Silicon Valley Clean Energy  
Finance and Administration Committee Meeting  
Wednesday, August 5, 2020  
2:30 pm

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.

Pursuant to the Americans with Disabilities Act, if you need special assistance in this meeting, please contact the Clerk for the Authority at (408) 721-5301 x1005. Notification 48 hours prior to the meeting will enable the Authority to make reasonable arrangements to ensure accessibility to this meeting. (28 CFR 35.105 ADA Title II).
**Consent Calendar**

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

**Regular Calendar**

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)

**Committee/Staff Remarks**

**Adjourn**
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.
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.
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.
• 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
## FY 2020-21 Proposed Operating Budget

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>FY 2019-20budget as Adopted MIDYEAR</th>
<th>FY 2020-21 Recommended Budget</th>
<th>VARIANCE</th>
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<tbody>
<tr>
<td><strong>ENERGY REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Energy Sales</td>
<td>285,540</td>
<td>263,524</td>
<td>(22,016)</td>
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<tr>
<td>Green Prime Premium</td>
<td>1,100</td>
<td>891</td>
<td>(209)</td>
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<tr>
<td>TOTAL ENERGY REVENUES</td>
<td>286,640</td>
<td>264,415</td>
<td>(22,225)</td>
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<tr>
<td><strong>ENERGY EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Power Supply</td>
<td>239,070</td>
<td>234,662</td>
<td>(4,408)</td>
</tr>
<tr>
<td><strong>OPERATING MARGIN</strong></td>
<td>47,570</td>
<td>29,753</td>
<td>(17,817)</td>
</tr>
<tr>
<td><strong>OPERATING EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Data Management</td>
<td>3,160</td>
<td>3,020</td>
<td>(140)</td>
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<tr>
<td>PG&amp;E Fees</td>
<td>1,260</td>
<td>1,350</td>
<td>90</td>
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<tr>
<td>Employment Expenses</td>
<td>5,120</td>
<td>6,223</td>
<td>1,103</td>
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<tr>
<td>Professional Services</td>
<td>3,420</td>
<td>3,620</td>
<td>200</td>
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<td>Marketing &amp; Promotions</td>
<td>740</td>
<td>870</td>
<td>130</td>
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<tr>
<td>Notifications</td>
<td>160</td>
<td>100</td>
<td>(60)</td>
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<tr>
<td>Lease</td>
<td>500</td>
<td>500</td>
<td>0</td>
</tr>
<tr>
<td>General &amp; Administrative</td>
<td>960</td>
<td>1,070</td>
<td>110</td>
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<td>TOTAL OPERATING EXPENSES</td>
<td>15,320</td>
<td>16,753</td>
<td>1,433</td>
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<tr>
<td><strong>OPERATING INCOME (LOSS)</strong></td>
<td>32,250</td>
<td>13,001</td>
<td>(19,250)</td>
</tr>
<tr>
<td><strong>NON-OPERATING REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Income</td>
<td>0</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>Interest Income</td>
<td>2,000</td>
<td>1,155</td>
<td>(845)</td>
</tr>
<tr>
<td>Grant Income</td>
<td>160</td>
<td>68</td>
<td>(92)</td>
</tr>
<tr>
<td>TOTAL NON-OPERATING REVENUES</td>
<td>2,160</td>
<td>1,273</td>
<td>(887)</td>
</tr>
<tr>
<td><strong>NON-OPERATING EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financing</td>
<td>290</td>
<td>165</td>
<td>(125)</td>
</tr>
<tr>
<td>Interest</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>TOTAL NON-OPERATING EXPENSES</td>
<td>290</td>
<td>165</td>
<td>(125)</td>
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<tr>
<td><strong>TOTAL NON-OPERATING INCOME (EXPENSES)</strong></td>
<td>1,870</td>
<td>1,108</td>
<td>(762)</td>
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<tr>
<td><strong>CHANGE IN NET POSITION</strong></td>
<td>34,120</td>
<td>14,109</td>
<td>(20,012)</td>
</tr>
<tr>
<td><strong>CAPITAL EXPENDITURES, INTERFUND TRANSFERS &amp; OTHER</strong></td>
<td>400</td>
<td>400</td>
<td>0</td>
</tr>
<tr>
<td>Capital Outlay</td>
<td>50</td>
<td>0</td>
<td>(50)</td>
</tr>
<tr>
<td>Transfer to CRCR Fund</td>
<td>8,500</td>
<td>0</td>
<td>(8,500)</td>
</tr>
<tr>
<td>Transfer to Programs Fund</td>
<td>5,050</td>
<td>5,270</td>
<td>220</td>
</tr>
<tr>
<td>TOTAL CAPITAL EXPENDITURES, INTERFUND TRANSFERS &amp; OTHER</td>
<td>$14,000</td>
<td>$5,670</td>
<td>(8,330)</td>
</tr>
<tr>
<td><strong>BALANCE AVAILABLE FOR RESERVES</strong></td>
<td>$20,120</td>
<td>$8,439</td>
<td>(11,682)</td>
</tr>
</tbody>
</table>

*VAR*
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.