsible for following all the manufacturer's recommended maintenance schedules so as to maintain valid warranties, and for following the manufacturer's recommended oil change schedule.
4. VCEA provides insurance on agency vehicles. However, you will be considered completely responsible for any accidents, fines, moving or parking violations.
5. If involved in an accident do not admit fault, only provide required insurance and personal DMV information.
6. You must keep VCEA vehicle clean at all times.
7. Persons not authorized or employed by VCEA cannot operate or ride in an agency vehicle.
8. Prior to operation of any agency vehicle, your supervisor will train you on the appropriate steps to take if you are involved in an accident, such as filling out the accident report, getting names and phone numbers of witnesses and so on.

If you are required to drive an agency vehicle or your own vehicle for agency business, you will also be required to show proof of a current, valid driver's license and current effective auto insurance coverage prior to the first day of employment.

If you drive your own vehicles on agency business you will be reimbursed at the current IRS reimbursement rate.

You are responsible for all agency property, materials, or written information issued to you or in your possession. You may be asked to sign an acknowledgment of receipt of agency property issued to you. All agency property must be returned on or before your last day of work. You may be responsible for the replacement cost of agency property not returned.

Agency cars are for agency business only, and only authorized employees may drive agency cars. Employee spouses, children, friends or anyone other than the employee may not operate these vehicles, unless an emergency arises. A violation of these rules, or excessive or avoidable traffic and parking violations may result in disciplinary action, up to and including termination.

### **Personal Use of Agency Property**

You are not allowed to use agency owned property for personal use. The definition of “agency owned” assets includes, but is not limited to, facilities, computers, and their related equipment, labelers, copy machines, postage meter, any type of supplies including office supplies, tools, vehicles, credit cards, etc. These assets are provided to you for agency related business only.

Please also remember that all desks, lockers, cabinets, computers and vehicles that belong to VCEA will be open to all agency employees. Personal items, messages or information that you consider private should not be placed or kept in telephone systems, office systems, agency computer systems, office work spaces, desks, and credenzas or file cabinets.

If you are issued an agency credit card you are responsible for the use of that card. Under no circumstances will VCEA allow you to sign an agency credit card unless the card being signed is issued in your name. Signing another employee’s credit card will result in liability for the expense and may subject you to immediate termination. If you hold an agency credit card you may only give permission to another employee to make an authorized business purchase or reservation using your card with prior approval from the General Manager of VCEA. Any holders of agency credit cards or authorized users who transact a non-business related charge may be subject to immediate termination. Receipts for all credit card transactions must be given to the Finance Director along with an explanation of the purchase.

### **Driving Record and Insurance**

As a condition of employment, we require you to maintain an acceptable driving record if you drive for agency business. Any accidents or traffic violations must be reported to a supervisor immediately if they occur during the course of your duties. You will be responsible for any tickets you receive while driving on agency business whether in an agency vehicle or your own personal vehicle. Failure to report an on-the-job motor vehicle accident, no matter how minor, will lead to disciplinary action, up to and including termination. Additionally, you are required to maintain the level of insurance required by the state of California. A copy of your insurance card must be on file before you will be allowed to drive for agency business.

### **Health and Safety**

Safety is everybody's business. Safety is to be given primary importance in every aspect of planning and performing all VCEA activities. We want to protect you against injury and illness, as well as minimize the potential loss of production. To achieve our goal of maintaining a safe workplace, everyone must be safety

conscious at all times. In compliance with California law, and to promote the concept of a safe workplace, we maintain an Injury and Illness Prevention Plan (IIPP). The IIPP is available for your review from the Responsible Safety Officer~~Director of Finance & Internal Operations~~. The Responsible Safety Officer~~Director of Finance & Internal Operations~~ has responsibility for implementing, administering, monitoring, and evaluating the safety program. Its success depends on the alertness and personal commitment of all.

You will receive a copy of VCEA's general safety rules and will receive health and safety training as part of this program. A complete copy of the Safety Program is kept by the General Manager and is available for your review.

### **Smoking Policies**

Smoking, use of e-cigarettes or vapor products is not allowed in any enclosed area of the building, or within 25 feet of any entrance of the building or in any agency vehicle. In fairness to those who do not smoke, smoking is allowed only during breaks and lunch and only outside of the office or building.

### **Security**

To provide for the safety and security of you, our customers and our facilities, only authorized visitors are allowed in the work areas. To ensure the safety of our guests, we encourage family and friends to check in when visiting you at the workplace.

The following security procedures should always be followed to ensure your safety and the safety of your fellow employees, and to ensure the confidentiality of VCEA's proprietary information. At no time should unauthorized persons be allowed to roam unescorted though VCEA's office. It is a matter of courtesy to accompany customers and guests to and from the exits and other office to which they may be destined. If strangers are encountered in our office who do not satisfactorily identify themselves or the person with whom they will be meeting, escort them to the front of the office. If they resist, contact your supervisor immediately.

Be aware of persons loitering for no apparent reason in other non-office areas (e.g., in parking areas, walkways, entrances/exits and service areas). Report any suspicious persons or activities to your supervisor. Secure your desk at the end of the day or when called away from your work area for an extended length of time and do not leave valuable and/or personal articles in or around your workstation that may be accessible. Please report any lost facility keys to your supervisor immediately.

### **Workplace Violence**

VCEA recognizes that violence in the workplace is a growing nationwide problem necessitating a firm, careful response by all employers. The costs of workplace violence are great, both in human and financial terms.

VCEA has adopted the following policies to ensure the safety of its employees and to provide guidance on dealing with violence in the workplace. If qualified, you may provide first aid to injured persons. You are required to:

1. Immediately report all indirect and direct threats of violence to a supervisor.
2. Immediately report all suspicious individuals or activities to a supervisor.



3. Never put yourself or others in peril.
4. Immediately call 911 and seek shelter if you hear a violent commotion near your workstation.
5. Cooperate fully with security, law enforcement, and medical personnel who respond to a call for help.
6. Direct all inquiries from the media about violence on VCEA premises to your supervisor or the General Manager.

The General Manager of VCEA will make the sole determination of whether, and to what extent, threats or acts of violence will be acted upon by the agency. In making this determination, we may undertake a case-by-case analysis in order to ascertain whether there is a reasonable basis to believe that workplace violence has occurred. No provision of this policy shall alter the at-will nature of employment at VCEA.

### **Off-Duty Use of Facilities**

You are prohibited from being on agency premises, or making use of agency facilities, while not on duty. You are expressly prohibited from using agency facilities, agency property or agency equipment for personal use.

### **Parking**

You are encouraged to use the parking areas designated for our employees. Remember to lock your car every day and park within the specified areas.

Courtesy and common sense in parking will help eliminate accidents, personal injuries, and damage to your vehicle and to the vehicles of other employees. If you should damage another car while parking or leaving, immediately report the incident, along with the license numbers of both vehicles and any other pertinent information you may have, to your supervisor. VCEA cannot be and is not responsible for any loss, theft or damage to your vehicle or any of its contents. You will be responsible for any parking tickets you receive while driving on agency business whether in an agency vehicle or your own personal vehicle.

### **Employee Suggestion Program**

We encourage you to bring forward your suggestions and good ideas about how our agency can be made a better place to work and our service to customers enhanced. When you see an opportunity for improvement, please talk it over with your supervisors. All suggestions are valued and listened to.

## **Employee Benefits**

### **Benefits**

VCEA has developed and invested in an employee benefit program to supplement your regular wages. VCEA will continue these benefits as agency resources allow; however, we reserve the right to change or eliminate any benefit program at any time (including increasing the employee's share of the cost).

Our benefit program consists of programs which may include health, dental, and vision coverage, life insurance, paid time off (PTO) and holiday pay. In addition, there are a number of programs available to employees through other sources such as State Disability, Paid Family Leave, Unemployment Insurance, Social Security and Workers'

Compensation. Eligibility to participate in some of these programs is determined by your employee classification and length of continued service with VCEA.

### **Official Health Plan Documents**

The employee handbook contains a number of brief summaries of the benefit programs that the employer provides for eligible employees. The purpose of these summaries is simply to acquaint you with the general provisions of the applicable plans; they do not contain full statements of all of the terms, conditions, and limitations of the plans. If there are any real or apparent conflicts between the brief information in the handbook and the terms, conditions and limitations of the official plan documents, the provisions of the official plan documents will be considered accurate. You are encouraged to review all plan documents carefully to familiarize yourself with all of the provisions of the plans.

### **Paid Time Off (PTO)**

#### **Eligibility**

Paid Time Off (PTO) is an all purpose time-off policy for eligible employees to use for vacation, the diagnosis, care, treatment of an existing health condition or preventative care of an employee, family member or for employees who are victims of domestic violence, sexual assault or stalking to seek aid, treatment, or related assistance, illness or injury, and personal business. A family member is defined as a spouse, registered domestic partner (RDP), grandparent, grandchild, sibling, in-law, parent, step-parent, legal guardian, or child (regardless of age or dependency status), ~~illness or injury, and personal business~~. Personal business also includes time spent for jury duty, bereavement, and time off to vote. Regular full-time employees are eligible to earn and use PTO as described in this policy.

PTO begins accruing upon your date of hire. Employees may begin using PTO upon your 90th day of employment. At that time, you can request the use of earned PTO including that accrued during the waiting period.

#### **Accrual**

Regular, full-time employees accrue ~~between 4.6153 hours and 6.6715~~ hours of PTO per pay period (~~26-24~~ pay periods per year) in your first year of eligibility. ~~This is the equivalent to between 15 and 20 days of PTO per year, commensurate with number of years' experience and seniority level at VCEA. - 160 hours.~~ After your first anniversary, and thereafter, you will receive an additional eight (8) hours per year, which will accrue at an additional rate of .~~34~~41 hours per pay period. Once you have worked for the agency for ten (10) years, you will not accrue any additional PTO.

The length of eligible service is calculated on the basis of a "benefit year." This is the 12-month period that begins when you start to earn PTO. You will not earn PTO while you are out on an unpaid leave of absence. Therefore, your benefit year may be extended if you go out on a leave of absence other than a military leave of absence. Military leave has no effect on this calculation. (See individual leave of absence policies for more information.)

### **Scheduling PTO**

PTO can be used in minimum increments of one (1) hour for non-exempt employees. Exempt employees may use PTO in ½ day or 1 full day increments. If you have an unexpected need to be absent from work you should notify your direct supervisor before the scheduled start of your workday, if possible. Your direct supervisor must also be contacted on each additional day of unexpected absence.

To schedule planned PTO, you need to request advance approval from your supervisor. Requests will be reviewed based on a number of factors, including business needs and staffing requirements.

PTO is paid at your base pay rate at the time of absence. It does not include overtime or any special forms of compensation such as incentives, commissions, bonuses, or shift differentials.

PTO will be used to supplement any payments that you are eligible to receive from state disability insurance, or workers' compensation. The combination of any such disability payments and PTO cannot exceed your normal weekly earnings.

### **PTO Caps**

Employee can accumulate PTO up to a balance of twice the annual PTO for which they are entitled. Once that limit is reached, employee will no longer accrue PTO until time is taken, and the employee's accrual falls below the cap.

Upon termination of employment, you will be paid for unused PTO that has been earned through your last day of work.

### **Sick Leave**

~~For e~~Employees who are not eligible for the PTO policy as outlined above will earn sick leave in accordance with this policy.

Sick leave is a form of insurance that is accumulated in order to provide a cushion for incapacitation due to illness. It is to be used only for the diagnosis, care, treatment of an existing health condition or preventative care of an employee, family member or for employees who are victims of domestic violence, sexual assault or stalking to seek aid, treatment, or related assistance. A family member is defined as a spouse, registered domestic partner (RDP), grandparent, grandchild, sibling, in-law, parent, step-parent, legal guardian, or child (regardless of age or dependency status).

On the employee's hire date, eligible employees will receive 24 hours of paid sick leave. At the end of each year of employment (i.e., on the employee's anniversary date), unused sick leave will be removed from the employee's leave bank. All eligible employees will be credited with 24 hours of paid sick leave at the commencement of the next employment year. Any unused sick leave is not paid out on separation of employment.

Employees may begin using sick leave upon their 90th day of employment.

When wishing to use sick leave, you should personally call your supervisor prior to the start of your shift on the day you are scheduled to work. Sick leave is not to be taken in less than two (2) hour increments and does not accrue when you are out on sick leave.

A paid absence is ~~counted as hours worked for the purposes of computing a 40-hour week, but is~~ not counted as a basis for computing overtime.

If you are receiving State Disability Insurance (SDI) or Workers' Compensation payments, then you can integrate sick pay (meaning that you can supplement your wage replacement benefits with a portion of your sick leave to equal your full wage). Under no circumstances can you receive more than your customary wage.

Sick leave is not granted for the purpose of accompanying or taking pets to procure medical attention.

Unused sick leave has no cash value and will not be paid at termination.

### **Holidays**

We observe the following paid holidays for full-time employees:

- New Year's Day
- Martin Luther King Jr.'s Birthday
- President's Day
- Memorial Day
- Independence Day
- Labor Day
- Veterans Day
- Thanksgiving
- Day after Thanksgiving
- Christmas Day

Eligibility for holiday pay begins upon date of hire. You must also be regularly scheduled to work on the day on which the holiday is observed, and must work your regularly scheduled working days immediately preceding and immediately following the holiday, unless an absence on either day is approved in advance by your supervisor.

When a holiday falls on a Saturday or Sunday, it is usually observed on the preceding Friday or the following Monday. Holiday observance will be announced in advance.

If you are on a paid absence due to PTO when a holiday occurs, you will receive holiday pay. Non-exempt employees who work on holidays, due to customer job requirements, will receive regular earned wages. Part-time employees and interns are not eligible for holiday pay.

### **Insurance Benefits**

**Medical, Dental and Vision Insurance:** We provide comprehensive medical, dental & vision insurance plans for eligible employees and their dependents. You may be required to provide adequate proof of the dependent

relationship in order to add the dependents to our insurance policies. Typically proof of the relationship may be established through a copy of a birth certificate, adoption documents, marriage license, or certificate of registered domestic partnership. We cannot guarantee your domestic partner relationship will be kept confidential.

Full-time and part-time employees are eligible on the first of the month once they have completed 30 days of continuous employment with VCEA. VCEA will contribute \$1,000/month towards full-time employee's medical, dental and vision benefits. Part-time employees will be eligible for a prorated contribution based on the average hours worked. You will be responsible for any excess premiums due for the coverage you choose for your dependents. Deductions from your paycheck will be made to cover this cost through payroll deductions. Information describing your benefits will be given to you when you join the program. Employees who choose to receive health benefits must provide proof of medical, dental and vision insurance within 30 days of receiving the benefit. Employees who waive VCEA health benefits shall receive a reduced payout of \$500/month.

During any leave of absence such as personal leave, Workers' Compensation leave or other disability leave, health benefits will continue through the end of the month. For the duration of any pregnancy disability leave of absence, health and life insurance benefits will be continued for the duration of your pregnancy disability leave.

Please direct any questions you have regarding your health and dental insurance to the General Manager.

**Retirement Plan:** We provide a 401(A) and 457B defined contribution retirement plans for eligible employees in order to assist in planning for your retirement. Eligible employees may enroll following 6 months of employment. For more information regarding eligibility, contributions, benefits and tax status, contact the General Manager. All eligible participants will receive a summary plan description.

**Disability Insurance:** VCEA furnishes private long-term disability policies. For more information, contact the General Manager.

**Life and Accidental Death and Dismemberment Insurance:** If you are a regular full time employee of VCEA, you will be provided our group life insurance coverage paid for by the organization. This insurance is payable in the event of your death, in accordance with the policy, while you are insured. You may change your beneficiary whenever you wish by submitting the appropriate documents to the Human Resources Consultant. Refer to the literature provided by our insurance agency for details on your life insurance coverage.

**Paid Family Leave (PFL) Insurance:** All employees who take time off to care for a seriously ill family member (child, parent, grandparent, grandchildren, in-laws, spouse or registered domestic partner) or bond with a new child may be eligible to receive replacement wages for up to six weeks during any 12-month period, under California's Paid Family Leave program. This program is funded with employee contributions through the State Disability Insurance (SDI) Program. Such contributions are deducted from each employee's paycheck. Even though employees may be eligible to receive Paid Family Leave insurance benefits, a leave of absence must still be requested and approved as defined in our leave policies. Please understand that this leave does not mandate any guarantee that your job will be available when you are ready to return.

**State Disability Insurance:** If you are unable to work due to a non-work related medical condition or injury you may be entitled to State Disability Insurance (SDI). SDI benefits are paid by the state and are financed from mandatory payroll tax deductions from all employees' wages. Questions regarding SDI benefits should be directed to the General Manager or the state's Employment Development Department.

**Unemployment Compensation:** We contribute each year to the California Unemployment Insurance Fund on behalf of our employees.

**Social Security:** Social Security is an important part of every employee's retirement benefit. We pay a matching contribution to each employee's Social Security taxes.

**Workers' Compensation:** VCEA purchases a workers' compensation insurance policy to protect you while you are employed by us. The policy covers you in case of occupational injury or illness. It is your responsibility to notify a member of management immediately if injured. Please refer to the Workers' Compensation policy for additional information.

We provide workers' compensation insurance for our employees as required by state law. The insurance provides important protection for employees who suffer a work-related injury. We encourage you to report all workplace injuries immediately and to take advantage of the benefits provided by our workers' compensation insurance if you are injured on the job.

Workers' compensation insurance provides important protection for employees who suffer an injury at work. Unfortunately, we understand that some employees are encouraged to file fraudulent workers' compensation claims. For your own protection, you should know that the California Insurance Frauds Protection Act provides that it is unlawful for any person to:

*"Make or cause to be made any knowingly false or fraudulent material statement or material representation for the purpose of obtaining . . . compensation . . . and shall be punished by imprisonment in county jail for one year, or in the state prison for two, three or five years, or by a fine not exceeding Fifty Thousand Dollars (\$50,000.00) . . . or by both imprisonment and fine."*

Our policy is to investigate all questionable workers' compensation claims. If they appear to be fraudulent, they are referred to the Bureau of Fraudulent Claims and the District Attorney's office.

**Section 125 (Cafeteria Plan):** Through the flexible spending account or the health savings account, you may designate an annual dollar amount of your before-tax income to pay for certain eligible expenses. Particular care should be taken to assure that the funds required in the flexible spending account are not over estimated as unused funds cannot be returned to the participant at the end of the plan year. Please refer to the booklets for information about the program. If you need additional information or change forms, please speak with the General Manager.

#### **Domestic Partners**

VCEA believes that basic medical/dental/vision coverage should be available to employees and their dependents. To recognize non-traditional family arrangements and to demonstrate our commitment to our

community of employees and their families, VCEA has instituted a Domestic Partners Policy. This policy gives you the opportunity to cover a long-term, significant same sex partner under our benefits plans, as well as opposite sex partners for employees over 62 years of age. VCEA wishes to make it clear that it cannot guarantee confidentiality of the relationship once a domestic partner is covered under our policy. See the General Manager for more information.

### **Cal-COBRA**

The California Continuation Benefits Replacement Act (Cal-COBRA) gives qualified employees and their dependents the opportunity to continue health insurance coverage under VCEA's health plan when a "qualifying event" would normally result in the loss of eligibility. Some common qualifying events are resignation, termination of employment, or death of an employee; a reduction in an employee's hours or a leave of absence; an employee's divorce or legal separation; and a dependent child no longer meeting eligibility requirements. Under Cal-COBRA, you or the beneficiary pays the full cost of coverage at VCEA's group rates. In addition, you or the beneficiary may be required to pay an administration fee. Our plan administrator will provide you with a written notice describing rights granted under Cal-COBRA when you become eligible for coverage under our plan. The notice contains important information about your rights and obligations.

### **Recreational Activities and Programs**

VCEA or its insurer will not be liable for payment of workers' compensation benefits for any injury that arises out of your voluntary participation in any off-duty recreational, social, or athletic activity that is not part of your work related duties.

### **Leaves of Absence**

Occasionally, for medical, personal, or other reasons, you may need to be temporarily released from the duties of your job with VCEA. It is the policy of VCEA to allow its eligible employees to apply for and be considered for certain specific leaves of absence.

All requests for leaves of absence shall be submitted in writing to your supervisor. Each request shall provide sufficient detail such as the reason for the leave, the expected duration of the leave, and the relationship of family members, if applicable. When you become aware of your need for leave, requests should be provided at least 30 days in advance. If your need for leave is not foreseeable, you should follow VCEA's customary notice and procedural requirements for requesting leave. Failure to return to work as scheduled from an approved leave of absence or to inform your supervisor of an acceptable reason for not returning as scheduled will be considered a voluntary resignation of employment. While on a leave of absence you may not obtain other employment or apply for unemployment insurance. If either of these instances occurs, you may be viewed as having voluntarily resigned from VCEA.

You will not accrue PTO while you are on an unpaid leave of absence. There are several types of leaves for which you may be eligible.

### **Medical Leaves of Absence**

A medical leave of absence may be granted for non-work related temporary medical disabilities (other than pregnancy, childbirth and related medical conditions) until the end of the month in which the leave began with a

doctor's written certificate of disability (unless leave of a longer duration is required by law). Requests for leave should be made in writing as far in advance as possible, but, requests should be provided at least 30 days in advance. If your need for leave is not foreseeable, you should follow VCEA's customary notice and procedural requirements for requesting leave. If you are granted a medical leave, you are required to use any accrued sick pay. You also may use any PTO previously accrued.

A medical leave begins on the first day your doctor certifies that you are unable to work and ends when your doctor certifies that you are able to return to work, ~~when the employer is unable to accommodate additional leave or until the end of the month in which the leave began, whichever occurs first (unless leave of a longer duration is required by law)~~. Your supervisor will supply you with a form for your doctor to complete, showing the date you were disabled and the estimated date you will be able to return to work. Upon your return, you must present a doctor's certificate showing fitness to return to work. If you need a medical-related leave longer than VCEA can, consistent with business necessity and reasonable accommodation, approve, you will be advised.

For the duration of any leave of absence, health and life insurance benefits ordinarily provided by VCEA, and for which you are otherwise eligible, will be continued until the last day of the month in which the leave begins. For the duration of a pregnancy disability leave, health and life insurance benefits ordinarily provided by VCEA, and for which you are otherwise eligible, will be continued for the duration of your pregnancy disability leave. During this time, you will be required to contribute your portion of the premium on the same basis as you would have been required during your normal working relationship, including payment of any premium for the dependent coverage you have elected.

If you wish to continue these benefits you may do so by electing to continue the benefit through the CAL-COBRA provisions, and by paying the applicable premiums.

You will not accrue PTO while you are on an unpaid medical leave of absence.

If returning from a non-work related medical leave, you will be offered the same position held at the time of leaving, if available. However, we cannot guarantee that your job or a similar job will be available upon your return. If VCEA is unable to provide a job for you at the end of your leave, we will end your employment, but you will be eligible to apply for any opening that may arise for which you are qualified.

### **Bereavement Leave**

VCEA provides regular full-time and regular part-time employees up to three (3) days' paid bereavement leave in the event of a death in your immediate family. For purposes of this policy, "immediate family" includes your spouse, parent, child, sibling; your spouse's parent, child, or sibling; your long-time companion or domestic partner; and your grandparents or grandchildren. If you need to take time off due to the death of an immediate family member you should contact your supervisor. Your supervisor may approve additional unpaid time off.

### **Bone Marrow and Organ Donation Leave**

Employees who are donating an organ to another person may take a leave of absence not exceeding 30 business days (and which may be taken in one or more periods) in any one-year. Employees who are donating their bone



marrow to another person may take a leave of absence not exceeding 5 business days (and which may be taken in one or more periods) in any one year.

Requests for leave should be made in writing as far in advance as possible. You must provide a written medical certification from your health care provider to VCEA that shows that you are a bone marrow or organ donor and that there is a medical necessity for the donation.

Bone Marrow and Organ Donation leave is a paid leave, however you are required to use up to 5 days of accrued but unused sick or PTO leave for bone marrow donation, and up to 2 weeks of accrued but unused sick or PTO leave for organ donation.

For the duration of a Bone Marrow or Organ Donation leave of absence, health and life insurance benefits ordinarily provided by VCEA, and for which you are otherwise eligible, will be continued until the last day of the month in which the leave begins. During this time, you will be required to contribute your portion of the premium on the same basis as you would have been required during your normal working relationship, including payment of any premium for the dependent coverage you have elected.

When you are ready to return to work after a Bone Marrow or Organ Donation leave, you must provide certification from your medical care provider that you are able to safely perform all of the essential functions of your position with or without reasonable accommodation. Except as otherwise allowed by law, you are entitled, upon return from leave, to be reinstated in the position you held before the Bone Marrow or Organ Donation leave, or to be placed in a comparable position with comparable benefits, pay, and terms and conditions of employment.

#### **Civil Air Patrol Leave**

Employees who volunteer for the California Wing of the Civil Air Patrol are allowed up to ten days of unpaid leave each year. This leave covers employees who are needed to respond to an emergency operational mission who have been employed by VCEA for at least 90 days immediately preceding the requested leave. VCEA reserves the right to verify the need for the leave with the Air Patrol.

#### **Domestic Violence and Sexual Assault Victim Leave**

VCEA takes threats and actions of domestic abuse and sexual assault against our employees very seriously, and wants employees to feel free to obtain services to keep themselves and their dependents safe.

If at any time you need to be absent from work because you have been a victim of domestic violence or sexual assault, and you need to take time off to ensure your safety, seek medical treatment, or receive counseling as a result of domestic violence or sexual assault, please let your supervisor or the General Manager know immediately. Your privacy will be protected to the greatest extent possible. You may use accrued PTO or sick leave in lieu of unpaid time off for these purposes.

#### **Jury Duty or Witness Leave**

You may want to fulfill your civic responsibilities by serving on a jury or as a witness as required by law. You may request unpaid leave for the length of absence, unless the leave of absence is taken as PTO. We will comply with

federal and state requirements on pay for exempt employees. You may be requested to provide written verification from the court clerk of having served.

You must show the jury duty or witness summons to your supervisor as soon as possible so that arrangements can be made to cover your absence. Of course, you are expected to report for work whenever the court schedule permits. If you are called for jury duty during a particularly busy time, we may ask you to request the court to postpone the mandatory jury duty to a more convenient time for us. You retain all fees paid for appearing, plus transportation reimbursements received, if any.

### **Military Leave**

If you wish to serve in the military and take military leave you should contact the General Manager for information about your rights before and after such leave. You are entitled to reinstatement upon completion of military service provided you return or apply for reinstatement within the time allowed by law.

### **Pregnancy Disability Leave**

#### **Eligibility and Terms of Leave**

Female employees are entitled to an unpaid Pregnancy Disability Leave (PDL) during the time they are disabled due to pregnancy, childbirth, or related medical conditions. This leave will be for the period of disability, up to four months or 17 1/3 workweeks. You are “disabled by pregnancy” if you are unable because of pregnancy to work at all, are unable to perform the essential functions of your job, or to perform these functions without undue risk to successful completion of your pregnancy, or to other persons.

Leave may be taken intermittently or on a reduced work schedule when medically advisable, as determined by your medical care provider. Medical certification is required, and the length of Pregnancy Disability Leave will depend on the medical necessity for the leave. If you need intermittent leave or leave on a reduced schedule, VCEA may require you to transfer, during the period of the intermittent or reduced schedule leave, to an available alternative position for which you are qualified and which better accommodates your recurring periods of leave. Transfer to an alternative position may include altering an existing job to better accommodate your need for intermittent leave or a reduced work schedule.

#### **Applying For Leave**

If possible, you should give at least 30 days’ notice requesting a pregnancy-related leave. This notice must provide and include the expected date on which the leave will begin, written certification from your medical care provider stating the anticipated delivery date and the duration of the leave.

#### **Return to Work**

Before returning to work, you must provide a release from your medical care provider certifying that you are able to safely perform all of the essential functions of your position with or without reasonable accommodation. VCEA will reinstate you to your position unless:

1. Your job has ceased to exist for legitimate business reasons;

2. Your job could not be kept open or filled by a temporary employee without substantially undermining VCEA's ability to operate safely and efficiently;
3. You have directly or indirectly indicated your intention not to return;
4. You are no longer able to perform the essential functions of the job with or without reasonable accommodation;
5. You have exceeded the length of the approved leave; or
6. You are no longer qualified for the job.

If VCEA cannot reinstate you to the position you held before the pregnancy disability leave began, VCEA will offer you a comparable position, provided that a comparable position exists and is available, and provided that filling the available position would not substantially undermine VCEA's ability to operate safely and efficiently.

### **Integration With Other Benefits**

A pregnancy disability leave is unpaid, but you are required to use your accrued sick leave during the leave. In addition, you may elect to use accrued PTO during the leave. Sick leave and PTO will supplement any State Disability Insurance benefits. VCEA will maintain group medical benefits during a pregnancy disability leave as required by law. No additional PTO, sick leave or holiday pay will accrue during the leave (except during the time period you are using sick leave or PTO). You may also, however, be eligible for short term disability benefits.

### **Continuation of Medical Benefits**

For the duration of your PDL leave of absence, health and life insurance benefits ordinarily provided by VCEA, and for which you are otherwise eligible, will be continued for the duration of your pregnancy disability leave. During this time, you will be required to contribute your portion of the premium on the same basis as you would have been required during your normal working relationship, including payment of any premium for the dependent coverage you have elected. If you fail to return to work at the conclusion of PDL leave and wish to continue these benefits, you may do so by electing to continue the benefit through the Cal-COBRA provisions, and by paying the applicable premiums.

### **School Appearance Leave**

If you are the parent or guardian of a child who has been suspended from school and you receive a notice from your child's school requesting that you attend a portion of a school day in the child's classroom, you may take unpaid time to appear at the school, unless you use accrued PTO. Before your planned absence, you must give reasonable notice to your supervisor that you have been requested to appear by your child's school.

### **Time Off for Victims of a Violent or Serious Crime**

Under certain circumstances, employees who are victims of serious crimes may take time off work to participate in judicial proceedings. Qualified family members of such crime victims may also be eligible to take time off from work to participate in judicial proceedings. The law defines a serious crime to include violent or serious felonies, such as felonies involving theft or embezzlement, crimes involving vehicular manslaughter while intoxicated, child abuse, physical abuse of an elder or dependent adult, stalking, solicitation for murder, hit-and-run causing death or injury, driving under the influence causing injury, and sexual assault. When possible, you must provide us with advance notice of the need for the time off. Your privacy will be protected to the greatest extent

possible. Time away from work for non-exempt employees will be without pay, unless you wish to use your accrued PTO or sick leave to cover the period of absence.

### **Time Off To Vote**

If you do not have sufficient time outside of working hours to vote in a statewide election, you may, without loss of pay, take off up to two hours of working time to vote. Such time must be at the beginning or end of the regular working shift, whichever allows the most free time for voting and the least time off from working, unless otherwise mutually agreed. You must notify us at least two working days in advance to arrange a voting time.

### **Volunteer Emergency Duty Leave**

VCEA will allow unpaid time off to employees who perform emergency duty as a volunteer firefighter, reserve peace officer, emergency rescue personnel, an officer, employee, or member of a disaster medical response entity sponsored or requested by the state. If you are a volunteer firefighter, or perform other emergency personnel duties, please alert your supervisor so that he or she may be aware of the fact that you may have to take time off for emergency duty. When possible, you must provide us with advance notice of the need for the time off. Time away from work will be without pay, unless you wish to use your accrued PTO or sick leave to cover the period of absence.

### **Workers' Compensation**

We, in accordance with state law, provide insurance coverage for employees in case of a work related injury. To ensure that you receive any workers' compensation benefits to which you may be entitled, you will need to:

1. Immediately report any work-related injury to your supervisor.
2. Seek medical treatment and follow-up care if required.
3. Complete a written Employee's Claim Form (DWC Form 1) and return it to your supervisor.

Provide us with certification from your health care provider regarding the need for workers' compensation disability leave and your ability to return to work from the leave.

### **Return to Work Policy**

VCEA is committed to returning injured employees to modified or alternative work as soon after a work related injury as possible. Temporarily modifying your job or providing you with an alternative position will do this. Your medical condition along with any limitations or restrictions given by the attending physician will be considered as a priority when identifying the modified/alternative position.

The program is intended to provide our employees with an opportunity to continue as valuable members of our team while recovering from a work related injury. We want to minimize any adverse effects of an ongoing disability on our employees. This program is intended to promote speedy recovery, while keeping the employees' work patterns and income consistent. At the same time, we benefit from having our employees providing a service and contributing to the overall productivity of our business. [VCEA retains discretion to decide whether to provide modified duty.](#)

**Receipt and Acknowledgment of VCEA Employee Handbook**

I have received my copy of VCEA’s employee handbook. I understand and agree that it is my responsibility to read and familiarize myself with the policies and procedures contained in the handbook.

**At-Will Employment**

I further understand that my employment is at-will, and neither VCEA nor I have entered into a contract regarding the duration of my employment. I am free to terminate my employment with VCEA at any time, with or without cause. Likewise, VCEA has the right to terminate my employment with or without cause, at the discretion of VCEA. No employee of VCEA can enter into an employment contract for a specified period of time, or make any agreement contrary to this policy without the written approval from the General Manager.

**Future Revisions**

We reserve the right to revise, modify, delete or add to any and all policies, procedures, work rules or benefits stated in this employee handbook or in any other document, except for the policy of at-will employment. Any written changes to this employee handbook will be distributed to all employees so that you will be aware of the new policies or procedures. No oral statements or representations can in any way change or alter the provisions of this employee handbook.

**Illness and Injury Prevention Plan**

I acknowledge that I have read and understand the VCEA’s Illness & Injury Prevention Plan and that I agree to abide by these policies.

**Drug and Alcohol Abuse Policy**

I certify that I have read VCEA’s Drug and Alcohol Abuse Policy and agree to abide fully by its terms. I understand that as a condition of my employment, I may be subjected to drug testing and that my privacy rights are thereby limited. I also understand that I must notify VCEA of any conviction for a drug violation that occurs within five days after such a conviction. I understand that any violation of the policy may result in serious disciplinary action, including immediate termination.

Employee’s Printed Name\_\_\_\_\_

Position\_\_\_\_\_

Employee’s Signature\_\_\_\_\_

Date\_\_\_\_\_

**Receipt and Acknowledgement of VCEA Handouts**

***Sexual Harassment Prevention Handout***

I acknowledge that I have read and understand the enclosed pamphlet on sexual harassment prevention in the workplace and reporting procedures in the event that harassment occurs.

***State Disability Insurance, Paid Family Leave and Unemployment Handouts***

I acknowledge that I have received the enclosed pamphlets on state disability insurance, paid family leave and unemployment insurance as provided by the Employment Development Department.

***Workers' Compensation Handout***

I acknowledge that I have received the enclosed pamphlet on workers' compensation benefits as provided by the California Chamber of Commerce.

Employee's Printed Name\_\_\_\_\_

Position\_\_\_\_\_

Employee's Signature\_\_\_\_\_

Date\_\_\_\_\_



**VALLEY**  
**CLEAN ENERGY**

# Employee Handbook

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**Updated in  
January 2019**

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## Welcome To Valley Clean Energy Alliance

DATE

Dear VCEA Employee:

**INSERT COVER LETTER HERE**

Sincerely,

Mitch Sears  
Interim General Manager

## Introductory Policies

### Introduction & Future Revisions

We hope you will find your employment with Valley Clean Energy Alliance (“VCEA” or “Agency”) to be both rewarding and challenging. Our staff are key to VCEA’s success and we carefully select our new employees. This handbook is not a contract, express or implied, nor does it guarantee employment for any specific length of time.

The policies included in this handbook are guidelines only and are subject to change as VCEA deems appropriate. From time to time you may receive notice of new or modified policies, procedures, benefits, or programs. No oral statements or representations can in any way change or alter the provisions of this employee handbook.

### Our Working Relationship

VCEA does not offer tenure or any other form of guaranteed employment. Either VCEA or the employee can terminate the employment relationship at any time, with or without cause, with or without notice. This is called Employment At Will. This employment at will relationship exists regardless of any other written statements or policies contained in this handbook or any other Agency documents or any verbal statement to the contrary.

No one except VCEA’s General Manager can enter into any kind of employment relationship or agreement that is contrary to the previous statement. To be enforceable, such relationship or agreement must be in writing, signed by the General Manager, approved by the VCEA Board, and notarized.

### Open Communication Policy

At VCEA, courtesy, tact and consideration should guide each employee in relationships with fellow workers and the public. It is mandatory that each employee show maximum respect to every other person in the organization. The purpose of communication should be to help others and to make our business run as effectively as possible, thereby gaining the respect of our colleagues and customers.

### Equal Employment Opportunity

VCEA is an equal opportunity employer and makes employment decisions on the basis of merit and business need. VCEA’s policies prohibit unlawful discrimination based on race, color, religious creed, gender, pregnancy (or related medical condition), genetic information, genetic characteristics, gender identity, gender expression, religion, marital status, military or veteran status, age, national origin or ancestry, physical or mental disability, medical condition, sexual orientation, or any other consideration made unlawful by federal, state or local laws. All such discrimination is contrary to VCEA policy.

### Reasonable Accommodation.

When necessary under the California Fair Employment and Housing Act and the Americans with Disabilities Act, VCEA will reasonably accommodate an employee or applicant with a disability if the employee or applicant is otherwise qualified to safely perform all of the essential functions of the position.

We will make reasonable accommodations when requested to comply with applicable laws ensuring equal employment opportunities to qualified individuals with a disability. VCEA will engage in a timely, good-faith, interactive process to determine a reasonable accommodation, if any, in response to a request for reasonable accommodation by an employee or applicant with a known physical or mental disability or known medical condition. VCEA will consider all requests for accommodation, but retains discretion to determine what, if any, accommodation to provide.

### **Unlawful Harassment**

VCEA intends to provide a work environment that is pleasant, professional, and free from intimidation, hostility or other offenses which might interfere with work performance. Harassment of any sort - verbal, physical, or visual - will not be tolerated. This includes both sexual harassment as well as harassment based on an employee's status in a protected class. These classes include, but are not necessarily limited to race, color, religion, age, gender, genetic information, genetic characteristics, gender identity, gender expression, sexual orientation, pregnancy (or related medical condition), national origin or ancestry, disability, medical condition, marital status, veteran status, military status, or any other protected status defined by law. This policy also prohibits unlawful harassment based on the perception that anyone has any of those characteristics, or is associated with a person who has or is perceived as having any of those characteristics. This policy extends to unlawful harassment of VCEA employees by any other VCEA employees, vendors, independent contractors, customers, or others with whom employees may come into contact with during their work for VCEA.

Our workplace is not limited to our facilities, but may also include customer and vendor facilities, as well as anywhere a business-related function, or social function sponsored by VCEA, is taking place.

### **What Is Workplace Harassment?**

Workplace harassment can take many forms. It may be, but is not limited to, words, signs, offensive jokes, cartoons, pictures, posters, e-mail jokes, social media communication, messages or statements, pranks, intimidation, physical assaults or contact, or violence. It may also take the form of other vocal activity including derogatory statements not directed to the targeted individual but taking place within their hearing. Other prohibited conduct includes written material such as notes, photographs, cartoons, articles of a harassing or offensive nature, and taking retaliatory action against an employee for discussing or making a harassment complaint. In addition, this policy protects employees against conduct from all individuals in the workplace, such as fellow employees, supervisors, outside customers, vendors, independent contractors, or other non-employees who conduct business with our agency.

### **What Is Sexual Harassment?**

Sexual harassment may include unwelcome sexual advances, requests for sexual favors, or other verbal or physical contact of a sexual nature. When this conduct creates an offensive, hostile and intimidating working environment, it may prevent an individual from effectively performing the duties of their position. It also encompasses such conduct when it is made a term or condition of employment or compensation, either implied or stated and when an employment decision is based on an individual's acceptance or rejection of such conduct.

It is important to note that harassment crosses age and gender boundaries and cannot be stereotyped. Among other perceived unconventional situations, sexual harassment may involve two women or two men. Harassment

may exist on a continuum of behavior. For instance, one example of harassment may be that of an employee showing offensive pictures to another employee.

Generally, two categories of harassment exist. The first, "quid pro quo," may be defined as the demand for sexual favors in exchange for improvement or continuance in your working conditions and/or compensation. The second category, "hostile, intimidating, offensive working environment," can be described as a situation in which unwelcome sexual advances, requests for sexual favors, or verbal or other conduct creates an intimidating or offensive environment. Examples of a hostile, intimidating, and offensive working environment include, but are not limited to, pictures, cartoons, symbols, or items found to be offensive. An employee may have a claim of harassment even if he or she has not lost a job or other economic benefit.

### **Responsibility**

All VCEA employees, and particularly supervisors, have a responsibility for keeping our work environment free of harassment. Any employee who becomes aware of an incident of harassment, whether by witnessing the incident or being told of it, must report it to their immediate supervisor, the General Manager or a management representative with whom they feel comfortable. When supervisors become aware of the existence of conduct that could violate this policy, they are obligated to take prompt and appropriate action, whether or not the recipient of the harassment wants VCEA to do so.

### **Reporting**

If you believe you have been harassed by any agency employee, customer, contractor, or other business contact, you are required to report it to your supervisor or any other member of management. While we encourage you to communicate directly with the alleged harasser, and make it clear that the harasser's behavior is unacceptable, it is not required that you do so. It is essential, however, to notify a member of management immediately even if you are not sure the offending behavior is considered harassment. Any incidents of harassment must be immediately reported. At any time if you feel that you are in immediate harm and do not have time to contact either the General Manager or your supervisor, seek assistance from any management representative.

Appropriate investigation and disciplinary action will be taken. All reports will be promptly investigated. However, confidentiality cannot be guaranteed. Any employee found to have harassed any employee will be subject to severe disciplinary action up to and including termination. VCEA will also take any additional action necessary to appropriately remedy the situation. Retaliation of any sort will not be permitted. No adverse employment action will be taken for any employee making a good faith report of alleged harassment.

All employees must report any incidents immediately so that complaints can be quickly and fairly resolved. The California Department of Fair Employment and Housing ("DFEH") investigates and may prosecute complaints of harassment. Whenever an employee thinks he or she has been harassed or that he or she has been retaliated against for resisting or complaining, that employee may file a complaint with the DFEH. The nearest DFEH office is listed in the telephone book or on-line.

### **Harassment and Retaliation Prohibited**

VCEA prohibits any form of harassment on a protected basis that impairs an employee's working ability or emotional well-being at work. VCEA also prohibits any employee from retaliating in any way against anyone

who has raised any concern about harassment or discrimination against another individual. We will investigate any complaint of harassment, discrimination, and retaliation and will take immediate and appropriate disciplinary action if any such conduct has been found within the workplace.

## Employment Policies and Practices

### Classification of Employees

A new hire will be classified as either “exempt” or “non-exempt.”

Non-exempt employees are entitled to overtime pay for hours worked in excess of forty (40) hours per workweek.

Exempt employees are those employees whose duties and responsibilities allow them to be “exempt” from provisions as provided by the Federal Fair Labor Standards Act (FLSA) and any applicable state laws. If you are an exempt employee, you will be advised that you are in this classification at the time you are hired, transferred, or promoted. Participation in VCEA’s benefits programs may be affected by your employment status or classification.

All employees of VCEA whether exempt, non-exempt, full-time, part-time, or temporary are employed at-will.

1. The EXEMPT status applies to certain administrative, professional, and executive staff. Exempt employees qualify for exemption from overtime regulations under state and federal law and their salaries already take into account that they may work long hours.
2. The NON-EXEMPT status applies to all other regular employees. Non-exempt employees receive extra pay for overtime work (as described in the overtime section of this employee handbook). Employees working in non-exempt positions are compensated for the actual amount of time spent on their job and are entitled to receive time and one-half (1 ½) their regular rate of pay for each hour worked in excess of forty (40) hours in a work week.
3. FULL-TIME employees work on a regular basis for at least 40 hours per week. Full-time employees may or may not be EXEMPT. They are eligible for all benefits available through work at VCEA, so long as they meet the applicable requirements, such as length of service.
4. PART-TIME employees are regularly scheduled to work fewer than 40.0 hours per week. Part-time employees are entitled to all benefits as explained later in this employee handbook according to a prorated formula based on their average hours worked compared to a standard 40.0 hour workweek.
5. TEMPORARY EMPLOYEES are hired with the understanding that their employment will not continue beyond a stated date or beyond completion of a specified project or projects. Temporary employees will generally not be employed for more than 6 months. Temporary employees are not eligible for benefits covered in this employee handbook, other than those required by law or as stipulated in writing signed by the General Manager.

6. INTERNS are employees who are students gaining supervised practical experience in a professional field. Interns may be paid, but are not eligible for any benefits listed in this employee handbook except as required by law.

### **Recruitment**

VCEA will conduct an appropriate recruitment, depending on the needs of the organization and the position involved. Open positions may or may not be posted to solicit outside candidates. If you are aware of a vacancy and are interested in being considered for the position, you should discuss the matter with your current supervisor.

### **Rehired/Converted Employees**

If you meet eligibility requirements for rehire at the time of your separation from VCEA, you may apply for any open position for which you are qualified. Former employees will be considered along with all other applicants, and have no greater chance of being selected for employment than all other applicants.

If you are rehired by VCEA or convert from part-time to full-time status, your length of service with VCEA for all purposes will be calculated from the rehire date or the date of conversion to full-time status.

Employees who are involuntarily terminated for performance reasons or for violation of agency policy are ineligible for rehire. In addition, employees who voluntarily resign may still be ineligible for re-hire if VCEA learns of circumstances that would have justified termination for performance-based reasons regardless of when that information is acquired.

### **Job Duties**

Your supervisor will explain your job responsibilities and the performance standards expected of you. Your job responsibilities may change at any time during your employment; for example you may be asked to work on special projects or to assist with other work necessary or important to the operation of VCEA. It is expected that VCEA will have your cooperation and assistance in performing such additional work.

VCEA also may, at any time, with or without notice, alter or change your job responsibilities, reassign or transfer your position, or assign you additional job responsibilities depending on business needs.

### **Work Schedules**

VCEA's normal business hours are 8:00 a.m. through 5:00 p.m., Monday through Friday. Your supervisor will assign your individual work schedule, and you are expected to be ready to perform your work at the start of your scheduled shift.

On occasion, work schedules may fluctuate with customer demand and business needs. If a change in your work schedule is required, your supervisor will notify you at the earliest opportunity. You may be required to work overtime or hours other than those normally scheduled. Exempt employees are required to work as many hours as are necessary to complete the responsibilities of their positions.



## **Personnel Records**

A personnel file will be confidentially maintained for each VCEA employee. You may review your personnel file during regular business hours upon making a request to the General Manager. An appointment will be made for the purpose of allowing the review.

VCEA will treat your personnel records as confidential and private. However, there are certain times when information may be given to a person outside VCEA. These include:

1. In response to a subpoena, court order, or order of an administrative agency;
2. To a governmental agency as part of an investigation by that agency of VCEA's compliance with applicable law;
3. In a lawsuit, administrative proceeding, grievance, or arbitration in which you and VCEA are parties;
4. In a workers' compensation proceeding;
5. To administer employee health benefit plans;
6. To a health care provider, when necessary;
7. To a first aid or safety personnel, when necessary; and
8. Information will be disclosed to prospective employers in accordance with the section on Employment Verification and References.

Please promptly notify the General Manager of any changes in your personal data. Keeping your file up-to-date can be important with regard to pay, deductions, benefits and other matters. Coverage or benefits that you and your family may receive under VCEA's benefits package could be negatively affected if the information in your personnel file is incorrect.

## **Inspection of Payroll Records**

Employees and former employees have the right to inspect and obtain copies of their own payroll records as required by applicable law. All requests must be submitted in writing to VCEA's General Manager. Responses will be provided as required by law. Individuals who make a request may be asked to provide identification and may be required to pay for the cost of making the copies.

## **Layoffs and Work Reductions**

VCEA may implement layoffs. Employees will be selected for layoff at VCEA's discretion based on a combination of factors, including, but not necessarily limited to: business needs, employee performance and productivity, qualifications, attendance, attitude, ability and willingness to work the required days and hours, and the ability to work cooperatively with others in the affected work unit.

The weight given to the above factors may vary depending upon the particular needs of the affected work unit and VCEA as a whole at the time of the layoff.

## **Employment Termination**

VCEA strives to ensure a smooth transition for employees leaving VCEA.

VCEA and its employees have an employment relationship that is known as "employment at will." This means that employees are not required to work for VCEA for any set period of time nor is VCEA required to employ

individuals for any specific length of time. **The statements made in this policy do not alter, modify or limit the employment at will relationship.** An “at-will” employee is subject to termination of employment at any time VCEA concludes it appropriate to do so.

Involuntary separation from service means that the termination action is being initiated by VCEA, rather than by the employee. In general, employees who are discharged by VCEA are not eligible for rehire. However, employees who are terminated due to layoff or restructuring may be eligible for rehire or recall at VCEA’s discretion.

VCEA will consider you to have voluntarily terminated your employment if you do any of the following:

1. Resign from VCEA;
2. Fail to return from an approved leave of absence on the date specified by VCEA, or;
3. Fail to report to work or call in for 3 consecutive work days

In the event that you resign voluntarily, we ask – but do not require – that you provide two weeks’ notice to allow for a smooth transition and training of any replacement personnel.

All agency property such as office equipment, credit cards, keys, manuals, computer equipment, and cell phones must be returned on or prior to the last day of employment. You should return these items to your immediate supervisor.

Final wages for time worked, plus any pay for unused but accrued PTO, will normally be paid on your last day of employment, but no later than the next regularly scheduled payday.

### **Employment Verification and References**

When VCEA receives a request for references or employment verification, VCEA will disclose only the dates of employment and the title of the last position held. VCEA will provide a prospective employer with your last earned wage or salary only at your written request. VCEA will release additional information only with a signed authorization and waiver of liability in a form acceptable to VCEA.

Only the General Manager is authorized to respond to requests for employee references and verification of employment. No other supervisor or employee is authorized to provide references for current or former employees.

As an employee of VCEA, all requests for information regarding another employee must be forwarded to the General Manager.

## **Timekeeping and Attendance**

### **Punctuality and Attendance**

Regular attendance and punctuality are “essential functions” of your job. You are expected to maintain regular attendance during all scheduled work hours, report to work on a timely basis, and work through the end of your

regularly scheduled workday. Chronic absenteeism or lateness will not be tolerated and will result in discipline, up to and including termination. In the event of an unscheduled absence, please abide by the following:

- You must personally call your supervisor prior to the start of your shift if you are unable to report to work, or will be late to work, on any particular day.
- You are expected to advise another management representative of your absence if you are not able to reach your supervisor and leave a telephone number where you can be reached.
- You may not have a relative or friend call in to report your absence, unless you are unable to call yourself due to a medical or other emergency.
- If you call after the start of your shift you will be considered tardy for that day.
- You are expected to provide your supervisor with explanation of your absence or tardiness and inform your supervisor of the expected duration of the absence. If you are absent for medical reasons, you do not need to disclose the underlying medical condition.
- With the exception of certain extenuating circumstances, you must call in each day you are scheduled to work and will not report to work.

Repeated absenteeism or tardiness (whether excused or not) is not tolerated. Continuing patterns of absences, early departures, or tardiness - regardless of the exact number of days—may warrant disciplinary action, up to and including termination of employment. Emergency or extraordinary circumstances concerning an absence or tardiness will be considered, and we reserve the right to make an exception to this policy if, at our discretion, an exception is warranted. Repeated car failures, missing the bus, consistently failing to arrange back-up childcare or oversleeping do not constitute emergency or extraordinary circumstances. We reserve the right to determine what is considered excessive absenteeism. In all cases, we will make accommodations for qualified employees with disabilities where required by law.

If you fail to report for work for three (3) consecutive days without any notification to your supervisor, we will consider that you have abandoned your employment, and have resigned your position.

#### **Timekeeping Requirements for Non-Exempt Staff**

Applicable law requires VCEA to keep an accurate record of time worked. Employee time records are official VCEA records and must be accurately maintained. You must input your own time at the start and at the end of each workday, and at the start and end of each lunch hour. Completing another employee's time record or intentionally falsifying a time record is a serious violation and may result in immediate termination of employment. If a time record needs to be corrected, both you and your supervisor must initial the change in the time record to verify its accuracy.

#### **Meal and Rest Periods for Non-Exempt Staff**

Employees will generally be provided with at least a 30-minute lunch break per day, which can be scheduled by your supervisor to best accommodate the workday.

#### **Overtime Time Provisions for Non-Exempt Staff**

As necessary, you may be asked to work overtime. Only actual hours worked in a given workday or workweek will be counted in determining which hours constitute overtime. We will attempt to distribute overtime evenly

and accommodate individual schedules. A supervisor must previously authorize all overtime work. Any overtime worked without prior authorization may be grounds for discipline. We provide compensation for all overtime hours worked by non-exempt employees as follows: All hours worked in excess of forty (40) hours in one workweek will be treated as overtime.

Hours worked for purposes of overtime do not include an unpaid meal period, or hours away from work due to PTO, sickness, holiday, jury duty, or other absences from work. No overtime compensation will be paid to exempt employees. Exempt employees may have to work hours beyond their normal schedules, as work demands require.

### **Make-Up Time for Non-Exempt Staff**

Make-Up time is defined as when a non-exempt employee asks his or her supervisor for additional time off to attend to personal matters. If the request is granted, this time off will be without pay. If you wish to make up this missed time, you may submit a "Make-Up Time Request Form" to your supervisor before the make-up time is worked. It is within the supervisor's discretion to grant the request. Make-Up time must be worked in the same workweek as the missed time (including prior to the missed time) in order not to incur overtime. You may not work over forty (40) hours total in the week including make-up time.

### **Exempt Employee Time Off**

Exempt employees of VCEA are paid a salary, which compensates them for working as many hours as required to complete their job duties. Exempt employees do not receive overtime pay. We realize, however, that in instances of extraordinary additional pressure or increased work hours, it may be appropriate for supervisors to recognize the exempt employee's efforts by granting the employee extra time-off separate from and in addition to the employee's accrued PTO time. In order to achieve consistency among supervisors and fairness to the exempt employees, supervisors should use the following guidelines when exercising their discretion to grant additional time off:

1. Limit the amount of additional time-off to no more than two days;
2. Require the employee to take the time-off in the week immediately following the increased hours whenever possible and;
3. Do not allow employees to accumulate any granted but unused time-off

### **Lactation Accommodation**

VCEA will provide a reasonable amount of break time to accommodate an employee desiring to express breast milk for the employee's infant child. The break time shall, if possible, run concurrently with any break time already provided to the employee. VCEA shall provide the employee with the use of a room or other location, other than a toilet stall, in close proximity to the employee's work area, for the employee to express milk in private. If special arrangements are made to provide a non-exempt employee extra time beyond her normal rest period, the time will be unpaid.

### **Payment of Wages**

Paydays are semi-monthly, the 15<sup>th</sup> and last day of the month. There are 24 pay periods in a year. The workday (a 24-hour, consecutive period) begins at 12:01 a.m. and ends at midnight. The workweek begins on Sunday and ends on Saturday.

If a regular payday falls on a weekend or holiday, you will be paid on the first day of work prior to the regularly scheduled payday. If there is an error on your check, please report it immediately to your supervisor.

For your convenience, we offer a direct deposit option.

### **Advances**

We do not permit advances against paychecks or against unaccrued PTO.

### **Payroll Deductions, Wage Attachments and Garnishments**

VCEA makes certain deductions from every employee's paycheck. Among these are applicable federal, state, and local income taxes, social security and Medicare taxes, state disability insurance contributions, and paid family leave contributions. By law, VCEA is also required to honor legal attachments and garnishments of an employee's wages or salaries. If your wages are attached, we will withhold the specified amount to satisfy the terms of the attachment.

### **Reporting Time Pay**

Reporting time pay will be paid under the following conditions:

1. Reporting time pay to non-exempt is owed when you report to work at your regularly scheduled time, but you are given less than half the usual or scheduled day's work. In this case, you will be paid for at least half of the hours you were scheduled to work, but never less than two hours pay, and never more than four hours pay.
2. Reporting time pay is also owed if you are required to report to work a second time in any one (1) workday and are given less than two (2) hours work on the second reporting. In this case you will receive at least two (2) hours pay for the second appearance.

These provisions do not apply if you are on a paid "standby" or "on call" status. In some instances, you may not receive reporting time pay. Reporting time pay does not apply if public utilities fail, such as water, gas, electricity, or sewer and/or when work is interrupted by an "act of God" or other causes not within VCEA's control.

### **Payment for Hours Worked During Business Travel for Non-Exempt Staff**

Whenever possible, non-exempt employees traveling on agency business are expected to do so during normal working hours. In the very rare instance where your travel time constitutes overtime, you will be paid overtime as required by law. Non-exempt employees will be paid for all hours worked, including out of town travel time, at regular and overtime pay rates according to the law. Pay for travel time may be at a rate of pay that is less than the employee's normal rate of pay.

If you are non-exempt and traveling on business, you will not be paid for time between work assignments; e.g., if you stay the night in a hotel, pay begins when you begin to work, or are in transit. Travel is to be scheduled in advance, in writing by your supervisor, with the knowledge of the General Manager.

Non-exempt travel may be approved on an as-needed basis, but only with prior authorization from your supervisor.

### **Pay for Mandatory Meetings for Non-Exempt Staff**

VCEA will pay you for your attendance at meetings, lectures and training programs if all of the following conditions are met:

1. Attendance is mandatory (i.e. required by VCEA).
2. The meeting, course, or lecture is directly related to your job.
3. You are notified of the necessity for such meetings, lectures, or training programs by your supervisor (i.e. pre-approval by management is required)

If you meet the above conditions you will be compensated at your regular rate of pay. If you are required to travel, then travel pay will be provided. You will not receive compensation for voluntary attendance in courses that are conducted outside of normal business hours and/or that are not directly related to your current job.

## **Standards of Conduct**

### **Professional Business Conduct and Ethics**

By accepting employment with VCEA, you have a responsibility to VCEA and to your fellow employees to adhere to certain codes of behavior and conduct. The purpose of these rules is to ensure that you understand what conduct is expected and necessary. When each person is aware that he or she can fully depend upon fellow workers to follow the rules of conduct, then our agency will be a better place for everyone to work.

Generally speaking, we expect you to act in a mature and responsible way at all times. VCEA values honesty in communication and personal responsibility. To avoid any possible confusion, some of the more obvious unacceptable activities are noted below. If you have any questions concerning any work or safety rule, or any of the unacceptable activities listed, please ask for an explanation.

Occurrences of any of the following violations, because of their seriousness, may result in disciplinary action up to and including immediate suspension or termination:

### **Unacceptable Activities:**

1. Generally, conduct which is disloyal, disruptive, or damaging to VCEA.
2. Falsification of timekeeping records.
3. Dishonesty; falsification or misrepresentation on your application for employment or other work records; lying about sick or personal leave; falsifying reason for a leave of absence or other data requested by VCEA; alteration of agency records or other agency documents.
4. Working under the influence of alcohol or illegal drugs, including marijuana.
5. Theft or inappropriate removal or possession of agency property or the property of fellow employees; unauthorized use of agency equipment and/or property for personal reasons.
6. Possession, distribution, solicitation, sale, transfer, or use of alcohol or illegal drugs, including marijuana, in the workplace, while on duty, or while operating agency-owned vehicles or equipment.
7. Fighting, threatening, or coercing fellow employees on agency property or during working hours, for any purpose.

8. Boisterous or disruptive activity in the workplace.
9. Negligence or any careless action leading to damage of agency-owned or customer-owned property or which endangers the life or safety of another person.
10. Obscene or abusive language toward any supervisor, employee or customer; indifference or rudeness towards a customer or fellow employee; any disorderly/antagonistic conduct on agency premises.
11. Insubordination or other disrespectful conduct; refusing to obey instructions properly issued by your supervisor pertaining to your work; refusal to help out on a special assignment.
12. Violation of security or safety rules or failure to observe safety rules and/or practices; failure to wear required safety equipment; tampering with VCEA equipment or safety equipment.
13. Creating or contributing to unsanitary conditions in the workplace.
14. Smoking in prohibited areas.
15. Any act of harassment, sexual, racial or other; telling sexist or racist jokes; making racial or ethnic slurs.
16. Possession of dangerous or unauthorized materials, such as explosives or firearms, in the workplace.
17. Excessive absenteeism; failure to report an absence or late arrival.
18. Unauthorized absence from work station during the workday; sleeping or loitering during working hours.
19. Unauthorized use of telephones, mail system, or other agency-owned equipment.
20. Originating, spreading, or taking part in malicious gossip or rumors about employees of VCEA.
21. Unauthorized disclosure of business "secrets" or confidential information; giving confidential or proprietary information to competitors or other organizations or to unauthorized VCEA employees; breach of confidentiality of personnel or agency information.
22. Violation of agency rules or policies; any action that is detrimental to VCEA's efforts to operate profitably.
23. Unsatisfactory or careless work; failure to meet production or quality standards as explained to you by your supervisor.
24. Soliciting during working hours and/or in working areas; selling merchandise or collecting funds of any kind for charities or others without authorization during business hours, or at a time or place that interferes with the work of another employee on agency premises.
25. Gambling on agency property.
26. Failure to immediately report any damage or accident involving agency equipment or vehicles.
27. Failure or refusal to comply with the work schedule, including mandatory overtime.
28. Using, removing, or borrowing agency equipment or property without prior authorization.
29. The use of abusive or threatening language or actions toward anyone.

This list is not exhaustive. Rather, we ask that you keep in mind at all times the need to conduct yourself with reasonable and proper regard for the welfare and rights of all our employees and for the best interests of the agency. This statement of prohibited conduct does not alter VCEA's policy of at-will employment. Either you or VCEA remains free to terminate the employment relationship at any time, with or without reason or advance notice.

### **Performance Evaluations**

VCEA encourages an open dialogue between an employee and his or her supervisor on an informal, regular basis. We believe this type of interaction increases job satisfaction for both the employee and VCEA.

Formal performance evaluations will be conducted annually or with frequency dependent on length of service, job position, past performance, changes in job duties, or recurring performance problems. After the review, you will be asked to sign the evaluation report to acknowledge that it has been presented to you and discussed with you by your supervisor, and that you are aware of its contents.

Positive performance evaluations do not guarantee increases in salary or promotions. Salary increases and promotions are solely within the discretion of VCEA, and depend upon many factors in addition to performance. Wage and salary increases are based on merit alone, not length-of-service or the cost-of-living. Having your compensation reviewed does not necessarily mean that you will be given an increase.

### **Problem Resolution**

At some time, you may have a complaint or question about your job, your working conditions, or the treatment you are receiving. Your good-faith complaints and questions are of concern to us. We ask that you take your concerns first to your supervisor, following these steps:

1. Bring the situation to the attention of your immediate supervisor who will then review your concern and provide a solution or explanation.
2. If the problem remains unresolved, you may present it in writing to the General Manager who will work towards a resolution.

This procedure, which we believe is important for both you and us, cannot result in every problem being resolved to your satisfaction. However, we value your input and you should feel free to raise issues of concern, in good faith, without the fear of retaliation.

### **Alcoholic Beverage Consumption**

Due to the high risk and liability involved, VCEA will not provide alcoholic beverages at social gatherings to VCEA employees. This policy applies to the following:

1. Birthday parties;
2. Office parties;
3. Office picnics; and
4. Recreational activities (i.e. organized team sports)

### **Drug and Alcohol Abuse and Testing**

VCEA is concerned about the use of alcohol, illegal drugs, or controlled substances as it affects the workplace. We comply with state and federal drug abuse regulations, including the Drug-Free Workplace Act of 1988. Use of these illegal substances (whether illegal under California or federal law) whether on or off the job can adversely affect your work performance, efficiency, and safety and health. The use or possession of these substances on the job constitutes a potential danger to the welfare and safety of other employees, and exposes VCEA to the risks of property loss or damage, or injury to other persons. Furthermore, the use of prescription drugs and/or over-the-counter drugs also may affect your job performance and seriously impair your value to us. Any employee who is using prescription or over-the-counter drugs that may impair your ability to safely perform the job, or affect the safety or well-being of others, must notify a supervisor of such use immediately before starting or resuming work. All precautions necessary to preserve your privacy will be taken. You must



adhere to the rules stated in this policy as a condition of employment. Failure to comply with this policy may result in discipline, including termination. The General Manager has been designated to administer this policy, monitor the program and make reports as required by law.

If there is ever a reasonable basis to suspect you of violating the drug and alcohol policy and being under the influence during working hours, you will be requested to immediately submit to a drug and/or alcohol test. Suspicion will be based on objective symptoms, such as factors related to your appearance, behavior and speech. A reasonable basis may also exist if you are found to be in possession of illegal drugs, alcohol or paraphernalia connected with the use of an illegal drug. Possession of illegal drugs or alcohol is prohibited even if you have not used these substances.

The following rules and standards of conduct apply to all employees either on agency property, or during the workday (including meals and rest periods). The following are strictly prohibited by VCEA:

1. Possession or use of alcohol or illegal drugs, including marijuana, or being under the influence of alcohol or illegal drugs while on agency premises or at any time on duty.
2. Driving an agency vehicle or driving for agency business in a private vehicle while under the influence of alcohol or illegal drugs, including marijuana.
3. Distribution, sale, or purchase of an illegal or controlled substance while on agency premises or at any time on duty.
4. Possession or use of an illegal or controlled substance, or being under the influence of an illegal or controlled substance while on agency premises or at any time while working.
5. Any drug or alcohol statute conviction. You must notify VCEA within 5 days of such conviction.

In order to enforce this policy, we reserve the right to conduct searches of agency property and to implement measures necessary to deter and detect abuse of this policy.

In the event of suspicion of use in connection with an on the job accident, you may be asked to provide body substance samples (such as urine and/or blood) to determine the illicit or illegal use of drugs and alcohol. VCEA will test for alcohol, cannabinoids, (THC), Opiates, i.e. codeine and morphine, Cocaine metabolites, Amphetamines, i.e. amphetamine and metamorphines, adulterants low creatine levels and Phencyclidine. VCEA assures that any information concerning your drug and/or alcohol use will remain confidential. Refusal to submit to drug testing may result in disciplinary action, up to and including termination of employment.

If the results of your drug and/or alcohol test are positive, VCEA will take disciplinary action which may include suspension or immediate termination. The disciplinary action will be based on the seriousness of the offense and your past performance. If you return to work after testing positive for drugs and/or alcohol, you may be required to consent to unannounced tests for drugs and/or alcohol for a specified period as a condition of continued employment. In the event that you test positive, you may request a second test to be performed by a reliable drug testing agency, at your expense.

Any conviction you receive on a charge of illegal sale or possession of any controlled substance will not be tolerated. In addition, we must keep people who use, sell, or possess controlled substances off VCEA's premises in order to keep the controlled substances themselves off the premises.

Violation of the above rules and standards of conduct will not be tolerated. VCEA may bring the matter to the attention of appropriate law enforcement authorities.

VCEA's policy on drug and alcohol in no way limits or alters the at-will employment relationship.

### **Customer and Public Relations**

The success of VCEA depends upon the quality of the relationships between VCEA, our employees, and our customers, suppliers and the general public. Our customers' impression of VCEA and their interest and willingness to do business with us are formed by how you serve them.

The opinions and attitudes that customers have toward our agency can be affected for a long period of time by the actions of just one employee. It is sometimes easy to take a customer for granted, but when we do, we run the risk of not only losing that customer, but their associates, friends or family who also may be customers or prospective customers.

Here are several things you can do to help give customers a good impression of VCEA:

1. Customers are to be treated courteously and given proper attention at all times. Never regard a customer's questions or concerns as an interruption or an annoyance. Customer inquiries, whether in person or by telephone, must be addressed promptly and professionally.
2. Never place a telephone caller on hold for an extended period of time. Direct incoming calls to the appropriate person and make sure that the call is answered.
3. Act competently and deal with customers in a courteous and respectful manner. Through your conduct, show your desire to assist the customer in obtaining the help that he or she needs. If you are unable to help a customer, find someone who can.
4. All correspondence and documents, whether to customers or others, must be neatly prepared and error-free. Attention to accuracy and detail in all paperwork demonstrates your commitment to those with whom we do business.
5. Never argue with a customer. If a problem develops or if a customer remains dissatisfied, ask your supervisor to intervene.
6. Communicate pleasantly and respectfully with other employees at all times.

These are the building blocks for your and VCEA's continued success.

### **Confidentiality**

It is your responsibility to safeguard confidential information obtained during your employment with us, including financial information obtained from customers and private information about other employees.

You may in no way reveal or divulge any such information unless it is necessary for you to do so in the performance of your duties. Access to confidential information should be on a "need-to-know" basis and must be authorized by your supervisor.

If you are questioned by someone outside VCEA or your department and you are concerned about the appropriateness of giving them certain information, you are not required to answer. Instead, as politely as possible, refer the request to your supervisor or the General Manager.

It is also important to remember that you may not disclose or use proprietary or confidential information except as your job requires. You may not keep or retain any originals or copies of reports, notes, proposals, customer lists or other confidential and proprietary documents, equipment, supplies, or property belonging to VCEA. Any and all copies or originals of reports, and notes belong to VCEA and must be turned over to VCEA within twenty-four (24) hours of termination of employment.

You are not permitted to remove or make copies of any VCEA records, reports or documents without prior management approval. Do not post confidential information about VCEA, customers, employees, or affiliates on any social media. Disclosure of confidential information could lead to termination, as well as other possible legal action.

### **Conflict of Interest**

As an employee of VCEA, you must avoid actual or potential conflicts of interest with VCEA. If you are found to have a conflict of interest, you may be subject to discipline, including termination. You should contact your supervisor with any questions about this policy. Prohibited activities include, but are not limited to:

1. Having a direct or indirect financial relationship with a VCEA customer, vendor, or supplier; however, no conflict will exist in the case of ownership of less than 1 percent of a publicly traded corporation.
2. Engaging in any other employment or personal activity during work hours, or using VCEA's name, logo, equipment or property, including stationery, office supplies, computers, telephones, fax machines, postage, and office machines, for personal purposes.
3. Soliciting agency employees, suppliers, or customers to purchase goods or services of any kind for non-agency purposes, or to make contributions to any organizations or in support of any causes.
4. Soliciting or entering into any business or financial transaction with another employee whom the soliciting employee supervises, either directly or indirectly, such as hiring the employee to perform personal services or soliciting the employee to enter into an investment.

### **Solicitation**

You are not permitted to solicit or distribute literature during working time. Working time includes both your working time and the working time of the employee to whom the solicitation or distribution is directed. Similarly, distribution of written solicitation material in working areas is prohibited at all times. If you wish to distribute fundraising items such as cookies, candy, and coupon books for sale, you may place them without solicitation in your workstation or VCEA break rooms.

### **Media Contact**

If you are contacted by a news organization regarding VCEA business, please direct all media inquiries to your supervisor, the General Manager, or the Director of Marketing.

### **Employment of Friends or Relatives**

The employment of friends and relatives in the same area of an organization may cause conflicts of interest and appearances of impropriety. In addition, personal conflicts may impact the working relationship of the parties. Although VCEA does not prohibit the hiring of friends and relatives of existing employees, VCEA is committed to monitoring situations in which friends or relatives work in the same area. In the event of an actual or potential problem, VCEA's response may include reassignment or termination of one or both of the individuals involved.

For the purposes of this policy, a relative is any person who is related by blood or marriage, or whose relationship with an employee is similar to that of persons who are related by blood or marriage, or one who is a domestic partner.

### **Personal Relationships in the Workplace**

VCEA desires to avoid misunderstandings, complaints of favoritism, claims of sexual harassment, and employee dissension that may result from personal or social relationships amongst employees. Therefore, VCEA asks that if you become romantically involved with another employee that you disclose your relationship to a supervisor with whom you feel comfortable. This information will be kept as confidential as possible. For purposes of this provision, “romantically involved” will be interpreted broadly. VCEA reserves the right to take necessary and appropriate action to resolve any potential conflict of interest arising out of romantic involvement among employees. Depending on the facts of the situation, such action may include reassignment or termination of one or both of the employees involved.

VCEA is committed to maintaining a professional work environment where supervisors treat all employees fairly and impartially. Accordingly, supervisors are not allowed to date, or become romantically or intimately involved with, employees who report to them directly or indirectly. Also, spouses and immediate family members are prohibited from working in positions where they directly report to, or are reported to, by their spouses or family members. Personal relationships very often cause problems in the workplace, such as a lack of objectivity towards the subordinate’s job performance, the perception of favoritism by other employees (whether justified or not), and potential sexual harassment complaints.

For purposes of this policy, “immediate family” includes significant others (such as unmarried couples who live together), domestic partners, step-parent and step-child relationships, in-law relationships, grandparents and cousins (including analogous relationships with the parents and children of an employee’s significant other). This policy covers all family-like relationships, regardless of blood or legal relationships.

Employees who are currently dating one another, or employees who are married or related and report to or supervise each other, may request to be transferred in order to comply with this policy. When possible, VCEA will attempt to accommodate such requests. Please understand, however, that VCEA reserves the right not to transfer employees based on conflicting business considerations.

Unprofessional behavior in the workplace, such as sexually related conversations, inappropriate touching (i.e., kissing, hugging, massaging, sitting on laps) another employee, and any other behavior of a sexual nature, is prohibited.

If two employees marry or become related, causing actual or potential problems such as those described, only one of the employees will be retained with VCEA unless reasonable accommodations can be made to eliminate the actual or potential conflict. The employees will have 30 days to decide which relative will stay with VCEA. If this decision is not made in the time allowed the General Manager will make the decision, taking the employment history and job performance of both employees as well as the business needs of VCEA into account. Supervisors who have any questions about the application of this policy to an employee or applicant should contact the General Manager.

## **Dress Policy**

You are expected to dress and groom yourself in accordance with accepted social and business standards, particularly if your job involves dealing with customers or visitors in person. A neat, tasteful appearance contributes to the positive impression you make on our customers.

Business casual dress is generally expected which should include nice shoes, slacks, pantsuits, dresses, skirts, and shirts (and possibly suits and ties when appropriate). Violating dress code standards may subject you to appropriate disciplinary action.

## **Day-to-Day Operations**

### **Employer and Employee Property**

Routine inspections of agency property might result in the discovery of an employee's personal possessions. You are encouraged not to bring into the workplace any item of personal property which you do not want to reveal to VCEA.

All desks, lockers, offices, work spaces, credenzas, cabinets, electronic mail (e-mail), telephone systems, office systems, computer systems, any and all electronically issued technology, agency vehicles and other areas or items belonging to VCEA are open to VCEA and its employees. **YOU SHOULD HAVE NO EXPECTATION OF PRIVACY IN ANY OF THESE AREAS.** Personal items and messages or information that you consider private should not be placed or kept in any of these places or areas belonging to VCEA.

Storage areas, work areas, file cabinets, credenzas, computer systems and software, office telephones, cellular telephones, any and all electronically issued technology, modems, facsimile machines, copy and scanner machines, tools, equipment, desks, voice mail, and electronic mail are the property of VCEA, and need to be maintained according to agency rules and regulations.

Desks and work areas must be kept clean, and are to be used for work-related purposes. VCEA's property is subject to inspection at any time, with or without prior notice. Prior authorization must be obtained before any of VCEA's property may be removed from the premises.

For security reasons, you should not leave personal belongings of value in the workplace. Personal items, lockers and desks are subject to inspection and search, with or without notice, and with or without your prior consent.

Terminated employees should remove any personal items at the time of separation. Personal items left in the workplace by previous employees are subject to disposal if not claimed at the time of your termination.

### **Electronic Systems and Privacy**

Access to VCEA's electronic systems is provided for work-related purposes. There should be NO expectation of privacy in connection with the use of electronic systems, including stored e-mail/voice mail/text messages or any messages sent electronically. All messages created, sent, received or stored in these systems are and remain the property of VCEA. VCEA reserves the right to retrieve and review any message composed, sent or received via the system. Please note that even when a message is deleted or erased, it is still possible to recreate the message; therefore, the ultimate privacy of messages cannot be ensured to anyone.

To safeguard and protect the proprietary, confidential and business-sensitive information of VCEA, and to ensure that the use of all electronic systems and equipment is consistent with VCEA's legitimate business interests, authorized representatives of VCEA may monitor the use of such systems from time to time without notice, which may include printing and reading materials, files on the system, list servers, and equipment.

You should be aware that e-mail messages, like VCEA correspondence, and any and all messages sent electronically may be read by other VCEA employees and outsiders under certain circumstances. While it is impossible to list all of the circumstances, some examples are the following: (1) during system maintenance of the e-mail system, (2) when VCEA has business needs to access the employee's mailbox, (3) when VCEA receives a legal request that requires disclosure of e-mail messages, or (4) when VCEA has reason to believe the employee is using e-mail in violation of VCEA policies.

### **Social Media Guidelines**

VCEA understands that various forms of communication occur through social media, such as Facebook, Twitter, LinkedIn, blogs, and multimedia host sites such as YouTube. Such communications occur in social networking, blogs, and video sharing and similar media. It should be remembered that social media sites do not provide a private setting. Employees who communicate information through social media therefore should not expect that such information is private

Employees must remember that all existing policies apply to information disseminated through social media. These guidelines are intended to help employees understand some of the unintended outcomes of sharing information through social media.

### **Application of Policies**

The employer's policies and standards apply to conduct that occurs in the workplace and while employees are on duty, wherever they happen to be. They also apply to activities that occur during an employee's own time, outside of work, if the activities have an actual or potential impact on the employee's performance, the performance of coworkers, or the employer. Employees should therefore understand that they are responsible for certain activities that occur off the employer's premises or on their own time both to the employer and third parties. Nothing in this policy prevents employees from exercising their broad rights to discuss the terms and conditions of employment with others, to take action with others to improve your working conditions, or to otherwise exercise their rights to engage in protected concerted activity.

### **General Policies**

VCEA's policies regarding workplace conduct and interpersonal interactions are embodied in a number of policies, including policies that protect VCEA's legal interests and confidential information.

The policies also prohibit unlawful harassment and discrimination and require employees to use work time in an appropriate manner.

The principles set forth in VCEA's policies apply equally to social media, even when the policies do not refer specifically to social media. Violations of any policy through social media or networking will be appropriately addressed when brought to management's attention.

Illustrations of some of the relevant policies and how they may apply to social media are provided below. The following guidelines apply to all employees when they are at work and away from work.

#### General expectations

- Employees may not post or transmit any material or information that includes confidential, proprietary or trade secret information, or information that is untrue, defamatory, obscene, profane, threatening, harassing, abusive, hateful or humiliating to another person or entity. This includes, but is not limited to, comments regarding VCEA or its employees or customers. Employees should ask their supervisors and refer to agency policies if they have any questions about what is appropriate to include in communications involving social media.

#### Harassment

- VCEA will not tolerate intimidation, bullying or threats of violence among co-workers and such acts, even if occurring outside of work, will result in serious consequences, including termination.
- VCEA maintains a strict policy prohibiting harassment of any kind. Harassment is inappropriate and contrary to VCEA policy if it is based upon any legally protected characteristic. It includes unwelcome verbal, physical, or visual conduct that creates an intimidating, offensive, or hostile work environment or unreasonably interferes with work performance.

#### Reputation

- Employees should act responsibly and remember that untrue or defamatory postings can have serious consequences. Do not create fake blogs or false reviews of VCEA or its customers.

#### Acceptable Use Guidelines

- E-mail and Internet access is provided to support VCEA's business operations. Incidental use of e-mail and internet for personal reasons is permissible during non-working periods during the workday, provided it is not excessive and provided it does not interfere with VCEA business. Any use that includes tapping into electronic social media should be consistent with VCEA's values, policies and applicable laws.
- Participation in social media sites should be limited during work time; incidental use during break time is not prohibited by this policy. Under no circumstances may employees access social media sites while performing safety-sensitive functions such as driving.

#### Opinions

- Employees should not speak on behalf of VCEA without proper authorization to do so. Employees should at all times make it clear that their opinions do not represent those of VCEA. They should include disclaimers in online communications advising that they are not speaking officially or unofficially on behalf of the organization.
- Employees may not use VCEA's logo or proprietary graphics to imply that you are speaking on behalf of VCEA.

## Questions

- Employees who have concerns regarding workplace conduct or inappropriate behavior or comments are encouraged to contact the General Manager for further guidance.

## **Additional Guidance and Information**

While VCEA's policies offer very clear direction on some issues, there are other areas where common sense must prevail. When in doubt about posting, employees should consider the following:

- There is no expectation of privacy when engaging in social media networking activities. You may know everyone in the room when you have a conversation in person. This will not apply with social networking applications. You may not have full control over how your comments are perceived or shared.
- These are public forums. As a practical matter, it may be impossible to delete information that is shared. Comments may be publicly available for years.
- Even when you do not identify your employer by name in the communication or posting, some readers are likely to know where you work. Keep this in mind when you consider posting or transmitting comments that may be work-related. This should also be considered when creating your profile.
- Do not state or imply that the opinions you express are those of VCEA, its management, or other employees. Include a disclaimer to this effect.

## **Telephone Usage**

You may use agency telephones for local or personal calls within reason. You are not to charge long distance personal telephone calls to VCEA. You are expected to limit personal calls so they do not become excessive or disruptive to your work or work area.

## **Cell Phone Usage**

VCEA realizes that in our fast-paced business environment, meeting our goals and staying in touch with our customers and co-workers is a necessary process in working efficiently. But, first and foremost, we want to preserve the safety of our employees and those in the community. California law limits the use of cell phones while driving to those having hands-free operation.

This law provides that, it is illegal to drive a motor vehicle while using a wireless telephone, unless that telephone is designed and configured to allow hands-free listening and talking operation, and is used in that manner while driving.

Additionally, writing, sending, or reading text-based communications on your cell phone while driving is also prohibited under California law. This includes text messaging, instant messaging, and e-mail. You will be responsible for any tickets you receive if you violate this law.

Use of a hands-free cell phone is required while driving for agency business. An option is that you pull over while driving to place or receive calls on your cellular phones. There is a great potential for harm to you and to others if this policy is violated.



Personal cell phone use is not needed or required for work purposes and should not be used for work.

### **Workplace Monitoring**

Workplace monitoring, both human and electronic, may be conducted by VCEA to ensure quality control, employee safety, compliance with VCEA policies, security, and customer satisfaction.

Customer sites may also utilize video surveillance of non-private workplace areas. Video monitoring is used to identify safety concerns, maintain quality control, detect theft and misconduct, and discourage or prevent acts of harassment and workplace violence.

Because VCEA is sensitive to your legitimate privacy rights, every effort will be made to see that workplace monitoring is done in an ethical and respectful manner.

### **Travel Expense Policy**

VCEA will reimburse you for work-related travel expenses such as transportation, overnight accommodations and meals. You should have your supervisor's approval before incurring travel expenses. All requests for reimbursement must be submitted to the General Manager for approval along with supporting documents or original invoices.

Non-exempt employees will be paid for time spent traveling and in conference sessions. If you are required to use your personal automobile on work-related business, VCEA will reimburse you for mileage at the current IRS reimbursement rate and for parking expenses. You should submit the appropriate expense form to the General Manager for approval and then forward it to accounting for payment once per month. If you use your personal vehicle for work-related travel you are expected to maintain at least the minimum insurance required by law.

### **Agency Property and Equipment**

Equipment essential to accomplishing job duties is often expensive and may be difficult to replace. When using agency property, you are expected to exercise care, arrange for required maintenance, and follow all operating instructions, safety standards, and guidelines.

VCEA requires that all equipment be in proper working order and safe to work with at all times. If any equipment appears to be damaged, defective, or in need of repair, do not use it until a qualified technician certifies that it is repaired and safe. Never try to fix broken equipment yourself. Please notify your supervisor of any equipment breakdown as soon as it happens. If the breakdown requires emergency repairs, your supervisor will help you deal with the emergency situation as soon as possible. Prompt reporting of damages, defects, and the need for repairs could prevent possible personal injury and deterioration of equipment. Please ask your supervisor if you have any questions about your responsibility for maintenance and care of equipment used on the job.

If you are authorized to operate an agency vehicle in the course of your assigned work, or if you operate your own vehicle in performing your job, you must adhere to the following rules:

1. You must be a licensed California driver and must maintain at least the minimum insurance required by law.

2. You must maintain weekly mileage reports.
3. You are responsible for following all the manufacturer's recommended maintenance schedules so as to maintain valid warranties, and for following the manufacturer's recommended oil change schedule.
4. VCEA provides insurance on agency vehicles. However, you will be considered completely responsible for any accidents, fines, moving or parking violations.
5. If involved in an accident do not admit fault, only provide required insurance and personal DMV information.
6. You must keep VCEA vehicle clean at all times.
7. Persons not authorized or employed by VCEA cannot operate or ride in an agency vehicle.
8. Prior to operation of any agency vehicle, your supervisor will train you on the appropriate steps to take if you are involved in an accident, such as filling out the accident report, getting names and phone numbers of witnesses and so on.

If you are required to drive an agency vehicle or your own vehicle for agency business, you will also be required to show proof of a current, valid driver's license and current effective auto insurance coverage prior to the first day of employment.

If you drive your own vehicles on agency business you will be reimbursed at the current IRS reimbursement rate.

You are responsible for all agency property, materials, or written information issued to you or in your possession. You may be asked to sign an acknowledgment of receipt of agency property issued to you. All agency property must be returned on or before your last day of work. You may be responsible for the replacement cost of agency property not returned.

Agency cars are for agency business only, and only authorized employees may drive agency cars. Employee spouses, children, friends or anyone other than the employee may not operate these vehicles, unless an emergency arises. A violation of these rules, or excessive or avoidable traffic and parking violations may result in disciplinary action, up to and including termination.

### **Personal Use of Agency Property**

You are not allowed to use agency owned property for personal use. The definition of "agency owned" assets includes, but is not limited to, facilities, computers, and their related equipment, labelers, copy machines, postage meter, any type of supplies including office supplies, tools, vehicles, credit cards, etc. These assets are provided to you for agency related business only.

Please also remember that all desks, lockers, cabinets, computers and vehicles that belong to VCEA will be open to all agency employees. Personal items, messages or information that you consider private should not be placed or kept in telephone systems, office systems, agency computer systems, office work spaces, desks, and credenzas or file cabinets.

If you are issued an agency credit card you are responsible for the use of that card. Under no circumstances will VCEA allow you to sign an agency credit card unless the card being signed is issued in your name. Signing another employee's credit card will result in liability for the expense and may subject you to immediate

termination. If you hold an agency credit card you may only give permission to another employee to make an authorized business purchase or reservation using your card with prior approval from the General Manager of VCEA. Any holders of agency credit cards or authorized users who transact a non-business related charge may be subject to immediate termination. Receipts for all credit card transactions must be given to the Finance Director along with an explanation of the purchase.

### **Driving Record and Insurance**

As a condition of employment, we require you to maintain an acceptable driving record if you drive for agency business. Any accidents or traffic violations must be reported to a supervisor immediately if they occur during the course of your duties. You will be responsible for any tickets you receive while driving on agency business whether in an agency vehicle or your own personal vehicle. Failure to report an on-the-job motor vehicle accident, no matter how minor, will lead to disciplinary action, up to and including termination. Additionally, you are required to maintain the level of insurance required by the state of California. A copy of your insurance card must be on file before you will be allowed to drive for agency business.

### **Health and Safety**

Safety is everybody's business. Safety is to be given primary importance in every aspect of planning and performing all VCEA activities. We want to protect you against injury and illness, as well as minimize the potential loss of production. To achieve our goal of maintaining a safe workplace, everyone must be safety conscious at all times. In compliance with California law, and to promote the concept of a safe workplace, we maintain an Injury and Illness Prevention Plan (IIPP). The IIPP is available for your review from the Director of Finance & Internal Operations. The Director of Finance & Internal Operations has responsibility for implementing, administering, monitoring, and evaluating the safety program. Its success depends on the alertness and personal commitment of all.

You will receive a copy of VCEA's general safety rules and will receive health and safety training as part of this program. A complete copy of the Safety Program is kept by the General Manager and is available for your review.

### **Smoking Policies**

Smoking, use of e-cigarettes or vapor products is not allowed in any enclosed area of the building, or within 25 feet of any entrance of the building or in any agency vehicle. In fairness to those who do not smoke, smoking is allowed only during breaks and lunch and only outside of the office or building.

### **Security**

To provide for the safety and security of you, our customers and our facilities, only authorized visitors are allowed in the work areas. To ensure the safety of our guests, we encourage family and friends to check in when visiting you at the workplace.

The following security procedures should always be followed to ensure your safety and the safety of your fellow employees, and to ensure the confidentiality of VCEA's information. At no time should unauthorized persons be allowed to roam unescorted through VCEA's office. It is a matter of courtesy to accompany customers and guests to and from the exits and other office to which they may be destined. If strangers are encountered in our office

who do not satisfactorily identify themselves or the person with whom they will be meeting, escort them to the front of the office. If they resist, contact your supervisor immediately.

Be aware of persons loitering for no apparent reason in other non-office areas (e.g., in parking areas, walkways, entrances/exits and service areas). Report any suspicious persons or activities to your supervisor. Secure your desk at the end of the day or when called away from your work area for an extended length of time and do not leave valuable and/or personal articles in or around your workstation that may be accessible. Please report any lost facility keys to your supervisor immediately.

### **Workplace Violence**

VCEA recognizes that violence in the workplace is a growing nationwide problem necessitating a firm, careful response by all employers. The costs of workplace violence are great, both in human and financial terms.

VCEA has adopted the following policies to ensure the safety of its employees and to provide guidance on dealing with violence in the workplace. If qualified, you may provide first aid to injured persons. You are required to:

1. Immediately report all indirect and direct threats of violence to a supervisor.
2. Immediately report all suspicious individuals or activities to a supervisor.
3. Never put yourself or others in peril.
4. Immediately call 911 and seek shelter if you hear a violent commotion near your workstation.
5. Cooperate fully with security, law enforcement, and medical personnel who respond to a call for help.
6. Direct all inquiries from the media about violence on VCEA premises to your supervisor or the General Manager.

The General Manager of VCEA will make the sole determination of whether, and to what extent, threats or acts of violence will be acted upon by the agency. In making this determination, we may undertake a case-by-case analysis in order to ascertain whether there is a reasonable basis to believe that workplace violence has occurred. No provision of this policy shall alter the at-will nature of employment at VCEA.

### **Off-Duty Use of Facilities**

You are prohibited from being on agency premises, or making use of agency facilities, while not on duty. You are expressly prohibited from using agency facilities, agency property or agency equipment for personal use.

### **Parking**

You are encouraged to use the parking areas designated for our employees. Remember to lock your car every day and park within the specified areas.

Courtesy and common sense in parking will help eliminate accidents, personal injuries, and damage to your vehicle and to the vehicles of other employees. If you should damage another car while parking or leaving, immediately report the incident, along with the license numbers of both vehicles and any other pertinent information you may have, to your supervisor. VCEA cannot be and is not responsible for any loss, theft or

damage to your vehicle or any of its contents. You will be responsible for any parking tickets you receive while driving on agency business whether in an agency vehicle or your own personal vehicle.

### **Employee Suggestion Program**

We encourage you to bring forward your suggestions and good ideas about how our agency can be made a better place to work and our service to customers enhanced. When you see an opportunity for improvement, please talk it over with your supervisors. All suggestions are valued and listened to.

## **Employee Benefits**

### **Benefits**

VCEA has developed and invested in an employee benefit program to supplement your regular wages. VCEA will continue these benefits as agency resources allow; however, we reserve the right to change or eliminate any benefit program at any time (including increasing the employee's share of the cost).

Our benefit program consists of programs which may include health, dental, and vision coverage, life insurance, paid time off (PTO) and holiday pay. In addition, there are a number of programs available to employees through other sources such as State Disability, Paid Family Leave, Unemployment Insurance, Social Security and Workers' Compensation. Eligibility to participate in some of these programs is determined by your employee classification and length of continued service with VCEA.

### **Official Health Plan Documents**

The employee handbook contains a number of brief summaries of the benefit programs that the employer provides for eligible employees. The purpose of these summaries is simply to acquaint you with the general provisions of the applicable plans; they do not contain full statements of all of the terms, conditions, and limitations of the plans. If there are any real or apparent conflicts between the brief information in the handbook and the terms, conditions and limitations of the official plan documents, the provisions of the official plan documents will be considered accurate. You are encouraged to review all plan documents carefully to familiarize yourself with all of the provisions of the plans.

### **Paid Time Off (PTO)**

#### **Eligibility**

Paid Time Off (PTO) is an all purpose time-off policy for eligible employees to use for vacation, the diagnosis, care, treatment of an existing health condition or preventative care of an employee, family member or for employees who are victims of domestic violence, sexual assault or stalking to seek aid, treatment, or related assistance, illness or injury, and personal business.. A family member is defined as a spouse, registered domestic partner (RDP), grandparent, grandchild, sibling, in-law, parent, step-parent, legal guardian, or child (regardless of age or dependency status). Personal business also includes time spent for jury duty, bereavement, and time off to vote. Regular full-time employees are eligible to earn and use PTO as described in this policy.

PTO begins accruing upon your date of hire. Employees may begin using PTO upon your 90th day of employment. At that time, you can request the use of earned PTO including that accrued during the waiting period.

### **Accrual**

Regular, full-time employees accrue 6.67 hours of PTO per pay period (24 pay periods per year) in your first year of eligibility – 160 hours. After your first anniversary, and thereafter, you will receive an additional eight (8) hours per year, which will accrue at an additional rate of .34 hours per pay period. Once you have worked for the agency for ten (10) years, you will not accrue any additional PTO.

The length of eligible service is calculated on the basis of a "benefit year." This is the 12-month period that begins when you start to earn PTO. You will not earn PTO while you are out on an unpaid leave of absence. Therefore, your benefit year may be extended if you go out on a leave of absence other than a military leave of absence. Military leave has no effect on this calculation. (See individual leave of absence policies for more information.)

### **Scheduling PTO**

PTO can be used in minimum increments of one (1) hour for non-exempt employees. Exempt employees may use PTO in ½ day or 1 full day increments. If you have an unexpected need to be absent from work you should notify your direct supervisor before the scheduled start of your workday, if possible. Your direct supervisor must also be contacted on each additional day of unexpected absence.

To schedule planned PTO, you need to request advance approval from your supervisor. Requests will be reviewed based on a number of factors, including business needs and staffing requirements.

PTO is paid at your base pay rate at the time of absence. It does not include overtime or any special forms of compensation such as incentives, commissions, bonuses, or shift differentials.

PTO will be used to supplement any payments that you are eligible to receive from state disability insurance, or workers' compensation. The combination of any such disability payments and PTO cannot exceed your normal weekly earnings.

### **PTO Caps**

Employee can accumulate PTO up to a balance of twice the annual PTO for which they are entitled. Once that limit is reached, employee will no longer accrue PTO until time is taken, and the employee's accrual falls below the cap.

Upon termination of employment, you will be paid for unused PTO that has been earned through your last day of work.

### **Sick Leave**

Employees who are not eligible for the PTO policy as outlined above will earn sick leave in accordance with this policy.

Sick leave is a form of insurance that is accumulated in order to provide a cushion for incapacitation due to illness. It is to be used only for the diagnosis, care, treatment of an existing health condition or preventative care of an employee, family member or for employees who are victims of domestic violence, sexual assault or stalking to seek aid, treatment, or related assistance. A family member is defined as a spouse, registered domestic partner (RDP), grandparent, grandchild, sibling, in-law, parent, step-parent, legal guardian, or child (regardless of age or dependency status).

On the employee's hire date, eligible employees will receive 24 hours of paid sick leave. At the end of each year of employment (i.e., on the employee's anniversary date), unused sick leave will be removed from the employee's leave bank. All eligible employees will be credited with 24 hours of paid sick leave at the commencement of the next employment year. Any unused sick leave is not paid out on separation of employment.

Employees may begin using sick leave upon their 90th day of employment.

When wishing to use sick leave, you should personally call your supervisor prior to the start of your shift on the day you are scheduled to work. Sick leave is not to be taken in less than two (2) hour increments and does not accrue when you are out on sick leave.

A paid absence is not counted as a basis for computing overtime.

If you are receiving State Disability Insurance (SDI) or Workers' Compensation payments, then you can integrate sick pay (meaning that you can supplement your wage replacement benefits with a portion of your sick leave to equal your full wage). Under no circumstances can you receive more than your customary wage.

Sick leave is not granted for the purpose of accompanying or taking pets to procure medical attention.

Unused sick leave has no cash value and will not be paid at termination.

### **Holidays**

We observe the following paid holidays for full-time employees:

- New Year's Day
- Martin Luther King Jr.'s Birthday
- President's Day
- Memorial Day
- Independence Day
- Labor Day
- Veterans Day
- Thanksgiving
- Day after Thanksgiving
- Christmas Day

Eligibility for holiday pay begins upon date of hire. You must also be regularly scheduled to work on the day on which the holiday is observed, and must work your regularly scheduled working days immediately preceding and immediately following the holiday, unless an absence on either day is approved in advance by your supervisor.

When a holiday falls on a Saturday or Sunday, it is usually observed on the preceding Friday or the following Monday. Holiday observance will be announced in advance.

If you are on a paid absence due to PTO when a holiday occurs, you will receive holiday pay. Non-exempt employees who work on holidays, due to customer job requirements, will receive regular earned wages. Part-time employees and interns are not eligible for holiday pay.

### **Insurance Benefits**

**Medical, Dental and Vision Insurance:** We provide comprehensive medical, dental & vision insurance plans for eligible employees and their dependents. You may be required to provide adequate proof of the dependent relationship in order to add the dependents to our insurance policies. Typically proof of the relationship may be established through a copy of a birth certificate, adoption documents, marriage license, or certificate of registered domestic partnership. We cannot guarantee your domestic partner relationship will be kept confidential.

Full-time and part-time employees are eligible on the first of the month once they have completed 30 days of continuous employment with VCEA. VCEA will contribute \$1,000/month towards full-time employee's medical, dental and vision benefits. Part-time employees will be eligible for a prorated contribution based on the average hours worked. You will be responsible for any excess premiums due for the coverage you choose for your dependents. Deductions from your paycheck will be made to cover this cost through payroll deductions. Information describing your benefits will be given to you when you join the program. Employees who choose to receive health benefits must provide proof of medical, dental and vision insurance within 30 days of receiving the benefit. Employees who waive VCEA health benefits shall receive a reduced payout of \$500/month.

During any leave of absence such as personal leave, Workers' Compensation leave or other disability leave, health benefits will continue through the end of the month. For the duration of any pregnancy disability leave of absence, health and life insurance benefits will be continued for the duration of your pregnancy disability leave.

Please direct any questions you have regarding your health and dental insurance to the General Manager.

**Retirement Plan:** We provide a 401(A) and 457B defined contribution retirement plans for eligible employees in order to assist in planning for your retirement. Eligible employees may enroll following 6 months of employment. For more information regarding eligibility, contributions, benefits and tax status, contact the General Manager. All eligible participants will receive a summary plan description.

**Disability Insurance:** VCEA furnishes private long-term disability policies. For more information, contact the General Manager.



**Life and Accidental Death and Dismemberment Insurance:** If you are a regular full time employee of VCEA, you will be provided our group life insurance coverage paid for by the organization. This insurance is payable in the event of your death, in accordance with the policy, while you are insured. You may change your beneficiary whenever you wish by submitting the appropriate documents to the Human Resources Consultant. Refer to the literature provided by our insurance agency for details on your life insurance coverage.

**Paid Family Leave (PFL) Insurance:** All employees who take time off to care for a seriously ill family member (child, parent, grandparent, grandchildren, in-laws, spouse or registered domestic partner) or bond with a new child may be eligible to receive replacement wages for up to six weeks during any 12-month period, under California's Paid Family Leave program. This program is funded with employee contributions through the State Disability Insurance (SDI) Program. Such contributions are deducted from each employee's paycheck. Even though employees may be eligible to receive Paid Family Leave insurance benefits, a leave of absence must still be requested and approved as defined in our leave policies. Please understand that this leave does not mandate any guarantee that your job will be available when you are ready to return.

**State Disability Insurance:** If you are unable to work due to a non-work related medical condition or injury you may be entitled to State Disability Insurance (SDI). SDI benefits are paid by the state and are financed from mandatory payroll tax deductions from all employees' wages. Questions regarding SDI benefits should be directed to the General Manager or the state's Employment Development Department.

**Unemployment Compensation:** We contribute each year to the California Unemployment Insurance Fund on behalf of our employees.

**Social Security:** Social Security is an important part of every employee's retirement benefit. We pay a matching contribution to each employee's Social Security taxes.

**Workers' Compensation:** VCEA purchases a workers' compensation insurance policy to protect you while you are employed by us. The policy covers you in case of occupational injury or illness. It is your responsibility to notify a member of management immediately if injured. Please refer to the Workers' Compensation policy for additional information.

We provide workers' compensation insurance for our employees as required by state law. The insurance provides important protection for employees who suffer a work-related injury. We encourage you to report all workplace injuries immediately and to take advantage of the benefits provided by our workers' compensation insurance if you are injured on the job.

Workers' compensation insurance provides important protection for employees who suffer an injury at work. Unfortunately, we understand that some employees are encouraged to file fraudulent workers' compensation claims. For your own protection, you should know that the California Insurance Frauds Protection Act provides that it is unlawful for any person to:

*"Make or cause to be made any knowingly false or fraudulent material statement or material representation for the purpose of obtaining . . . compensation . . . and shall be punished by*

*imprisonment in county jail for one year, or in the state prison for two, three or five years, or by a fine not exceeding Fifty Thousand Dollars (\$50,000.00) . . . or by both imprisonment and fine."*

Our policy is to investigate all questionable workers' compensation claims. If they appear to be fraudulent, they are referred to the Bureau of Fraudulent Claims and the District Attorney's office.

**Section 125 (Cafeteria Plan):** Through the flexible spending account or the health savings account, you may designate an annual dollar amount of your before-tax income to pay for certain eligible expenses. Particular care should be taken to assure that the funds required in the flexible spending account are not over estimated as unused funds cannot be returned to the participant at the end of the plan year. Please refer to the booklets for information about the program. If you need additional information or change forms, please speak with the General Manager.

### **Domestic Partners**

VCEA believes that basic medical/dental/vision coverage should be available to employees and their dependents. To recognize non-traditional family arrangements and to demonstrate our commitment to our community of employees and their families, VCEA has instituted a Domestic Partners Policy. This policy gives you the opportunity to cover a long-term, significant same sex partner under our benefits plans, as well as opposite sex partners for employees over 62 years of age. VCEA wishes to make it clear that it cannot guarantee confidentiality of the relationship once a domestic partner is covered under our policy. See the General Manager for more information.

### **Cal-COBRA**

The California Continuation Benefits Replacement Act (Cal-COBRA) gives qualified employees and their dependents the opportunity to continue health insurance coverage under VCEA's health plan when a "qualifying event" would normally result in the loss of eligibility. Some common qualifying events are resignation, termination of employment, or death of an employee; a reduction in an employee's hours or a leave of absence; an employee's divorce or legal separation; and a dependent child no longer meeting eligibility requirements. Under Cal-COBRA, you or the beneficiary pays the full cost of coverage at VCEA's group rates. In addition, you or the beneficiary may be required to pay an administration fee. Our plan administrator will provide you with a written notice describing rights granted under Cal-COBRA when you become eligible for coverage under our plan. The notice contains important information about your rights and obligations.

### **Recreational Activities and Programs**

VCEA or its insurer will not be liable for payment of workers' compensation benefits for any injury that arises out of your voluntary participation in any off-duty recreational, social, or athletic activity that is not part of your work related duties.

### **Leaves of Absence**

Occasionally, for medical, personal, or other reasons, you may need to be temporarily released from the duties of your job with VCEA. It is the policy of VCEA to allow its eligible employees to apply for and be considered for certain specific leaves of absence.

All requests for leaves of absence shall be submitted in writing to your supervisor. Each request shall provide sufficient detail such as the reason for the leave, the expected duration of the leave, and the relationship of family members, if applicable. When you become aware of your need for leave, requests should be provided at least 30 days in advance. If your need for leave is not foreseeable, you should follow VCEA's customary notice and procedural requirements for requesting leave. Failure to return to work as scheduled from an approved leave of absence or to inform your supervisor of an acceptable reason for not returning as scheduled will be considered a voluntary resignation of employment. While on a leave of absence you may not obtain other employment or apply for unemployment insurance. If either of these instances occurs, you may be viewed as having voluntarily resigned from VCEA.

You will not accrue PTO while you are on an unpaid leave of absence. There are several types of leaves for which you may be eligible.

### **Medical Leaves of Absence**

A medical leave of absence may be granted for non-work related temporary medical disabilities (other than pregnancy, childbirth and related medical conditions) until the end of the month in which the leave began with a doctor's written certificate of disability (unless leave of a longer duration is required by law). Requests for leave should be made in writing as far in advance as possible, but, requests should be provided at least 30 days in advance. If your need for leave is not foreseeable, you should follow VCEA's customary notice and procedural requirements for requesting leave. If you are granted a medical leave, you are required to use any accrued sick pay. You also may use any PTO previously accrued.

A medical leave begins on the first day your doctor certifies that you are unable to work and ends when your doctor certifies that you are able to return to work. Your supervisor will supply you with a form for your doctor to complete, showing the date you were disabled and the estimated date you will be able to return to work. Upon your return, you must present a doctor's certificate showing fitness to return to work. If you need a medical-related leave longer than VCEA can, consistent with business necessity and reasonable accommodation, approve, you will be advised.

For the duration of any leave of absence, health and life insurance benefits ordinarily provided by VCEA, and for which you are otherwise eligible, will be continued until the last day of the month in which the leave begins. For the duration of a pregnancy disability leave, health and life insurance benefits ordinarily provided by VCEA, and for which you are otherwise eligible, will be continued for the duration of your pregnancy disability leave. During this time, you will be required to contribute your portion of the premium on the same basis as you would have been required during your normal working relationship, including payment of any premium for the dependent coverage you have elected.

If you wish to continue these benefits you may do so by electing to continue the benefit through the CAL-COBRA provisions, and by paying the applicable premiums.

You will not accrue PTO while you are on an unpaid medical leave of absence.

If returning from a non-work related medical leave, you will be offered the same position held at the time of leaving, if available. However, we cannot guarantee that your job or a similar job will be available upon your return. If VCEA is unable to provide a job for you at the end of your leave, we will end your employment, but you will be eligible to apply for any opening that may arise for which you are qualified.

### **Bereavement Leave**

VCEA provides regular full-time and regular part-time employees up to three (3) days' paid bereavement leave in the event of a death in your immediate family. For purposes of this policy, "immediate family" includes your spouse, parent, child, sibling; your spouse's parent, child, or sibling; your long- time companion or domestic partner; and your grandparents or grandchildren. If you need to take time off due to the death of an immediate family member you should contact your supervisor. Your supervisor may approve additional unpaid time off.

### **Bone Marrow and Organ Donation Leave**

Employees who are donating an organ to another person may take a leave of absence not exceeding 30 business days (and which may be taken in one or more periods) in any one-year. Employees who are donating their bone marrow to another person may take a leave of absence not exceeding 5 business days (and which may be taken in one or more periods) in any one year.

Requests for leave should be made in writing as far in advance as possible. You must provide a written medical certification from your health care provider to VCEA that shows that you are a bone marrow or organ donor and that there is a medical necessity for the donation.

Bone Marrow and Organ Donation leave is a paid leave, however you are required to use up to 5 days of accrued but unused sick or PTO leave for bone marrow donation, and up to 2 weeks of accrued but unused sick or PTO leave for organ donation.

For the duration of a Bone Marrow or Organ Donation leave of absence, health and life insurance benefits ordinarily provided by VCEA, and for which you are otherwise eligible, will be continued until the last day of the month in which the leave begins. During this time, you will be required to contribute your portion of the premium on the same basis as you would have been required during your normal working relationship, including payment of any premium for the dependent coverage you have elected.

When you are ready to return to work after a Bone Marrow or Organ Donation leave, you must provide certification from your medical care provider that you are able to safely perform all of the essential functions of your position with or without reasonable accommodation. Except as otherwise allowed by law, you are entitled, upon return from leave, to be reinstated in the position you held before the Bone Marrow or Organ Donation leave, or to be placed in a comparable position with comparable benefits, pay, and terms and conditions of employment.

### **Civil Air Patrol Leave**

Employees who volunteer for the California Wing of the Civil Air Patrol are allowed up to ten days of unpaid leave each year. This leave covers employees who are needed to respond to an emergency operational mission

who have been employed by VCEA for at least 90 days immediately preceding the requested leave. VCEA reserves the right to verify the need for the leave with the Air Patrol.

### **Domestic Violence and Sexual Assault Victim Leave**

VCEA takes threats and actions of domestic abuse and sexual assault against our employees very seriously, and wants employees to feel free to obtain services to keep themselves and their dependents safe.

If at any time you need to be absent from work because you have been a victim of domestic violence or sexual assault, and you need to take time off to ensure your safety, seek medical treatment, or receive counseling as a result of domestic violence or sexual assault, please let your supervisor or the General Manager know immediately. Your privacy will be protected to the greatest extent possible. You may use accrued PTO or sick leave in lieu of unpaid time off for these purposes.

### **Jury Duty or Witness Leave**

You may want to fulfill your civic responsibilities by serving on a jury or as a witness as required by law. You may request unpaid leave for the length of absence, unless the leave of absence is taken as PTO. We will comply with federal and state requirements on pay for exempt employees. You may be requested to provide written verification from the court clerk of having served.

You must show the jury duty or witness summons to your supervisor as soon as possible so that arrangements can be made to cover your absence. Of course, you are expected to report for work whenever the court schedule permits. If you are called for jury duty during a particularly busy time, we may ask you to request the court to postpone the mandatory jury duty to a more convenient time for us. You retain all fees paid for appearing, plus transportation reimbursements received, if any.

### **Military Leave**

If you wish to serve in the military and take military leave you should contact the General Manager for information about your rights before and after such leave. You are entitled to reinstatement upon completion of military service provided you return or apply for reinstatement within the time allowed by law.

### **Pregnancy Disability Leave**

#### **Eligibility and Terms of Leave**

Female employees are entitled to an unpaid Pregnancy Disability Leave (PDL) during the time they are disabled due to pregnancy, childbirth, or related medical conditions. This leave will be for the period of disability, up to four months or 17 1/3 workweeks. You are “disabled by pregnancy” if you are unable because of pregnancy to work at all, are unable to perform the essential functions of your job, or to perform these functions without undue risk to successful completion of your pregnancy, or to other persons.

Leave may be taken intermittently or on a reduced work schedule when medically advisable, as determined by your medical care provider. Medical certification is required, and the length of Pregnancy Disability Leave will depend on the medical necessity for the leave. If you need intermittent leave or leave on a reduced schedule, VCEA may require you to transfer, during the period of the intermittent or reduced schedule leave, to an

available alternative position for which you are qualified and which better accommodates your recurring periods of leave. Transfer to an alternative position may include altering an existing job to better accommodate your need for intermittent leave or a reduced work schedule.

### **Applying For Leave**

If possible, you should give at least 30 days' notice requesting a pregnancy-related leave. This notice must provide and include the expected date on which the leave will begin, written certification from your medical care provider stating the anticipated delivery date and the duration of the leave.

### **Return to Work**

Before returning to work, you must provide a release from your medical care provider certifying that you are able to safely perform all of the essential functions of your position with or without reasonable accommodation. VCEA will reinstate you to your position unless:

1. Your job has ceased to exist for legitimate business reasons;
2. Your job could not be kept open or filled by a temporary employee without substantially undermining VCEA's ability to operate safely and efficiently;
3. You have directly or indirectly indicated your intention not to return;
4. You are no longer able to perform the essential functions of the job with or without reasonable accommodation;
5. You have exceeded the length of the approved leave; or
6. You are no longer qualified for the job.

If VCEA cannot reinstate you to the position you held before the pregnancy disability leave began, VCEA will offer you a comparable position, provided that a comparable position exists and is available, and provided that filling the available position would not substantially undermine VCEA's ability to operate safely and efficiently.

### **Integration With Other Benefits**

A pregnancy disability leave is unpaid, but you are required to use your accrued sick leave during the leave. In addition, you may elect to use accrued PTO during the leave. Sick leave and PTO will supplement any State Disability Insurance benefits. VCEA will maintain group medical benefits during a pregnancy disability leave as required by law. No additional PTO, sick leave or holiday pay will accrue during the leave (except during the time period you are using sick leave or PTO). You may also, however, be eligible for short term disability benefits.

### **Continuation of Medical Benefits**

For the duration of your PDL leave of absence, health and life insurance benefits ordinarily provided by VCEA, and for which you are otherwise eligible, will be continued for the duration of your pregnancy disability leave. During this time, you will be required to contribute your portion of the premium on the same basis as you would have been required during your normal working relationship, including payment of any premium for the dependent coverage you have elected. If you fail to return to work at the conclusion of PDL leave and wish to continue these benefits, you may do so by electing to continue the benefit through the Cal-COBRA provisions, and by paying the applicable premiums.

### **School Appearance Leave**

If you are the parent or guardian of a child who has been suspended from school and you receive a notice from your child's school requesting that you attend a portion of a school day in the child's classroom, you may take unpaid time to appear at the school, unless you use accrued PTO. Before your planned absence, you must give reasonable notice to your supervisor that you have been requested to appear by your child's school.

### **Time Off for Victims of a Violent or Serious Crime**

Under certain circumstances, employees who are victims of serious crimes may take time off work to participate in judicial proceedings. Qualified family members of such crime victims may also be eligible to take time off from work to participate in judicial proceedings. The law defines a serious crime to include violent or serious felonies, such as felonies involving theft or embezzlement, crimes involving vehicular manslaughter while intoxicated, child abuse, physical abuse of an elder or dependent adult, stalking, solicitation for murder, hit-and-run causing death or injury, driving under the influence causing injury, and sexual assault. When possible, you must provide us with advance notice of the need for the time off. Your privacy will be protected to the greatest extent possible. Time away from work for non-exempt employees will be without pay, unless you wish to use your accrued PTO or sick leave to cover the period of absence.

### **Time Off To Vote**

If you do not have sufficient time outside of working hours to vote in a statewide election, you may, without loss of pay, take off up to two hours of working time to vote. Such time must be at the beginning or end of the regular working shift, whichever allows the most free time for voting and the least time off from working, unless otherwise mutually agreed. You must notify us at least two working days in advance to arrange a voting time.

### **Volunteer Emergency Duty Leave**

VCEA will allow unpaid time off to employees who perform emergency duty as a volunteer firefighter, reserve peace officer, emergency rescue personnel, an officer, employee, or member of a disaster medical response entity sponsored or requested by the state. If you are a volunteer firefighter, or perform other emergency personnel duties, please alert your supervisor so that he or she may be aware of the fact that you may have to take time off for emergency duty. When possible, you must provide us with advance notice of the need for the time off. Time away from work will be without pay, unless you wish to use your accrued PTO or sick leave to cover the period of absence.

### **Workers' Compensation**

We, in accordance with state law, provide insurance coverage for employees in case of a work related injury. To ensure that you receive any workers' compensation benefits to which you may be entitled, you will need to:

1. Immediately report any work-related injury to your supervisor.
2. Seek medical treatment and follow-up care if required.
3. Complete a written Employee's Claim Form (DWC Form 1) and return it to your supervisor.

Provide us with certification from your health care provider regarding the need for workers' compensation disability leave and your ability to return to work from the leave.

**Return to Work Policy**

VCEA is committed to returning injured employees to modified or alternative work as soon after a work related injury as possible. Temporarily modifying your job or providing you with an alternative position will do this. Your medical condition along with any limitations or restrictions given by the attending physician will be considered as a priority when identifying the modified/alternative position.

The program is intended to provide our employees with an opportunity to continue as valuable members of our team while recovering from a work related injury. We want to minimize any adverse effects of an ongoing disability on our employees. This program is intended to promote speedy recovery, while keeping the employees' work patterns and income consistent. At the same time, we benefit from having our employees providing a service and contributing to the overall productivity of our business. VCEA retains discretion to decide whether to provide modified duty.

**Receipt and Acknowledgment of VCEA Employee Handbook**

I have received my copy of VCEA's employee handbook. I understand and agree that it is my responsibility to read and familiarize myself with the policies and procedures contained in the handbook.

**At-Will Employment**

I further understand that my employment is at-will, and neither VCEA nor I have entered into a contract regarding the duration of my employment. I am free to terminate my employment with VCEA at any time, with or without cause. Likewise, VCEA has the right to terminate my employment with or without cause, at the discretion of VCEA. No employee of VCEA can enter into an employment contract for a specified period of time, or make any agreement contrary to this policy without the written approval from the General Manager.

**Future Revisions**

We reserve the right to revise, modify, delete or add to any and all policies, procedures, work rules or benefits stated in this employee handbook or in any other document, except for the policy of at-will employment. Any written changes to this employee handbook will be distributed to all employees so that you will be aware of the new policies or procedures. No oral statements or representations can in any way change or alter the provisions of this employee handbook.

**Illness and Injury Prevention Plan**

I acknowledge that I have read and understand the VCEA's Illness & Injury Prevention Plan and that I agree to abide by these policies.

**Drug and Alcohol Abuse Policy**

I certify that I have read VCEA's Drug and Alcohol Abuse Policy and agree to abide fully by its terms. I understand that as a condition of my employment, I may be subjected to drug testing and that my privacy rights are thereby limited. I also understand that I must notify VCEA of any conviction for a drug violation that occurs within five days after such a conviction. I understand that any violation of the policy may result in serious disciplinary action, including immediate termination.



Employee's Printed Name \_\_\_\_\_

Position \_\_\_\_\_

Employee's Signature \_\_\_\_\_

Date \_\_\_\_\_

**Receipt and Acknowledgement of VCEA Handouts**

***Sexual Harassment Prevention Handout***

I acknowledge that I have read and understand the enclosed pamphlet on sexual harassment prevention in the workplace and reporting procedures in the event that harassment occurs.

***State Disability Insurance, Paid Family Leave and Unemployment Handouts***

I acknowledge that I have received the enclosed pamphlets on state disability insurance, paid family leave and unemployment insurance as provided by the Employment Development Department.

***Workers' Compensation Handout***

I acknowledge that I have received the enclosed pamphlet on workers' compensation benefits as provided by the California Chamber of Commerce.

Employee's Printed Name\_\_\_\_\_

Position\_\_\_\_\_

Employee's Signature\_\_\_\_\_

Date\_\_\_\_\_

## VALLEY CLEAN ENERGY ALLIANCE

### Staff Report – Item 14

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**TO:** Valley Clean Energy Alliance Board

**FROM:** Mitch Sears, Interim General Manager  
Gary Lawson, Sacramento Municipal Utility District (SMUD)

**SUBJECT:** Procurement Guide Update, Directives and Delegations for 2019 Power Procurement Activities

**DATE:** January 23, 2019

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#### RECOMMENDATION

Staff recommends the Board adopt a resolution that:

1. Approves the revised Procurement Guide, a redacted version of which is attached.
2. Approves specific Directives and Delegations to SMUD for procuring all of VCE's power portfolio for calendar 2020, and portions of the power portfolio for 2021 and 2022, which is the table in Exhibit B of the Procurement Guide.
3. Approves the Calendar 2019 Power Budget of \$41.49 million with an additional 5% contingency.
4. Approves continuing the portfolio mix of 42% renewable and 33% clean large hydro into 2019.

#### BACKGROUND AND ANALYSIS

On January 18, 2018, the Board approved VCE's initial Procurement Guide which established the procurement plan for 2018 and 2019 power portfolio, along with the delegations to SMUD necessary to execute on that plan. Once the CPUC approved VCE's Implementation Plan, SMUD began executing on the initial procurement plan. VCE has successfully completed the 2018 year, with all power products procured in the volumes needed. To date, the 2019 forward power procurements are largely complete, with the exception of remaining Portfolio Content Category (PCC 2) renewable power, which was suspended pending the outcome of the California Energy Commission proceedings on implementation of AB 1110, and the Resource Adequacy (RA) procurement which was not completed because of lack of availability of RA product.

Based on VCE's power procurement schedule it is time to procure the balance of the 2020 VCE power portfolio and to procure portions of the 2021 and 2022 portfolio. To that end, staff has updated the Procurement Plan, and developed an updated delegation matrix.

## **2019 Procurement Guide**

As with the previously adopted VCE Procurement Guide, this 2019 version of the Guide lays the framework for how SMUD, as VCE's Wholesale Energy Services Provider, will go about these power procurements. The Guide addresses each of the energy products that VCE will need in its portfolio to meet its renewable and clean energy targets, as well for supplying the price hedging products necessary to fix VCE's energy cost on a forward basis. The products included in the Guide are:

### *California Independent System Operator (CAISO) Market Energy*

As a Load Serving Entity within the CAISO market, VCE's daily power needs will be supplied directly from the CAISO market. SMUD will purchase market power on a Day-Ahead basis for VCE, based upon daily forecasts of VCE's hourly loads.

### *Congestion Revenue Rights*

The price of CAISO market power is locational, with locational variability impacted by limitations of the bulk transmission system (known as "Congestion") to freely move power between geographic zones. Congestion Revenue Rights (CRRs) can be used to hedge the locational variability in prices when that variability negatively impacts VCE. VCE has a portfolio of CRR's, some of which were inherited from PG&E when VCE's customers departed bundled service from PG&E, and some of which have been procured through requests to the CAISO of CRR "allocations."

### *Carbon Free Large Hydro*

The non- Renewable Portfolio Standard (RPS) carbon free large hydro power makes up the balance of VCE's targeted 75% clean portfolio.

### *Price Hedging Energy*

The pricing of the market power purchased from the CAISO is not known in advance. In order to fix its energy costs in advance, VCE must find suppliers that will sell it market power at contractually fixed prices. Alternatively, VCE must find an entity that is willing to financially fix the cost of market power.

### *Renewable Energy*

The renewable energy supply will form the foundation of VCE's clean portfolio to achieve its renewable portfolio content. The Board is requested to approve continuing the 42% target renewable energy content into 2019, with 75% of the RPS minimum renewable content (31%) supplied with PCC 1 renewable power, and the remaining RPS minimum content (11%) supplied with PCC 2 power. The additional discretionary renewable content will be supplied with 100% PCC 2 power. Renewables will be procured in volumes sufficient to cover VCE's default power product as well as its opt-up, 100% renewable product (UltraGreen).

### *Resource Adequacy Capacity*

Resource adequacy is the generating capacity that VCE is obligated by law to provide to support system reliability, and is based upon the monthly peak capacity of VCE's loads plus a 15% reserve margin.

### **Specific Delegation**

The specific delegation authorizes SMUD to procure all of the forward products for VCE's power portfolio for 2020 and to begin procurement of the forward products for VCE's 2021 and 2022 power portfolio. Additionally the delegation limits the procurement authority such that the expected power budget for 2019 will not be exceeded by more than 5%. The power budget for calendar year 2019, which is also being approved in this action, is \$41.49 million.

Additionally, VCE's Enterprise Risk Management Committee (EROC), will be reviewing responses to solicitations with SMUD as to their impact on the power budget. In the event that procurements are coming in at a higher cost than expected and that the total power budget may exceed the approved cost plus contingency, VCE staff will come back to the Board for additional delegated authority.

Note: VCE's expenditures in 2018 were within the budget and delegation authorities authorized by the Board.

### **REQUESTED ACTION**

Adopt a resolution that approves: (1) the updated Procurement Guide, a redacted version of which is in Attachment A; (2) the specific procurement delegations in Attachment B (also redacted); (3) the 2019 Power Budget with a 5% margin; and, (4) continuing the renewable and clean portfolio mix into 2019.

**ATTACHMENT A**  
**Valley Clean Energy Procurement Guide**



# Valley Clean Energy Procurement Guide January 2019 Update

Adopted \_\_\_\_\_

*Redacted*

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## 1 Purpose and Scope

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The intent of the Valley Clean Energy (“VCE”) Procurement Guide is to provide a roadmap of how the power portfolio for VCE will be procured in the short run. This is not a resource plan, insofar as a resource plan deals with issues such as the long-term resource goals of VCE. Ultimately long-term resource goals will end up in procurement actions. The current goals of getting renewable resources under long-term power purchase agreements are including in the procurement directives/delegation table in section 6.. This guide covers:

- Principles Guiding Portfolio Development
- Channels for Procurement
- Regulatory Requirements
- Steps to Procurement
- Portfolio Composition
- Procurement Approach and Hedging Strategy

### 2 Principles Guiding Portfolio Development

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The portfolio developed for VCE will be guided by the following principles. The portfolio will:

- Meet standards defined by the CAISO's Reliability Requirements Business Practice Manual
- Satisfy CPUC Resource Adequacy requirements
- Comply with annual RPS content standards
- Identify the power portfolio product mix of renewables and non-RPS clean energy as directed by VCE policy
- Target the level of hedging as directed by VCE
- Adhere to risk mitigating directives and delegations of VCE's Enterprise Risk Oversight Committee (EROC)
- Adhere to applicable Federal, regional, and local requirements.

### 3 Channels for Procurement

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SMUD will access power markets and transact on behalf of VCE using the following types of marketing channels:

- Direct Solicitation - SMUD will use its existing relationships to seek suitable bilateral agreements with counterparties directly
- Electronic Exchange Platforms - SMUD will use its access to platforms such as ICE (Intercontinental Exchange) to research markets and transact
- Electronic Auction Platforms - SMUD will use its access to platforms such as EnerNoc to create and enter auctions for desired products
- Brokers - SMUD will use its existing agreements with brokers to help locate trade partners for desired products

Considerations for the channel(s) used include:

- Type of product
- Market liquidity
- Credit quality and availability
- Timing
- Cost/fees
- Existing counterparties and transactions
- Resource and counterparty diversity
- Market conditions

## 4 Regulatory Requirements

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### 4.1 Resource Adequacy

As a Load Serving Entity (LSE), VCE is subject to the Resource Adequacy (RA) program imposed by the CPUC and adopted by the CAISO. The RA program is designed to ensure sufficient resources to operate the grid reliably. An LSE is required to demonstrate on an annual and monthly basis that it has procured enough capacity to support 115% of its peak loads from physical resources not already committed elsewhere. The required amounts are determined by the CPUC based on VCE's forecast load.

#### ***Total RA Requirements***

The total RA requirement of an LSE is determined based on a CEC adjusted forecast plus a 15% planning reserve margin. LSEs must procure and provide their total RA requirement using Local Capacity and System Capacity. Additionally, some of the RA capacity must have flexible ramping capabilities to meet the need of the CAISO to follow rapid changes in load. These types of RA resources are discussed below.

#### ***Local RA Resources***

Local RA capacity is provided from generating resources located in areas where there are transmission constraints impacting the ability to serve load. The requirement for Local RA Resources is determined by the CAISO based on an annual study assuming extreme weather (a 1-10 weather year) and critical grid component outages (an N-1-1 contingency) impacting those constrained areas. The responsibility for providing RA from Local Capacity is prorated out to LSEs based upon their load, irrespective of where the load is located.

#### ***System RA Resources***

The balance of the total RA Requirement can be supplied from qualifying generating resources that are not in areas with local capacity constraints.

#### ***Flexible RA Requirements***

Flexible RA Requirements are based on an annual CAISO study that assesses at the largest three hour ramp for each month needed to run the system reliably. Flexible capacity can be provided from either Local or System RA resources.

### 4.2 Renewables Portfolio Standards

The portfolio must meet the RPS requirements set by the CPUC. The percentage of the portfolio that must be supplied by RPS-eligible sources each year is detailed below. Compliance will be determined by the Renewable Energy Certificates (RECs) retired within the multi-year

## Valley Clean Energy

compliance periods. With the enactment of SB 100, the minimum RPS requirements for years 2021 – 2030 have changed with the mandated 2030 renewable target rising from 50% to 60%. Table 4.1 below shows the new minimum requirements.

**Table 4.1. Annual RPS Minimum Requirements**

Compliance Period	Year	RPS Percentage
3	2018	29.0%
	2019	31.0%
	2020	33.0%
4	2021	35.8%
	2022	38.5%
	2023	41.3%
	2024	44.0%
5	2025	46.7%
	2026	49.3%
	2027	52.0%
6	2028	54.7%
	2029	57.3%
	2030	60.0%

The CEC certifies the RPS-eligibility of renewable resources. The Western Renewable Energy Generation Information System (WREGIS) assigns Renewable Energy Certificates (RECs) and tracks REC ownership used as evidence for compliance with renewable portfolio requirements. The CPUC enforces the RPS for LSEs under its jurisdiction.

There are three Portfolio Content Categories of renewable resources under RPS, determined by how the REC and associated energy are delivered to California for use by LSEs in California. Table 4.2 below shows the categories and their definition.

**Table 4.2. RPS Portfolio Content Categories**

Portfolio Content Category	Definition
PCC 1	Bundled energy and REC delivered to the California power grid without substituting electricity from another source. Renewables generated inside CA are by default PCC 1, but out-of-state generators must meet certain scheduling guidelines. The minimum amount of procurement allowed from PCC 1 for compliance period 3 (2017-2020) is 75%.
PCC 2	Bundled energy and REC where the energy can be substituted with non-renewable sources imported into the state. An out-of-state wind resource where the shortfall in energy is firmed up by another resource falls into this category.
PCC 3	Unbundled REC with no obligation for physical delivery of energy. The maximum amount of procurement allowed from PCC 3 for compliance period 3 is 10%.

## 5 Portfolio Composition

### 5.1 Renewables

The renewable content established by VCE’s Board for its 2018 portfolio was 42%, with the breakout between the RPS minimum requirements and the additional discretionary renewable content shown in a table similar to Table 5.1 below. Table 5.1 was updated to include the new minimum RPS requirements from SB 100 and shows the 42% renewable content target carrying forward in time.

**Table 5.1 VCE Renewable and Clean Energy Portfolio Content**

		2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
<b>Total Renewable Content</b>		<b>42.0%</b>	<b>42.0%</b>	<b>42.0%</b>	<b>42.0%</b>	<b>42.0%</b>	<b>42.0%</b>	<b>44.0%</b>	<b>46.7%</b>	<b>49.3%</b>	<b>52.0%</b>
PCC 1	Calculated	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%
PCC 2	Calculated	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
PCC 3	Calculated	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
<b>RPS Required Minimums</b>		<b>29.0%</b>	<b>31.0%</b>	<b>33.0%</b>	<b>35.8%</b>	<b>38.5%</b>	<b>41.3%</b>	<b>44.0%</b>	<b>46.7%</b>	<b>49.3%</b>	<b>52.0%</b>
PCC 1		75%	75%	75%	100%	100%	100%	100%	100%	100%	100%
PCC 2		25%	25%	25%	0%	0%	0%	0%	0%	0%	0%
PCC 3		0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
<b>Incremental Discretionary Renewables</b>		<b>13.0%</b>	<b>11.0%</b>	<b>9.0%</b>	<b>6.2%</b>	<b>3.5%</b>	<b>0.7%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
PCC 1		0%	0%	0%	100%	100%	100%	100%	100%	100%	100%
PCC 2		100%	100%	100%	0%	0%	0%	0%	0%	0%	0%
PCC 3		0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
<b>Non Renewable Carbon Free</b>		<b>33.0%</b>	<b>33.0%</b>	<b>33.0%</b>	<b>33.0%</b>	<b>33.0%</b>	<b>33.0%</b>	<b>31.0%</b>	<b>28.3%</b>	<b>25.7%</b>	<b>23.0%</b>
<b>Total Carbon Free</b>		<b>75.0%</b>	<b>75.0%</b>	<b>75.0%</b>	<b>75.0%</b>	<b>75.0%</b>	<b>75.0%</b>	<b>75.0%</b>	<b>75.0%</b>	<b>75.0%</b>	<b>75.0%</b>

However, VCE’s long term goal may be to increase the renewables and clean energy content of the portfolio. As such, for procurement and hedging purposes, it will be assumed that VCE’s mix will be at least 42% renewable going forward. The 42% renewable energy component exceeds the 2019 minimum RPS requirement of 31% of Retail Load by 11% of Retail Load.

The renewables component will consist of 75% from PCC 1 and 25% from PCC 2 for the 31% minimum renewable content required for compliance with RPS in 2019. The additional 11% discretionary renewable content will be supplied 100% from PCC 2 resources.

The amount of PCC 3 renewables targeted for procurement is zero. However, PCC 3 could be utilized to make up for any shortfalls in renewable energy content in a given year stemming from volumetric changes in forecast versus actual load or volumetric changes in delivery of renewables. This could occur if VCE’s load in a given year is greater than forecast. PCC 3 would only be used as insurance that VCE meets its desired power mix for the year when additional procurement of PCC 1 and 2 products is not feasible.

## 5.2 Non-RPS Carbon Free

As Table 5.1 shows, the total targeted clean energy component of VCE's portfolio is 75%. For 2019, this means the remaining 33% of clean energy not supplied from RPS qualifying resources will be sourced from non-RPS qualifying large hydro resources.

Supplies of large hydro will primarily come from the Northwest, from entities that own or have rights to offer the power directly sourced from a specific hydro project or set of hydro projects. Power directly from zero- or low-carbon resources is known as Specified Source supply. For large hydro Specified Source power, the carbon factor of the power imported will be 0.00 tonnes CO2/MWh.

## 5.3 Resource Adequacy

Forecast RA requirements for 2019 and 2020 are shown in table 5.2 below.

**Table 5.2. Estimated Resource Adequacy Volumes, MW**

	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19
<b>RA Requirements</b>												
<b>System RA</b>												
<b>Max Total RA Required</b>	126.63	144.08	119.63	167.02	177.53	238.72	228.00	191.29	202.91	139.92	132.10	117.09
<i>Greater Bay Area</i>	36.00	36.00	36.00	36.00	36.00	36.00	36.00	36.00	36.00	36.00	36.00	36.00
<i>PG&amp;E Other</i>	54.00	54.00	54.00	54.00	54.00	54.00	54.00	54.00	54.00	54.00	54.00	54.00
<i>Net System RA</i>	38.80	55.81	31.29	77.17	86.73	146.07	135.31	99.52	111.21	49.60	42.74	28.10
<i>Required Flexible Capacity</i>	45	57	47	52	51	47	41	38	52	46	58	58

	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20
<b>RA Requirements</b>												
<b>System RA</b>												
<b>Max Total RA Required</b>	105.00	113.00	101.00	144.00	161.00	243.00	235.00	201.00	202.00	136.00	112.00	103.00
<i>Greater Bay Area</i>	36.00	36.00	36.00	36.00	36.00	36.00	36.00	36.00	36.00	36.00	36.00	36.00
<i>PG&amp;E Other</i>	54	54	54	54	54	54	54	54	54	54	54	54
<i>Net System RA</i>	15.00	23.00	11.00	54.00	71.00	153.00	145.00	111.00	112.00	46.00	22.00	13.00
<i>Required Flexible Capacity</i>	45	57	47	52	51	47	41	38	52	46	58	58

The 2020 RA estimates will be updated when VCE receives its CPUC RA determination, which is expected in September 2019.

## 5.4 CAISO Market Energy

Because VCE customers reside in the CAISO balancing authority, their load will be served physically by energy from the CAISO market. VCE is therefore subject to paying the price at the Load Aggregation Point (LAP) where it is assumed to take energy.

Day Ahead traders will analyze and create daily load forecast profiles. Forecasted hourly loads for VCE will be bid into the CAISO Day Ahead market by 10am the prior day. All awards from the Day Ahead market will carry over to the Real Time market. Any deviations in VCE's actual load from what is scheduled in the Day Ahead market will pay or be paid at the Real Time market prices.



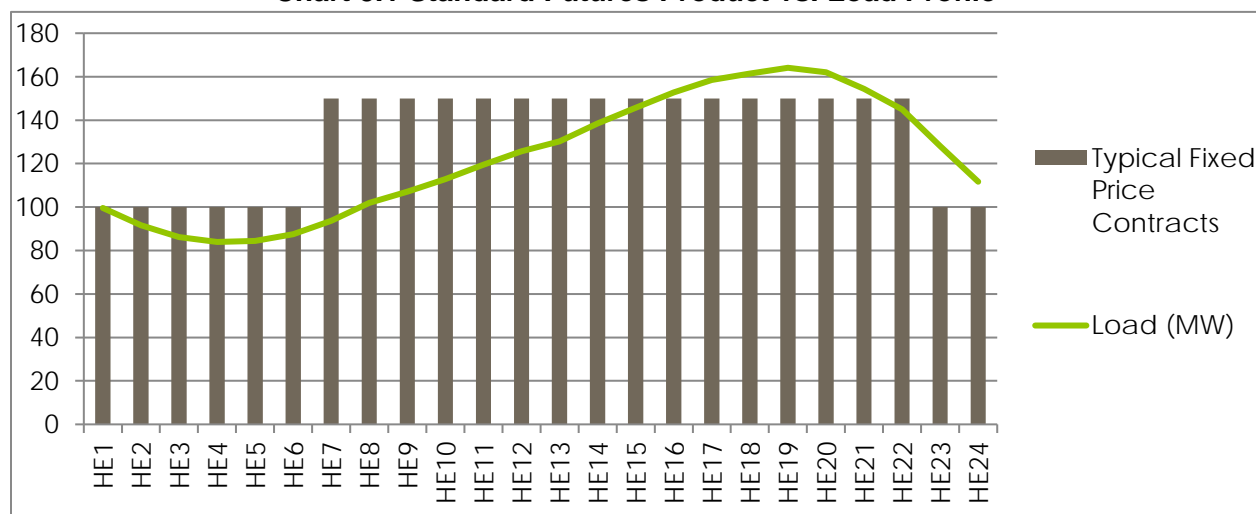
## 5.5 Hedging Products

Options to mitigate price risk of the CAISO market include: 1. NP-15 Futures; 2. Fixed price delivery contracts; and, 3. Congestion revenue rights.

### NP-15 Futures (Physical or Financial)

NP-15 futures allow a buyer to fix the price for specified forward periods at set volumes of energy delivery. This hedges against the volatility of Day Ahead clearing prices in the CAISO market but does not protect against congestion and loss charges between the NP-15 trading hub and VCE's LAP. These futures products are traded in standard lots of 25MW for yearly, quarterly, and monthly durations, for off and on-peak hours daily. Futures contracts can be procured such that the monthly energy delivered under the contract approximates forecast energy load for VCE during that month, but because of the size of the 25 MW blocks, the procurement won't exactly match in quantity. Additionally, futures are typically at flat quantities across peak and/or non-peak hours, therefore the shape does not perfectly track VCE's system load shape. This leaves VCE short in some hours, and long in other hours, even though on a monthly basis the energy volume of the futures contract(s) approximates VCE's forecast load. Chart 5.1 shows an example of how on a typical day, the standard futures contract could be structured to deliver nearly the same energy quantity as the forecast load. However, as discussed, the 25 MW blocks procured for on-peak hours provide more energy in the example day than exactly needed for load. NP-15 futures can either be purely financial or can involve the physical delivery of power.

**Chart 5.1 Standard Futures Product vs. Load Profile**



### Bilateral Fixed Price Delivery Contracts (Physical or Financial)

With bilateral fixed price delivery contracts, a buyer and seller can agree on a fixed price, duration, and point of delivery at any CAISO Aggregated Pricing Node or Physical Generator location. This approach fixes the energy price at the agreed delivery point but does not protect

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against congestion and losses between delivery point and VCE's LAP. Long term renewable power purchase agreements that are at fixed prices will provide price hedge protection for their expected generation profiles.

As an option, fixed price delivery contracts can also be delivered and shaped into schedulable quantities on a daily basis in order to better match hourly fixed price energy delivery to VCE load. This provides a more "perfect" hedge than flat on peak and off peak financial hedging instruments. Shapeable products have a price premium as compared to non-shapeable products. Bilateral fixed price delivery contracts can either be purely financial or can involve the physical delivery of power.

### Day Ahead Fixed Price Delivery Contracts (Physical)

The Futures and Bilateral Contracts are procured on a month-ahead, season-ahead, and/or year(s)-ahead basis, using a long-term load forecast of expected loads. When Day-Ahead scheduling is performed, the expected loads for the day being scheduled are much better known. During the Day Ahead trading and scheduling process, any short-falls and excesses between VCE's load and the fixed price hedging volumes for the next day may be trued up by selling energy for any long hours at fixed prices and purchasing energy to cover any short hours at fixed prices.

### Congestion Revenue Rights

Not all sellers will enter fixed price contracts for delivery direct to load, or they will charge a high premium for doing so. Congestion Revenue Rights (CRR's) can be used to hedge against congestion between the point a seller supplies power (a "source" node) and location where the buyer has load (a "sink" node). The CRR owner for those respective source and sink nodes would be entitled to the congestion charges between the source and sink, as calculated by the CAISO. This would, in effect, offset the congestion charges incurred by the difference in price the buyer receives at source node and price paid at the sink node. Holders of CRR's can also be obligated to incur charges if the congestion is in the opposite direction to the power flow they intended to hedge against.

CRR's are made available to LSEs in two ways: 1. LSE allocation; and, 2. CRR auction process conducted by the CAISO. In most cases, and LSE will only want to obtain CRRs by allocation, which has no up-front cost associated with the allocation. CRRs obtained through auction are acquired by paying a premium, the price of which is determined through the auction process.

CRRs are limited in that they are designed to cover energy flows that are blocked into on-peak and off-peak periods; they are not shapeable.

### 5.6 Carbon Allowances

For large hydro power imported from the Northwest from Specified Sources, there should not be any associated carbon emissions, therefore it is not anticipated that carbon allowances will need to be procured. Transactions for energy imported into the state are structured such that the energy provider has the Cap and Trade compliance obligation. As such, VCE will not have a direct Cap and Trade compliance obligation and will not need to procure Carbon Allowances.

### 6 Procurement Approach and Hedging Strategy

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#### 6.1 Load Assumed for Procurements

##### Retail Load

The current VCE load forecast (shown in Attachment A) has been updated to reflect actual customer counts, which implicitly takes into account the number of opt-outs. Additionally, the current load forecast assumes that Net Energy Metered (“NEM”) customers who had their solar systems prior to VCE’s June 1, 2018 launch will not be enrolled with VCE service until starting in January 2021. This reflects the Board’s recent policy decision to move NEM enrollments out of 2019. Should the Board decide later that it wants to enroll NEM customer sooner, the load forecast will be updated to reflect the updated policy.

##### System Load

System Load is the wholesale load of VCE. The System Load is the Retail Load factored up for Distribution Losses. The System Load forecast of energy and capacity for VCE is shown in the columns of Appendix A with the heading, “Wholesale Load.”

##### Mid-Year Forecast Adjustment

Any changes that may occur to the load forecast will impact the power supply needs. The most likely change that would impact the load forecast would be changes in timing of when NEM customers are to be enrolled into VCE service. Any material short positions will need to be covered with additional purchases of products which will be pursuant to recommendations from SMUD and authorization from VCE’s EROC.

#### 6.2 Procurement Strategy

##### CAISO Market Energy

##### Congestion Revenue Rights

## Valley Clean Energy

Large Hydro Clean Energy

Price Hedging Energy

Renewable Energy

Resource Adequacy

6.3 Procurement Directives







### ***Commodity Price/Market Price***

The price at which electricity, gas, capacity, and renewable attributes are bought and sold.

### ***Congestion Revenue Right***

Congestion Revenue Rights (CRR) are financial instruments used in the Day Ahead market to hedge the difference in price between two locations caused by congestion.

### ***Counterparty***

An entity to which an exposure to financial risk might exist.

### ***Customer Load***

A single customer's power usage that receives power from the electric system.

### ***Day-Ahead***

Refers to the day before actual power flow begins. For example, in the CAISO, the Day-Ahead market for Tuesday's flow date closes on Monday at 10 am.

### ***Energy Products***

Means all commodities and commodity related products, both physical delivery and financial instruments, related to meeting the wholesale energy, regulatory, hedging, and/or risk management needs of VCE. The types of products include, but are not limited to: Energy; Capacity; Resource Adequacy; Local Capacity; System Capacity; Ancillary Services; Environmental Attributes (including but not limited to RECs, Carbon Allowances, and other required environmental attributes); Forwards; Futures; Swaps; Options; Congestion Revenue Rights; and other energy and commodity related products as needed.

### ***Enterprise Risk Oversight Committee (EROC)***

This is the committee established in accordance with the VCE Board Wholesale Energy Risk Management Policy Manual, initially adopted December 14, 2017, as it may be revised.

### ***Financial Product***

A contract in which the value is derived from an underlying physical commodity but which does not require physical delivery or receipt of the commodity.

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### ***Load Aggregation Point (LAP)***

A Load Aggregation Point is a set pricing nodes used in the CAISO market for the submission of demand bids and for settlement of demand. The purpose of a LAP is to collapse into a single pricing node, the various locations of a load serving entity's load that are distributed throughout the system.

### ***Long Position***

A long position means there is not an open or short position, and that excess supply exists. In addition, as load forecasts are updated, if an excess exists, that excess is also considered a long position. For the renewable power purchase example (see *Open Position*), if 60,000 MWhs has been procured for a 50,000 MWh need, a long position of 10,000 MWhs will exist.

### ***Open Position***

For any given timeframe, any commodity requirement that is unfilled is considered to be an open position. For instance, if there is a requirement to procure 50,000 MWhs of renewable power in a calendar year, until 50,000MWhs of renewable power purchases have been secured, there will be an open position equal to the remaining MWh value needed to reach 50,000 MWhs.

### ***Physical Product***

A contract which requires the seller to physically deliver, and the buyer to physically receive a given commodity.

### ***Price Risk (or Market Price Risk)***

Price Risk is the risk that prices for power are different than have been assumed for financial planning and budgeting. Price risk is hedged by procuring fixed-price forward contracts for power.

### ***Portfolio***

The aggregation of commodity-related products (both physical and financial) procured to serve load and meet other policy goals.

### ***Portfolio Manager***

A core service provided by the WESP which broadly encompasses the responsibility for managing the purchase and sale of energy commodity-related products in the commodity portfolio in an effort to serve load and meet other policy goals.

## Valley Clean Energy

### ***Real-Time***

Refers to the actual day in which power flows. In the CAISO, the Real-time market opens at 1pm the day before flow date and closes for each hour 75 minutes prior to the start of scheduled flow.

### ***Renewable Energy Certificate (REC)***

A REC is evidence of the production equal to one megawatt-hour of generation from a certified renewable energy resource.

### ***Retail Load***

The summation of all customers' loads that receive power from the electric system.

### ***Short Position***

A short position is an open position. The volumetric value of a short position is determined by the shortfall in volume compared to the requirement. For the renewable power purchase example, if 30,000 MWhs of the 50,000 MWh requirement has been procured, a short position of 20,000 MWhs remains.

### ***Specified Source***

A Specified Source is an out-of-state generator that meets the requirements of the California Air Resources Board such that the carbon intensity of that resource's emissions (typically zero, or lower than that of unspecified imports) can be declared by the California entity importing the power.

### ***System Load***

The summation of all customers' loads that receive power from the electric system. System Load includes applicable transmission and/or distribution losses.

### ***Volumetric Risk***

The effect of fluctuations in demand for load or for production of generation from a generator.

### ***Western Renewable Energy Generation Information System (WREGIS)***

The Western Renewable Energy Generation Information System (WREGIS) is an independent, renewable energy tracking system for the region covered by the Western Electricity Coordinating Council (WECC).

**Attachment B**  
**2019 Power Budget**

<b>2019 Power Supply Cost</b>	<b>Target Budget</b>
Market Energy	\$ 29,079,467
CAISO Variable Fees	\$ 126,983
REC Costs	\$ 3,470,566
Resource Adequacy Cost	\$ 7,432,636
CAISO GMC Cost	\$ 319,856
Market Services Charge	\$ 67,777
System Operations Charge	\$ 240,078
SCID Fee	\$ 12,000
Carbon Free Premium	\$ 1,060,085
<b>2019 Total Power Cost</b>	<b>\$ 41,489,593</b>

**VALLEY CLEAN ENERGY ALLIANCE**

**RESOLUTION NO. 2019- \_\_\_\_\_**

**A RESOLUTION OF THE VALLEY CLEAN ENERGY ALLIANCE ADOPTING  
A REVISED PROCUREMENT GUIDE AND DELEGATING PROCUREMENT AUTHORITY TO  
VCEA STAFF AND SMUD FOR ENERGY PROCUREMENT FOR CALENDAR YEARS 2020,  
2021 AND 2022**

**WHEREAS**, the Valley Clean Energy Alliance (“VCE”) 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”), the City of Davis (“Davis”), and the City of Woodland (“City”) (the “JPA Agreement”), to collectively study, promote, develop, conduct, operate, and manage energy programs; and

**WHEREAS**, in order to achieve its strategic goals, VCE has established procurement policies and goals and on January 18, 2018 the Board approved VCE’s Procurement Guide which provided the roadmap for implementation and established the procurement plan for 2018 and 2019 power portfolio, along with delegations to Sacramento Municipal Utilities District (“SMUD”) to execute on this plan;

**WHEREAS**, the 2019 forward power procurements are largely complete, with the exception of remaining PCC 2 power, which was suspended pending the outcome of the California Energy Commission (“CEC”) proceedings on implementation of Assembly Bill 1110, and the Resource Adequacy (“RA”) procurement which was not completed because of lack of availability of RA product;

**WHEREAS**, there is a need to delegate to VCE Staff and SMUD to procure power for the balance of the 2020 VCE power portfolio and to procure portions of the 2021 and 2022 portfolio, consistent with the procurement policy and guide;

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

1. approves the revised Procurement Guide (Exhibit A attached);
2. approves specific Directives and Delegations to SMUD for procuring all of VCE’s power portfolio for the 2020 calendar year, and portions of the power portfolio for 2021 and 2022 (Table in Exhibit B of the revised Procurement Guide);

3. approves the Calendar 2019 Power Budget of \$41.49 million with an additional 5% contingency; and,
4. approves continuing the portfolio mix of 42% renewable and 33% clean large hydro into 2019.

**PASSED, APPROVED, AND ADOPTED**, at a regular meeting of the Valley Clean Energy Alliance, held on the \_\_\_\_\_ day of \_\_\_\_\_, 2019, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

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Tom Stallard, VCE Chair

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Alisa M. Lembke, VCE Board Secretary

EXHIBIT A – revised Procurement Guide

EXHIBIT A

VCEA Procurement Guide