



Silicon Valley Clean Energy Finance and Administration Committee Meeting

Wednesday, August 5, 2020
2:30 pm

Howard Miller, Chair
City of Saratoga

Nancy Smith, Vice Chair
City of Sunnyvale

Liz Gibbons
City of Campbell

Rod Sinks
City of Cupertino

Fred M. Tovar
City of Gilroy

Neysa Fligor
City of Los Altos

George Tyson
Town of Los Altos Hills

Rob Rennie
Town of Los Gatos

Carmen Montano
City of Milpitas

Javed Ellahie
City of Monte Sereno

Yvonne Martinez Beltran
City of Morgan Hill

Margaret Abe-Koga
City of Mountain View

Susan Ellenberg
County of Santa Clara

Teleconference Meeting
Webinar:

<https://zoom.us/j/96362020681>

Or by Telephone (Audio only):
US: +1 669 900-9128
Webinar ID: 963 6202 0681

This meeting will be conducted in accordance with [State of California Executive Order N-29-20](#), dated March 17, 2020, in consideration of the Coronavirus (COVID-19). All members of the Silicon Valley Clean Energy Executive Committee and staff will participate in this meeting by teleconference.

Members of the public may observe this meeting electronically by accessing the meeting via instructions above. Public Comments can be sent in advance of the meeting to Board Clerk Andrea Pizano at Andrea.Pizano@svcleanenergy.org and will be read within the public comment period or the applicable agenda item. The public will also have an opportunity to provide comments during the meeting.

The public may provide comments on any matter listed on the Agenda. Speakers are customarily limited to 3 minutes each, however, the Committee Chair may increase or decrease the time allotted to each speaker based on the number of speakers, the length of the agenda and the complexity of the subject matter. Speaking time will not be decreased to less than one minute.

If you are an individual with a disability and need a reasonable modification or accommodation pursuant to the Americans with Disabilities Act ("ADA") please contact Board Clerk Andrea Pizano at andrea.pizano@svcleanenergy.org prior to the meeting for assistance.

AGENDA

Call to Order

Roll Call

Public Comment on Matters Not Listed on the Agenda

The public may provide comments on any matter not listed on the Agenda provided that it is within the subject matter jurisdiction of SVCE. Speakers are customarily limited to 3 minutes each, however, the Committee Chair may increase or decrease the time allotted to each speaker based on the number of speakers, the length of the agenda and the complexity of the subject matter. Speaking time will not be decreased to less than one minute.

svcleanenergy.org

333 W El Camino Real
Suite 290
Sunnyvale, CA 94087



Consent Calendar

Howard Miller, Chair
City of Saratoga

- 1) Approve Minutes from the January 17, 2020 Finance and Administration Committee Meeting

Nancy Smith, Vice Chair
City of Sunnyvale

Regular Calendar

Liz Gibbons
City of Campbell

- 2) CEO Update (Discussion)
- 3) Selection of 2020 SVCE Finance and Administration Committee Chair and Vice Chair (Action)
- 4) Proposed FY 2020-21 Operating Budget and Financial Review (Discussion)
- 5) Long-term Power Prepay Agreement Update (Discussion)
- 6) Select Next Meeting Date of the Finance and Administration Committee (Action)

Rod Sinks
City of Cupertino

Fred M. Tovar
City of Gilroy

Neysa Fligor
City of Los Altos

Committee/Staff Remarks

George Tyson
Town of Los Altos Hills

Adjourn

Rob Rennie
Town of Los Gatos

Carmen Montano
City of Milpitas

Javed Ellahie
City of Monte Sereno

Yvonne Martinez Beltran
City of Morgan Hill

Margaret Abe-Koga
City of Mountain View

Susan Ellenberg
County of Santa Clara

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City of Morgan Hill

Margaret Abe-Koga
City of Mountain View

Susan Ellenberg
County of Santa Clara

**Silicon Valley Clean Energy
Finance and Administration Committee Meeting**

Friday, January 17, 2020
12:00 pm

Silicon Valley Clean Energy Office
Conference Room
333 W El Camino Real, Suite 290
Sunnyvale, CA

DRAFT MINUTES

Call to Order

Committee Chair Miller called the meeting to order at 12:08 p.m.

Roll Call

Present:

Committee Chair Howard Miller, City of Saratoga
Committee Vice Chair Rob Rennie, Town of Los Gatos
Director Liz Gibbons, City of Campbell
Committee member Maria Öberg, County of Santa Clara

Absent

Director Javed Ellahie, City of Monte Sereno

Public Comment on Matters Not Listed on the Agenda

No speakers.

Consent Calendar

MOTION: Committee Vice Chair Rennie moved and Director Gibbons seconded the motion to approve the consent calendar.

The motion carried unanimously with Director Ellahie absent.

1) Approve Minutes from the September 3, 2019 Finance and Administration Committee Meeting

Committee Chair Miller announced a request from staff to hear Item 5) *Long-term Power Prepay Agreement Update* prior to Item 4) *New Office Lease Update*; there were no objections from the committee.

Regular Calendar

2) CEO Update (Discussion)

CEO Girish Balachandran announced there was nothing to report.

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3) Credit Rating Update (Discussion)

Director of Finance and Administration Don Eckert introduced Michael Berwanger of PFM Financial Advisors LLC, participating by phone, who provided an update on SVCE's credit rating process. Director of Finance and Administration Eckert and Berwanger responded to committee member questions.

Prior to hearing Item 4, the Committee heard Item 5.

5) Long-term Power Prepay Agreement Update (Discussion)

Michael Berwanger of PFM Financial Advisors LLC provided a verbal update on the status of the long-term power prepay agreement. Director of Finance and Administration Eckert provided additional information and responded to committee member questions.

Following Item 5, the committee heard Item 4.

4) New Office Lease Update (Discussion)

Administrative Services Manager Kevin Armstrong presented a PowerPoint presentation on the new office lease and overview of the future new office space; staff responded to committee member questions.

Committee members provided design suggestions and feedback on the new office space.

Committee/Staff Remarks

The Committee briefly discussed upcoming committee assignments and expanding with new committee members.

Adjournment

Committee Chair Miller adjourned the meeting at 12:42 p.m.

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Staff Report – Item 2

Item 2: CEO Update

From: Girish Balachandran, CEO

Prepared by: Andrea Pizano, Board Clerk/Executive Assistant

Date: 8/5/2020

This item will be addressed in the form of an oral report to the Finance and Administration Committee from CEO Girish Balachandran.



Staff Report – Item 3

Item 3: Selection of 2020 Finance and Administration Committee Chair and Vice Chair

From: Girish Balachandran, CEO

Prepared by: Andrea Pizano, Board Clerk/Executive Assistant

Date: 8/5/2020

RECOMMENDATION

Establish a Chair and Vice Chair of the Finance and Administration Committee to preside over Committee meetings.

BACKGROUND

At the February 14, 2018 SVCE Board of Directors meeting, the Board approved the formation of a Finance and Administration Committee, consistent with Board Policy FP1-B, *Establish Finance and Administration Committee*.

ANALYSIS & DISCUSSION

As a permanent standing committee of the Board of Directors, the Finance and Administration Committee is subject to the Brown Act for all meetings. In order to provide for efficient and reliable Committee meeting organization, Staff recommends the Committee appoint a Chair to preside over its meetings, and a Vice Chair to act in the absence of the Chair. The last Chair and Vice Chair of the committee were selected at the June 17, 2019 meeting.

STRATEGIC PLAN

N/A

ALTERNATIVE

Staff is open to any suggestions from the committee on selection of the Chair and/or Vice Chair.

FISCAL IMPACT

No fiscal impact from the selection of a Chair and Vice Chair of the committee.



Staff Report – Item 4

Item 4: Proposed FY 2020-21 Operating Budget and Financial Review

From: Girish Balachandran, CEO
 Prepared by: Don Rhoads, Interim Director of Finance and Administration
 Kevin Armstrong, Administrative Services Manager
 Date: 8/5/2020

RECOMMENDATION

Staff recommends the Finance and Administration Committee recommend the SVCE Board Approve the Proposed Operating Budget for FY 2020-21.

ANALYSIS & DISCUSSION

The Proposed FY 2020-21 Operating Budget is balanced and presents Silicon Valley Clean Energy (SVCE) in stable financial condition. The projected balance available for reserves of \$8.4 million is a decrease of \$11.7 million or 58.1% compared to the FY 2019-20 Mid-Year Budget.

Revenues

- Energy revenues project to be \$263.5 million, which is a \$22 million or 7.7% decrease from estimated 2019-20 energy revenues. This decrease is primarily due to an expected continuation of load loss from commercial and industrial customers during the fiscal year resulting from the impacts of the COVID-19 virus and an expected increase in the Power Charge Indifference Adjustment (PCIA) starting in October 2020. Projected revenues assume rates are adjusted to achieve a 1% discount to PG&E customer generation rates, rather than the current 4% discount, starting in October 2020. This adjustment is necessary to help offset the large expected PCIA increase and to maintain the recently assigned Moody's credit rating of Baa2. No significant changes to PG&E rates are expected until Spring 2021.
- GreenPrime revenues are projected to decrease by \$0.2 million due to expected load loss. The proposed budget assumes 3% participation rate.
- Interest income is projected to decrease by \$845,000 due to a reduction in interest rates.
- Grant income includes projected receipts from the Bay Area Air Quality Management District (BAAQMD) related to the Heat Pump Water Heater Program.

Expenses

Energy expenses are projected to be \$234.7 million in 2020-21, which is a \$4.4 million or 1.8% decrease due to expected load loss in 2020-21.

Operating expenses are projected to be \$16.8 million, a \$1.4 million or 9.4% increase over 2020-21. The primary drivers include an increase in personnel, as well professional services to support program development and power supply operations.

Agenda Item: 4**Agenda Date: 8/5/2020**

- Data Management and PG&E billing expenses are expected to show minimal change.
- Employment expenses project to increase by \$1.1 million from the FY19-20 midyear adjusted budget. The primary drivers include:
 - The Board has approved the addition of three (3) new positions during FY19-20, including a Senior Data Engineer in the Decarbonization and Grid Innovations Programs Department, a Principal Power Analyst in the Power Resources Department, and a Director of Regulatory and Legislative Policy. Two (2) new positions are being contemplated for FY20-21 and are included in this proposed budget. Together, these additional positions result in a total Full-Time Equivalent (FTE) count of 31 positions. This FTE count is on the lower end of comparable CCAs.
 - The budget includes a salary savings rate of 5% to recognize that positions are likely to remain open for part of the year.
 - Salary tables including the minimum and maximum pay ranges per job title were held constant from FY19-20. Staff salaries will be adjusted within those ranges based on performance.
- Professional Services expenses are projected to increase slightly by \$0.2 million, with most departments remaining flat overall from the reductions made in the FY19-20 Midyear Budget. Drivers include:
 - Funding to implement computer systems to manage Power Supply transactions.
 - Funding to support the process of obtaining a second credit rating.
 - Funding to support negotiations of long-term power purchase agreements and for the preparation and filing of the Integrated Resource Plan (IRP).
 - Support of a pro-active approach to legislative and regulatory issues including the funding of lobbyists and representation in the PG&E general rate case.
 - Support for Programs initiatives, including Piloting of C&I offerings / long-term contracts, (e.g. GreenPrime Direct, EcoInvestment Discount), multiple key pilots through Innovation Onramp, (e.g. a telematics smart charging pilot with ev.energy and smart electrical panel demonstration with Span.io),
 - Support for community resilience programs, including planning and capex support to member agencies through CRCR efforts and solar+storage offerings through a partnership with Sunrun.
- Marketing & Promotions expenses project to increase by \$0.1 million to fund:
 - Shift outreach focus to digital engagement (vs physical events) due to COVID
 - Comprehensive campaigns and promotions leveraging the new eHub (Customer Resource Center)
 - Expanded SVCE print/digital advertising campaign and collateral around electrification, EV infrastructure, resiliency, innovation, workforce)
- Notification expenses are projected to decline, given the implementation of electronic noticing for several required items.
- Building Lease expenses are projected to remain flat.
- General & Administrative expenses are projected to increase by \$0.1 million primarily to fund software support for Programs, including developing DAISY 2.0, a comprehensive data analytics platform to provide cross-functional support across SVCE
- Financing expenses include the funding for the renewal of the line of credit.

Capital Expenditures, Interfund Transfers and Other

The proposed operating budget shows a reduction of \$8.3 million or 59.5% compared to the FY 2019-20 Mid-Year Budget.

- Capital expenses were delayed from their anticipated expenditure during FY19-20 due to COVID-related construction delays. The \$0.4 million carried over from the FY19-20 budget will fund those delayed expenses related to the office move.
- Transfer to the Programs Fund projects is calculated based on 2% of projected annual energy revenues.

STRATEGIC PLAN

The Proposed FY 2020-21 Operating Budget funds the goals of the strategic plan.

FISCAL IMPACT

The Proposed FY 2020-21 Operating Budget includes total revenues of \$265.7 million and total expenses and transfers to other funds of \$257.3 million projecting a surplus of \$8.4 million.

ATTACHMENTS

1. Proposed FY 2020-21 Proposed Operating Budget



**SILICON VALLEY CLEAN ENERGY
FY 2020-21 PROPOSED OPERATING BUDGET
(\$ in thousands)**

DESCRIPTION	FY 2019-20 BUDGET AS ADOPTED MIDYEAR	FY 2020-21 RECOMMENDED BUDGET	VARIANCE	
			\$	%
ENERGY REVENUES				
Energy Sales	285,540	263,524	(22,016)	-7.7%
Green Prime Premium	1,100	891	(209)	-19.0%
TOTAL ENERGY REVENUES	<u>286,640</u>	<u>264,415</u>	<u>(22,225)</u>	<u>-7.8%</u>
ENERGY EXPENSES				
Power Supply	239,070	234,662	(4,408)	-1.8%
OPERATING MARGIN	<u>47,570</u>	<u>29,753</u>	<u>(17,817)</u>	<u>-37.5%</u>
OPERATING EXPENSES				
Data Management	3,160	3,020	(140)	-4.4%
PG&E Fees	1,260	1,350	90	7.1%
Employment Expenses	5,120	6,223	1,103	21.5%
Professional Services	3,420	3,620	200	5.8%
Marketing & Promotions	740	870	130	17.6%
Notifications	160	100	(60)	-37.5%
Lease	500	500	0	0.0%
General & Administrative	960	1,070	110	11.5%
TOTAL OPERATING EXPENSES	<u>15,320</u>	<u>16,753</u>	<u>1,433</u>	<u>9.4%</u>
OPERATING INCOME (LOSS)	<u>32,250</u>	<u>13,001</u>	<u>(19,250)</u>	<u>-59.7%</u>
NON-OPERATING REVENUES				
Other Income	0	50	50	-
Interest Income	2,000	1,155	(845)	-42.3%
Grant Income	160	68	(92)	-57.5%
TOTAL NON-OPERATING REVENUES	<u>2,160</u>	<u>1,273</u>	<u>(887)</u>	<u>-41.1%</u>
NON-OPERATING EXPENSES				
Financing	290	165	(125)	-43.1%
Interest	0	0	0	-
TOTAL NON-OPERATING EXPENSES	<u>290</u>	<u>165</u>	<u>(125)</u>	<u>-43.1%</u>
TOTAL NON-OPERATING INCOME (EXPENSES)	<u>1,870</u>	<u>1,108</u>	<u>(762)</u>	<u>-40.7%</u>
CHANGE IN NET POSITION	<u>34,120</u>	<u>14,109</u>	<u>(20,012)</u>	<u>-58.7%</u>
CAPITAL EXPENDITURES, INTERFUND TRANSFERS & OTHER				
Capital Outlay	400	400	0	0.0%
Other	50	0	(50)	-
Transfer to CRCR Fund	8,500	0	(8,500)	-
Transfer to Programs Fund	5,050	5,270	220	4.4%
TOTAL CAPITAL EXPENDITURES, INTERFUND TRANSFERS & OTHER	<u>\$14,000</u>	<u>\$5,670</u>	<u>(8,330)</u>	<u>-59.5%</u>
BALANCE AVAILABLE FOR RESERVES	<u>\$20,120</u>	<u>\$8,439</u>	<u>(\$11,682)</u>	<u>-58.1%</u>



Staff Report – Item 5

Item 5: Long-term Power Prepay Agreement Update

From: Girish Balachandran, CEO

Prepared by: Andrea Pizano, Board Clerk/Executive Assistant

Date: 8/5/2020

This item will be addressed in the form of an oral report to the Finance and Administration Committee.



Staff Report – Item 6

Item 6: Select Next Meeting Date of the Finance and Administration Committee

From: Girish Balachandran, CEO

Prepared by: Andrea Pizano, Board Clerk/Executive Assistant

Date: 8/5/2020

RECOMMENDATION

Approve a meeting date and time for the next 2020 Finance and Administration Committee meeting.

BACKGROUND

At the February 14, 2018 Board of Directors meeting, the SVCEA Board approved FP1-B, *Establish Finance and Administration Committee*. The Finance and Administration Committee's task areas include budgeting and financial planning, financial reporting and the creation of monitoring of internal controls and accountability policies and investments.

ANALYSIS & DISCUSSION

Staff would like to schedule the next Finance and Administration Committee meeting, preferably in September following the September 9, 2020 Board of Directors meeting, for an update on the power prepay agreement.

STRATEGIC PLAN

N/A

ALTERNATIVE

This item is for discussion; staff is open to suggestions from the committee.

FISCAL IMPACT

No fiscal impact as a result of selecting a committee meeting date and time.