



Redwood Coast Energy Authority

517 5th Street

Eureka, CA 95501

Phone: (707) 269-1700 Toll-Free (800) 931-RCEA Fax: (707) 269-1777

E-mail: info@redwoodenergy.org Web: www.redwoodenergy.org

MEETING MINUTES

Redwood Coast Energy Resource Center
517 5th Street, Eureka, CA 95501

September 21, 2009
Monday, 3:00 p.m.

Redwood Coast Energy Authority will accommodate those with special needs. Arrangements for people with disabilities who attend RCEA meetings can be made in advance by contacting Cheryl Clayton at 269-1700 by noon the day of the meeting.

I. ROLL CALL

The meeting was called to order at 3:00 p.m.

Present: Doug Strehl, Don Ratzlaff, Jill Duffy, Jay Parrish, Michael Winkler, Jeff Leonard

Absent: Jack Thompson, Pat Falor, Barbara Hecathorn

Staff: David Boyd, Dana Boudreau, Heidi Benzonelli, Jaquelyn Shur

Guests: Kirk Girard, Humboldt County Community Development; Alison Talbott, PG&E Government Liaison

II. REPORTS FROM MEMBER ENTITIES

None

III. ORAL COMMUNICATIONS

This time is provided for people to address the Board or submit written communications on matters not on the agenda. At the conclusion of all oral & written communications, the Board may respond to statements. Any request that requires Board action will be set by the Board for a future agenda or referred to staff.

None

IV. CONSENT CALENDAR

All matters on the Consent Calendar are considered to be routine by the Board and are enacted on one motion. There is no separate discussion of any of these items. If discussion is required, that item is removed from the Consent Calendar and considered separately. At the end of the reading of the Consent Calendar, Board members or members of the public can request that an item be removed for separate discussion.

A. Approve Minutes of August 17, 2009 Board Meeting.

B. Approve attached Warrants.

Motion was made to approve all consent calendar items.

Motion: Jay Parrish

Second: Doug Strehl

Approved: 6-0

V. REMOVED FROM CONSENT CALENDAR ITEMS

Items removed from the Consent Calendar will be heard under this section.

None

VI. OLD BUSINESS

A. Update on Strategic/Regional Approach to Pursuing ARRA Energy Efficiency Funds (Kirk Girard)

- Authorize Staff to enter into a fee-for-service agreement with the North Coast Integrated Water Management Plan EECBG Collaborative, for an amount not to exceed \$27,086, to provide technical services for a collaborative EECBG application, and to hire one full-time limited-term RCEA Energy Specialist for four months.

Kirk Girard introduced the proposed contract for RCEA's involvement in the NCIRWMP EECBG consolidated approach to the ARRA funding. RCEA technical assistance for this effort will require employing one full-time staff for a term of up to four months to process and compile all projects and data received from different agencies into a comprehensive EECBG application.

Executive Director Boyd listed the various benefits of a collaborative approach to securing ARRA funding; most importantly, this regional collaboration on energy efficiency will establish a track record, giving the collaborative better standing when it comes to future competitive funding opportunities which are likely to be available from the CEC and DOE.

Director Duffy inquired about the source of the \$27,000 allocated to RCEA in the fee-for-service agreement. Mr. Girard explained that the money is being provided by the Sonoma County Water District in support of this regional collaboration.

Director Duffy asked if CSDs were precluded from the regional collaborative. Executive Director Boyd explained that EECBG's were for cities and counties. Money for CSDs would need to come from the County's allocation. He agreed that CSDs appear to have been left out of the ARRA funding loop and suggested convening a coalition to draft a statement of interest to the CEC for possible SEP funding, noting that RCEA may be able to help with this process.

Kirk Girard noted that the County would need to develop a competitive process for the available funds if CSDs wished to apply to the County for EECBG funds. He added this process is problematic due to the short timeframe, and suggested instead that it may be possible to apply for a CEC technical assistance grant and low interest loan for water and waste water facilities in the county.

Motion was made to authorize RCEA staff to sign a subcontract with the North Coast Integrated Water Management Plan (NCIWMP), pending review by Nancy Diamond prior to executing the contract.

Motion: Jay Parrish Second: Jill Duffy Abstain: Michael Winkler Approved: 5-0

B. RCEA Financial Management Plan Update

- Review RCEA FMP
-

Executive Director Boyd explained the RCEA Financial Management Plan time line and reported that the staff's two-month effort on such a huge task has made much headway. Staff is working to finish aligning and reconciling QuickBooks after adopting the new Unified Chart of Accounts format. Once those projects are completed, the books should be very clean and ready for an audit.

Executive Director Boyd noted that while RCEA will be moving forward with adopting a FY budget, there will be some unknowns because the PG&E bridge funding expires at the end of December and negotiations with PG&E for the next three-year funding cycle are not yet complete. Director Leonard suggested using the least optimistic numbers, and then adjust accordingly.

Executive Director Boyd referenced the new "unallocated" budget line in the proposed budget, noting that he believes RCEA may have built up some reserves. Director Duffy noted that even a \$100 reserve is a start.

Executive Director Boyd noted that staff has been facing difficulty implementing a workable tracking system for accrued time-off liabilities.

Director Duffy suggested that the Board make a standard policy in regard to vacation and sick leave, and to consider cash-out and buy-back options for sick leave. She suggested the City of Arcata as a good policy model.

- Cash Flow Report

Executive Director Boyd presented the RCEA Cash Flow Report from June 2nd, 2009, to present. He reported that PG&E has been expediting invoicing for RCEA, which has proven very helpful. He noted that RCEA has endeavored to maintain a positive balance; however, it has been necessary to rely upon Fortuna loan funds from time to time, with a maximum use of the loan of \$23,000.

- Short-Term Loan from Fortuna

Approve 30-day loan extension request to the City of Fortuna

Executive Director Boyd presented the draft letter to the City of Fortuna requesting the 3rd 30-day loan extension. He noted that an extension for any amount over the next few months would be of considerable help, taking into account the timeline required to complete tasks necessary to develop a line of credit with a local lending institution.

Director Strehl stated that the City of Fortuna provided the support necessary to get RCEA through the cash-flow problem in June, but is not amenable to continuing the loan beyond this final authorized 30-day extension. He stressed the importance of staff completing tasks required for a line of credit as soon as possible.

A motion was made to approve the 30-day loan extension request to the City of Fortuna.

Motion: Jill Duffy

Second: Michael Winkler

Approved: 6-0

- Discussion on short-term operating reserve options

Executive Director Boyd reported that absent a loan or line of credit, staff will closely manage income and expenditures to maintain a positive balance in the County treasury. He believes that the reserves that have been built up in recent months will allow for uninterrupted operations.

- Update on RCEA Financial Audit RFP

Executive Director Boyd reported that RCEA did not receive any proposals from the RFP that was circulated locally last month, which pushed RCEA's financial audit schedule back by at least one month. RCEA will now recirculate the RFP out of county in order to find an auditor. He anticipates there is enough time to complete the process by the end of the year but a contract must be signed as soon as possible.

- Update on Line of Credit research

Staff Member Boudreau reported that he has met with Redwood Capital Bank, North Coast Valley Bank and the Coast Central Credit Union. A three-year audit is preferred, but a two-year audit is an acceptable requirement for applying for a line of credit. Coast Central Credit Union was the most promising of all the banking institutions, offering a \$25,000 line of credit after the required 2-year audit is complete. All of the banks are reluctant to write new business loans. Lenders are offering loans to existing customers, but this requires a relationship with a bank, which could take anywhere from 6 months to one year to develop. All the banks are familiar with our organization, but RCEA has no way of collateralizing a loan. This is another indicator of why a reserve is so important.

Operations Manager Boudreau reported that he also plans to contact RREDC. Director Duffy suggested checking for available Headwaters loans. Staff member Boudreau explained that a line of credit was preferable to a loan because it would significantly reduce interest exposure. Executive Director Boyd added that staff is planning to make contact with RREDC, AEDC, and HWMA to explore other options. Staff will provide an update on these efforts at the next meeting.

- Proposed FY09-10 Annual Budget

Approve draft RCEA Annual Budget.

Executive Director Boyd presented the Board with a draft FY 2009-2010 budget for consideration. Director Duffy thanked staff for their hard work, and Director Parrish for his contributions to drafting the annual budget. She suggested that Executive Director Boyd check with Nancy Diamond to see what type of public notice is required for formal adoption. Director Duffy thought that the Board could not adopt the budget without a properly noticed public meeting. Director Duffy also suggested that a cover page be added to the budget in text form that summarizes the important overall information and anything that may be on the horizon.

Regarding future monthly budget updates, Executive Director Boyd asked the Board if they would prefer to receive a comprehensive monthly budget report,

which includes all program budget details, or a one page report that rolls all the programs into one comprehensive total budget summary. Director Winkler suggested that a complete monthly budget report be distributed electronically and the total budget to be provided separately for printing.

Executive Director Boyd asked the Board about the protocol for adding new items to the budget if needed during the course of a year. If more funding streams become available, RCEA cannot wait until the mid-year review to add them into the budget. Director Leonard suggested treating new funding streams like an incoming grant, bringing them to the Board for consideration. Director Duffy suggested that RCEA adopt a fiscal management plan that allows the Executive Director to reallocate different funds to different areas of the budget.

Staff was directed to consult with Nancy Diamond regarding public notice requirements, and to place the proposed budget on a future agenda.

C. Renewable Energy Secure Communities (RESCO) Grant

1. Authorize Staff to sign a contract with the California Energy Commission (CEC) to receive a RESCO grant award in the amount of \$199,988.00.

A motion was made to authorize staff to sign the CEC contract for the RESCO grant award in the amount of \$199,988.00.

Motion: Jay Parrish Second: Jill Duffy Approved: 6-0

2. Authorize Staff to sign contract with Schatz Energy Research Center (SERC) for RESCO-related services in the amount of \$169,298.00.

Executive Director Boyd explained the process RCEA followed in drafting the contract between RCEA and Schatz Energy Research Center for use of RESCO funds. Issues arose regarding intellectual property rights and the contract was redrafted. Although an agreement was reached, RCEA is waiting for Nancy Diamond to finalize legal language regarding section 12 of RCEA's standard contract.

A motion was made to authorize staff to sign the contract with the Schatz Energy Research Center, pending section 12 language revisions by Nancy Diamond.

Motion: Jay Parrish Second: Jill Duffy Approved: 6-0

D. Update on PG&E/ Redwood Coast Energy Watch Partnership 2010-12 contract status.

Executive Director Boyd explained that contract negotiations with PG&E had been on hold due to CPUC review of the proposed Investor Owned Utility (IOU) portfolios of programs. Now that the CPUC has issued a Final Decision, PG&E can resume negotiations with its Local Government Partners (LGPs). Depending on PG&E's analysis of the CPUC FD, RCEA's scope of work and budget may change from what was originally discussed.

Executive Director Boyd reported that staff has received the proposed new contract General Conditions and has forwarded them to Nancy Diamond for legal review. He also noted that staff has serious concerns about the proposed Specific Conditions Exhibit D. This new proposed operational condition would provide first right of refusal for local energy efficiency projects to select out-of-area PG&E third-party providers for certain business types. Staff provided an analysis to PG&E, which showed that these business types represent approximately one-third of our market and energy savings to date. If this exhibit remains in the contract, RCEA will need to reevaluate its ability to successfully offer a cost-effective energy-savings program in Humboldt County.

Executive Director Boyd noted that the CPUC renamed the 2009-11 program cycle to the 2010-12 program cycle, which will allow for a full three-years of operation as originally intended. The CPUC FD placed caps on allowable non-resource and administrative costs, and the overall TRC (a cost-effectiveness metric) was raised. At the same time the CPUC has increased its expectations regarding strategic initiatives, which don't necessarily result in immediate measurable energy savings.

Director Leonard suggested that RCEA use our geographic location as a reason for why Exhibit D would be severely damaging to our organization. Excluding any business type would be a huge blow to our small market.

Alison Talbott of PG&E reported that RCEA is an extremely valued partner and that PG&E Program Manager Amalia Klinger will do as much as she can to make the change between contracts as smooth and painless as possible. Director Duffy suggested that Alison Talbott float RCEA's concerns about Exhibit D internally.

Executive Director Boyd offered to address the issue with any course of action the Board might suggest. Director Strehl suggested that RCEA make a recommendation to PG&E that they use local contractors to complete PG&E jobs. Director Winkler suggested drafting a letter to PG&E, requesting them to direct business through RCEA in order to keep labor local. Director Duffy and Director Leonard requested a report on Exhibit D, with a draft letter, be placed on the next agenda.

E. Update on other ARRA Funding Opportunities

Executive Director Boyd reported that there are at least three types of projects that can potentially receive ARRA State Energy Plan (SEP) funding: comprehensive residential retrofits; AB-811 type efficiency and solar financing programs; and municipal and commercial emerging technology retrofits. He reported that as details or other funding opportunities become available he will report them to the Board.

F. Report on CM/CAO Meeting on JPA Consolidation

Director Parrish reported that executive directors of local JPAs met at this month's CM/COA meeting to discuss JPA consolidation. He explained that the consolidation was discussed primarily in terms of governance and administration.

VII. NEW BUSINESS

None

VIII. STAFF REPORT

A. David Boyd, Executive Director

- Potential relocation of Redwood Coast Energy Resource Center
Executive Director Boyd reported that staff is exploring the possibility of relocating in order to reduce expenses and increase space for the growing organization. The lease agreement for 517 5th Street will be up for renewal at the end of December 2009, and the landlord has informed him that there will be no rent increase next year.
- Fall Workshops
Upcoming RCEA workshops are “Understanding the House as a System” (October 1); and “Basics of Photovoltaic Systems for Grid-tied Applications” (November 3).
- 2009 Solar Homes Tour – Sunday October 4
RCEA will again be co-sponsoring the Humboldt Solar Neighbors Tour. Lead coordination is being provided by VISTA Volunteers Brian Unser and Oliver Hulland.

Director Duffy requested time be placed on the next agenda for a closed session in order to complete an annual performance review for the Executive Director.

IX. ADJOURNMENT

The meeting was adjourned at 5:03 p.m.

***The next regular RCEA Board of Directors Business Meeting will be held on
Monday, October 19, 2009 at 3:00 PM***
