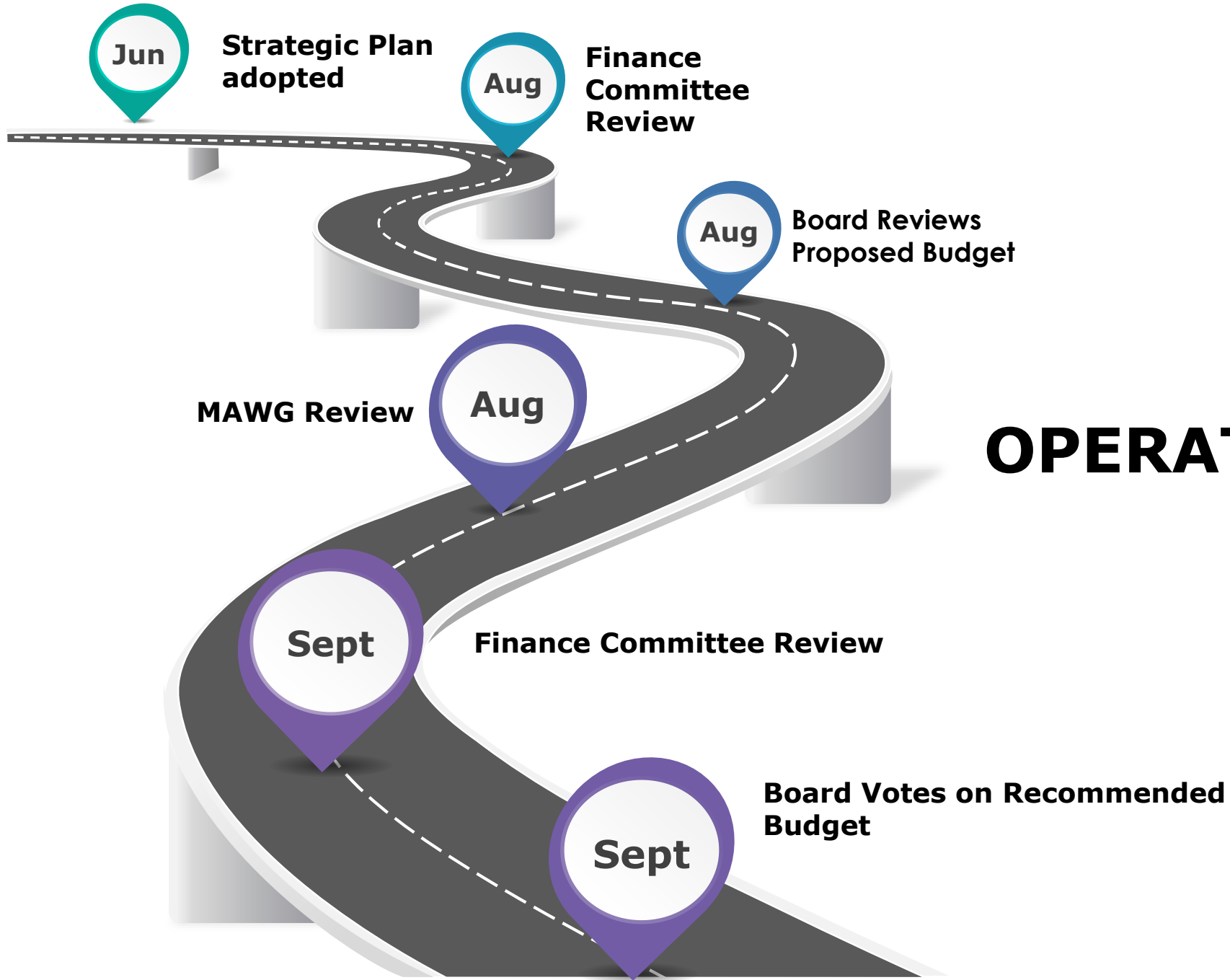




# **RECOMMENDED FY 2019-20 BUDGET**

**FINANCE & ADMINISTRATION COMMITTEE  
September 3, 2019**



# FY 2019-20 OPERATING BUDGET TIMELINE

# CHANGE TO BUDGET

*\$ in THOUSANDS*

	<b>PROPOSED BUDGET</b>	<b>RECOMMENDED BUDGET</b>	<b>VARIANCE</b>
ENERGY REVENUES	\$318,220	\$318,220	\$0
POWER SUPPLY	\$244,640	\$245,340	\$700
<b>OPERATING MARGIN</b>	<b><u>\$73,580</u></b>	<b><u>\$72,880</u></b>	<b><u>\$700</u></b>
OPERATING EXPENSES	\$16,670	\$16,950	\$280
NON-OPERATING INCOME/(EXPENSE)	\$1,940	\$1,450	\$490
TRANSFER, DEBT SERVICE & OTHER	\$6,807	\$6,807	\$0
<b>BALANCE AVAILABLE FOR RESERVES</b>	<b><u>\$52,043</u></b>	<b><u>\$50,573</u></b>	<b><u>\$1,470</u></b>



# FINANCIAL SUMMARY

**\$318.2 MM**



**Energy Revenues**

267k Accounts,  
3.9 million MWh's  
and 4% discount  
to PG&E

**\$245.3 MM**



**Energy Costs**

>90% hedged for  
fiscal year

**\$72.9 MM**



**Contribution Margin**

Margin to fund  
operating expenses,  
programs, capital and  
debt service

**\$50.6 MM**



**Budget Surplus**

Injected into  
Reserves

**\$150 MM**



**Reserves**

End the FY at  
Reserve Target  
Range of 180  
Days

# PERSONNEL REVIEW

- Funding 27 FTE's, 5 Part-Time
  - Rates Manager (Finance & Admin)
  - Analyst (Decarbonization & Grid Innovations)
  - Adjusted salary tables by 4%
- 3 New Positions added for broadbanding
  - Sr. Communications Specialist
  - Sr. Communications Outreach Specialist
  - Sr. Rates Analyst
  - Not funded

# BOARD FOLLOW-UP - HR

## Operations

1. Human Resource Generalist On-Site  
Provide resource for new hires and current employees  
  
Recruitment enhancement  
  
Maintain employee handbook
2. Benefits Broker that will help contain health costs and better communicate options to employees
3. New Payroll System
4. New On-Boarding Application
5. Compensation Study

## Culture

1. Invest in expertise to help create and sustain SVCE culture
2. Team Building and Employee Goodwill
3. Administrative Manager hiring soon with a focus on H.R.
4. Staff will evaluate future needs and adjust the budget if necessary

# BOARD FOLLOW-UP (cont.)

## Adequate funding for strategic marketing

- ~\$1 million is budgeted in various accounts across departments
  - Outreach including surveys, events (Bike to the Future) and C&I Workshops (Watts for Lunch)
  - Awareness (Newsletters, market surveys and sponsorships)
  - Programs Support (EV, Buildings, etc.)
  - C&I Pricing

# BOARD FOLLOW-UP (cont.)

## Purchase a Facility

- Process on-going regarding facility needs
  - Option #1 – Stay in current location but move to larger space
  - Option #2 – Lease somewhere else
  - Option #3 – “Make it Work” in current office
  - Option #4 – Purchase
- Recommendation should be made to the Board later in 2019



# BOARD FOLLOW-UP (cont.)

## Margins by Customer Class

- Board adopted a commercial pricing policy in response to Direct Access
- Board Directors have access to margins and customized contracts
- To remain competitive, recommend not revealing margins publicly

# BOARD FOLLOW-UP (cont.)

## Review Reserves Policy

- SVCE should reach cash reserve target by end of FY 2019-20
- Review the cash reserves policy and develop plan for reserves in excess of target
  - Increase programs budget
  - Reduction in rates
  - CAPEX

# NEXT STEPS

- Recommended Budget Review/Approval by Finance Committee to Board
  - Resolution 2019-10
- Mid-Year Budget Spring 2020
  - Recalibrate the budget

# THANK YOU