



Redwood Coast Energy Authority

633 3rd 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 AGENDA

Humboldt Bay Municipal Water District Office
828 7th St, Eureka, CA 95501

July 17, 2017
Monday, 3:15 p.m.

RCEA will accommodate those with special needs. Arrangements for people with disabilities who attend RCEA meetings can be made in advance by contacting Barbara Garcia at 269-1700 by noon the day of the meeting.

I. REPORTS FROM MEMBER ENTITIES

II. 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.

III. 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 June 19, 2017 Special Board Meeting.
- B. Approve Minutes of June 19, 2017 Regular Board Meeting.
- C. Approve attached Warrants.
- D. Accept attached Financial Reports.

IV. REMOVED FROM CONSENT CALENDAR ITEMS

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

V. OLD BUSINESS

- A. FY14-15 Fiscal Audit
Accept and approve FY14-15 Independent Fiscal Audit Report.

VI. NEW BUSINESS

- A. CCE Operational Services Contracts
Approve Amendment no. 1 to Agreement for Professional Services with LEAN Energy US.
Approve Agreement for Professional Services with Green Ideals.
- B. CivicSpark Program Regional Coordination
Approve contract with the Local Government Commission for RCEA to act as the North Coast Regional Coordinator for 2017-18 CivicSpark program.
- C. CSDA and SDRMA Board Elections
Consider Adoption of Resolution 2017-4 for the Election of Directors to the Special District Risk Management Authority Board of Directors.
Vote for CA Special District Association Board of Directors region 1 representative.

COMMUNITY CHOICE ENERGY (CCE) BUSINESS (Confirm CCE Quorum)

Items under this section of the agenda relate to CCE-specific business matters that fall under RCEA's CCE voting provisions, with only CCE-participating jurisdictions voting on these matters with weighting voting as established in the RCEA joint powers agreement.

VII. OLD CCE BUSINESS

A. DG Fairhaven Negotiations

Authorize staff to continue negotiations with DG Fairhaven for 2018-2022 procurement and to also approve the option of TEA transacting directly with DG Fairhaven at market prices to meet RCEA's remaining 2017 renewable energy requirements.

VIII. NEW CCE BUSINESS

A. Implementation Plan Update to Include City of Ferndale

Adopt Resolution 2017-5 approving the Revised Redwood Coast Energy Authority Community Choice Aggregation Implementation Plan.

IX. STAFF REPORTS

A. Director of Demand Side Management Programs

- PG&E Energy Watch Program contractor-participation process updates

B. Director of Power Resources

- CCE Program Launch Status Update

C. Executive Director

- Public agency turn-key solar program
- Offshore Wind – Principal Power
- Community Advisory Committee

X. ADJOURNMENT



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SPECIAL MEETING MINUTES

**Humboldt Bay Municipal Water District Office
828 7th St, Eureka, CA 95501**

**June 19, 2017
Monday, 2:15 p.m.**

RCEA will accommodate those with special needs. Arrangements for people with disabilities who attend RCEA meetings can be made in advance by contacting Barbara Garcia at 269-1700 by noon the day of the meeting.

I. ROLL CALL

Board Chair Woo called the meeting to order at 2:16 p.m.

Present: Michael Winkler, Bobbi Ricca, Sheri Woo, Austin Allison, Michael Sweeney,
Dwight Miller arrived at 2:18 p.m.

Absent: Estelle Fennell, Dean Glaser, Frank Wilson.

II. 2017-18 BUDGET STUDY SESSION

Board Chair Woo and Director Winkler provided a brief report from the budget subcommittee.

Executive Director Marshall provided the proposed Fiscal Year 2017-18 budget to the Board. He provided a walkthrough of the budget categories, details on the changes from the previous budget structure, and projections and forecasts for the Community Choice Energy program in the coming fiscal year.

The Board discussed the Fiscal Year 2017-18 budget draft.

III. ADJOURNMENT

Board Chair Woo adjourned the meeting at 2:55 p.m.



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MEETING MINUTES

**Humboldt Bay Municipal Water District Office
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**June 19, 2017
Monday, 3:15 p.m.**

RCEA will accommodate those with special needs. Arrangements for people with disabilities who attend RCEA meetings can be made in advance by contacting Barbara Garcia at 269-1700 by noon the day of the meeting.

I. ROLL CALL

Board Chair Woo called the meeting to order at 3:15 p.m.

Present: Michael Winkler, Bobbi Ricca, Sheri Woo, Austin Allison, Michael Sweeney, Frank Wilson, Dwight Miller arrived at 3:18 p.m.

Absent: Estelle Fennell, Dean Glaser.

M/S/C: Winkler, Sweeney: Amend the agenda to move proposed agenda items Old Business, New Business, and New CCE Business to the beginning of the agenda to ensure a CCE quorum while Director Allison is present.

II. OLD BUSINESS

A. Fiscal Year 2017-18 Budget

Executive Director Marshall provided a brief overview of the Fiscal Year 2017-18 budget. The Board discussed the proposed budget.

M/S/C: Sweeney, Allison: Adopt RCEA Fiscal Year 2017-18 Budget

III. NEW BUSINESS

A. Financial Management Policy

Executive Director Marshall provided an overview of the draft Financial Management Policy.

Director Ricca asked whether there was a prior policy that the new policy is replacing. Executive Director Marshall confirmed that there was an existing accounting procedures document that contained some portions covered in the current draft but was not as robust.

General Counsel Diamond advised that for clarity the Board amend the draft policy to add language about repealing and replacing any previously adopted accounting policies.

M/S/C: Winkler, Ricca: Adopt Resolution 2017-3 adopting RCEA Financial Management Policy as revised by adding "This policy is intended to replace all previous financial management and accounting policies to the extent they are inconsistent" to the Introduction section of the policy.

COMMUNITY CHOICE ENERGY (CCE) BUSINESS

CCE quorum confirmed.

IV. NEW CCE BUSINESS

A. Providing cost-competitive service for non-residential Peak Day Pricing customers

Power Resources Manager Andrea Alstone explained PG&E's Peak Day Pricing structure and explained the purpose of the Peak Day Pricing Bill Protection Program and its benefits to customers that may be affected.

Director Sweeney asked whether this proposed plan is a one-time fix. Executive Director Marshall responded that this would address any discrepancies during 2017, and that staff aims to develop a comparable alternative to PG&E's Peak Day Pricing program to offer RCEA customers starting in 2018.

The Board discussed the proposed 2017 bill protection program.

Public comment:

Bob Marino asked what percentage of Humboldt ratepayers are on Peak Day Pricing rates. Executive Director Marshall responded that this section of customers represent 4% of all non-residential customers and 10% of total projected CCE load.

Jim Zoellick asked how RCEA will calculate the one-time bill credit. Executive Director Marshall responded that at the end of the summer Peak Day Pricing season, RCEA will analyze actual summer 2017 usage data to calculate what each customer would have paid if they had remained with PG&E and Peak Day Pricing instead of taking service from RCEA. For customers that would have paid less by staying with Peak Day Pricing, RCEA will calculate a bill credit representing the amount that each of those customers would have saved.

Public comment closed.

M/S/C: Sweeney, Ricca: Approve proposed 2017 Peak Day Pricing Customer Bill Protection Program.

Ayes: Ricca, Winkler, Allison, Miller, Sweeney, Wilson

Noes: none

Absent: Glaser, Fennell

Abstentions: Woo

V. REPORTS FROM MEMBER ENTITIES

Director Winkler reported that the Arcata City Council approved their budget to include Repower+ for all City accounts. He also reported that the Building Decarbonization Group had an interesting meeting in Oakland that focused on the benefits of heat pump water heaters and phasing out the use of natural gas.

Board Chair Woo reported that Humboldt Bay Municipal Water District Board will be going on a site visit later in the week to Ruth Lake.

Director Sweeney reported that the Ferndale City Council approved the 2nd reading and adoption of the CCA Ordinance for the City of Ferndale.

Director Ricca reported that the City of Blue Lake is looking into opting up their accounts to Repower+.

VI. ORAL COMMUNICATIONS

None

VII. CONSENT CALENDAR

- A. Approve Minutes of May 15, 2017 Board Meeting.
- B. Approve attached Warrants.
- C. Accept attached Financial Reports.

M/S/C: Wilson, Ricca: Approve consent calendar items A-C.

VIII. REMOVED FROM CONSENT CALENDAR ITEMS

None

IX. OLD CCE BUSINESS

- A. CCE Program Updates (informational)

Executive Director Marshall provided informational updates about the CCE program, including the status and next steps for developing local solar, offshore wind, and ongoing negotiations with the DG Fairhaven biomass power plant.

The Board discussed the CCE program.

Public comment:

Bob Marino, General Manager of DG Fairhaven, informed the Board that they have a call scheduled with RCEA later in the week, which he is expecting to be fruitful.

Public comment closed

X. ADJOURNMENT

M/S/C: Ricca, Miller: Adjourn the meeting at 4:05 p.m.

Redwood Coast Energy Authority
Warrants Report
for the month of May, 2017

| Type | Date | Num | Name | Memo | Amount |
|-----------------|------------|---------|---|---|------------|
| Check | 05/01/2017 | EFT | CoPower | May Premium | -179.40 |
| Check | 05/04/2017 | 7350 | Redwood Coast Energy Authority | May Direct Deposit Payroll Advance | -32,513.75 |
| Check | 05/04/2017 | 7350 | Redwood Coast Energy Authority | May Direct Deposit Payroll Advance | 32,513.75 |
| Paycheck | 05/09/2017 | Payroll | Payroll | 4/16 - 4/30/17 Pay Period | -36,913.75 |
| Liability Check | 05/10/2017 | E-pay | EDD | 499-0864-3 Q2 SDI QB Tracking # 353438692 | -2,807.43 |
| Liability Check | 05/10/2017 | E-pay | Internal Revenue Service | 74-3104616 Q2 Federal Withholdings QB Tracking # 353439362 | -15,716.24 |
| Liability Check | 05/10/2017 | E-pay | EDD | 499-0864-3 QB Tracking # 353439802 | -103.57 |
| Liability Check | 05/10/2017 | E-pay | EDD | 499-0864-3 QB Tracking # 353440552 | -255.20 |
| Liability Check | 05/10/2017 | E-pay | Internal Revenue Service | 74-3104616 QB Tracking # 353441122 | -989.12 |
| Paycheck | 05/10/2017 | 7351 | Payroll | Payroll | -2,583.19 |
| Bill Pmt -Check | 05/10/2017 | 7352 | AM Conservation | Standard non woven tote bags | -521.36 |
| Bill Pmt -Check | 05/10/2017 | 7353 | Bishop, M. | April mileage | -90.57 |
| Bill Pmt -Check | 05/10/2017 | 7354 | Bug Press, Inc. | Lawn Signs | -1,231.48 |
| Bill Pmt -Check | 05/10/2017 | 7355 | Burks, K. | April mileage | -108.23 |
| Bill Pmt -Check | 05/10/2017 | 7356 | Cougar Mountain Software, Inc. | Financial Accounting Software, Installation & Training. | -14,969.90 |
| Bill Pmt -Check | 05/10/2017 | 7357 | Dell USA | DELL Monitors | -519.74 |
| Bill Pmt -Check | 05/10/2017 | 7358 | Diamond, Nancy | Legal Services - March & April | -6,149.70 |
| Bill Pmt -Check | 05/10/2017 | 7359 | Edmiston, S. | Return postage reimbursement. | -24.19 |
| Bill Pmt -Check | 05/10/2017 | 7360 | Engel, R. | April mileage reimbursement. | -43.87 |
| Bill Pmt -Check | 05/10/2017 | 7361 | Environmental Indicator Accounting Svcs | Training and report development. | -800.00 |
| Bill Pmt -Check | 05/10/2017 | 7362 | Eureka City Schools | Zane Campus self-install rebate / Audit 3943 | -14,788.64 |
| Bill Pmt -Check | 05/10/2017 | 7363 | Express Liquor & Cigar | Express Liquor & Cigar self-install rebate/Audit 4612 | -1,199.17 |
| Bill Pmt -Check | 05/10/2017 | 7364 | FedEx | Return Shipping | -16.93 |
| Bill Pmt -Check | 05/10/2017 | 7365 | Ferndale Meat Co. | Ferndale Meat Co. self-install rebate/Audit 4603 | -579.45 |
| Bill Pmt -Check | 05/10/2017 | 7366 | Headwaters Fund - Interest | RCEA loan April2017 Interest 3846000 800190 | -1,250.00 |
| Bill Pmt -Check | 05/10/2017 | 7367 | HSU Fdn FCEV ARV-14-055 | October-December Services. | -1,278.02 |
| Bill Pmt -Check | 05/10/2017 | 7368 | HSU Fdn EVCN ARV-13-029 | Dec & Jan services - ARV13-029 00163/SP30811 | -1,023.93 |
| Bill Pmt -Check | 05/10/2017 | 7369 | Ichien, D. | April Mileage | -20.33 |
| Bill Pmt -Check | 05/10/2017 | 7370 | Junior Barns, LLC | Junior Barns self-install rebate/Audit 4575 | -450.00 |
| Bill Pmt -Check | 05/10/2017 | 7371 | Local Government Commission | CivicSpark Expenses. | -4,283.82 |
| Bill Pmt -Check | 05/10/2017 | 7372 | Martin, Des. | April mileage | -44.89 |
| Bill Pmt -Check | 05/10/2017 | 7373 | Means, M. | April mileage | -60.03 |
| Bill Pmt -Check | 05/10/2017 | 7374 | North Coast Cleaning | April Cleaning Service | -402.00 |
| Bill Pmt -Check | 05/10/2017 | 7375 | North Coast Journal | Recruitment advertising | -75.00 |
| Bill Pmt -Check | 05/10/2017 | 7376 | Owen, P. | April mileage reimbursement. | -113.42 |
| Bill Pmt -Check | 05/10/2017 | 7377 | PG&E EV Account | EV stations March | -115.80 |
| Bill Pmt -Check | 05/10/2017 | 7378 | Ramone's | Food Service - Homeowners' Workshop 3/15/17 | -146.04 |
| Bill Pmt -Check | 05/10/2017 | 7379 | Schwalb, P. | April mileage reimbursement | -186.93 |
| Bill Pmt -Check | 05/10/2017 | 7380 | SDRMA Dental | May Premium | -1,152.00 |
| Bill Pmt -Check | 05/10/2017 | 7381 | Structure Design & Engineering, LLC. | Prelim - Cuddeback School Cooler Walls. | -320.00 |
| Bill Pmt -Check | 05/10/2017 | 7382 | Terry, P. | April mileage | -276.06 |
| Check | 05/15/2017 | | | Service Charge | -22.00 |
| Bill Pmt -Check | 05/18/2017 | ACH | Citibank | April Statement 04/25/17 | -12.00 |
| Paycheck | 05/24/2017 | Payroll | Payroll | 5/1 - 5/15/17 Pay Period | -37,712.67 |
| Liability Check | 05/25/2017 | E-pay | EDD | 499-0864-3 Q2 SDI QB Tracking # 469079257 | -2,661.68 |
| Liability Check | 05/25/2017 | E-pay | Internal Revenue Service | 74-3104616 Q2 Federal Withholdings QB Tracking # 469079657 | -15,030.40 |
| Liability Check | 05/25/2017 | E-pay | EDD | 499-0864-3 Q2 ETT QB Tracking # 469079987 | -109.56 |
| Check | 05/25/2017 | 7383 | Petty Cash | Replenish petty cash | -84.72 |
| Bill Pmt -Check | 05/25/2017 | 7384 | ABC Office Equipment | March/April print charges/service contract. | -829.98 |
| Bill Pmt -Check | 05/25/2017 | 7385 | Alstone, A. | Travel Expenses/CEC/CPUC Meetings, Sacramento 5/18-5/19/17. | -169.97 |
| Bill Pmt -Check | 05/25/2017 | 7386 | AM Conservation | LED Stock | -1,612.64 |
| Bill Pmt -Check | 05/25/2017 | 7387 | Arcata Fire Protection District | Arcata Fire Protection District-Headquarters Self-install Rebate / Au | -455.52 |
| Bill Pmt -Check | 05/25/2017 | 7388 | Arcata Mainstreet | Steel cup sponsorship - Oyster Festival 2017. | -3,250.00 |
| Bill Pmt -Check | 05/25/2017 | 7389 | Association of Energy Engineers | Membership renewal - R. Engel | -215.00 |
| Bill Pmt -Check | 05/25/2017 | 7390 | AT&T | May Telephone Service | -828.79 |

Redwood Coast Energy Authority

Warrants Report

for the month of May, 2017

| Type | Date | Num | Name | Memo | Amount |
|-----------------|------------|---------|--------------------------------|---|--------------------|
| Bill Pmt -Check | 05/25/2017 | 7391 | Avcollie, M. | April mileage reimbursement. | -55.12 |
| Bill Pmt -Check | 05/25/2017 | 7392 | Brant Electric | Arcata ProFloor Rebate / Audit 4218 | -1,421.36 |
| Bill Pmt -Check | 05/25/2017 | 7393 | Central Office | Miscellaneous printing fees. | -340.19 |
| Bill Pmt -Check | 05/25/2017 | 7394 | City of Eureka-Water | Water service, 3/24/17-4/27/17 | -122.06 |
| Bill Pmt -Check | 05/25/2017 | 7395 | Daynard Electric | Live in Humboldt self-install rebate / Audit 4544 | -130.00 |
| Bill Pmt -Check | 05/25/2017 | 7396 | Dell USA | DELL DisplayPort converters | -101.14 |
| Bill Pmt -Check | 05/25/2017 | 7397 | Eureka City Schools | District Office self-install rebate / Audit 4156 | -7,597.60 |
| Bill Pmt -Check | 05/25/2017 | 7398 | Grocery Outlet | VOID: Hospitality Supplies - EUC Workshop | 0.00 |
| Bill Pmt -Check | 05/25/2017 | 7399 | Handee Market | Handee Market self-install rebate/Audit 4587. | -900.00 |
| Bill Pmt -Check | 05/25/2017 | 7400 | HCOE | Business Card Printing | -522.00 |
| Bill Pmt -Check | 05/25/2017 | 7401 | Humboldt Transit Authority | Humboldt Transit Authority self-install rebate/Audit 4578 | -4,951.97 |
| Bill Pmt -Check | 05/25/2017 | 7402 | HWMA | CFL & flourescent disposal | -133.50 |
| Bill Pmt -Check | 05/25/2017 | 7403 | Ichien, D. | May Mileage | -23.22 |
| Bill Pmt -Check | 05/25/2017 | 7404 | Jacoby Creek School | Jacoby Creek School self-install rebate/Audit 4230. | -982.27 |
| Bill Pmt -Check | 05/25/2017 | 7405 | KHSU-FM | Radio Advertising Package | -350.00 |
| Bill Pmt -Check | 05/25/2017 | 7406 | Live In Humboldt Events Center | Live In Humboldt Events Center self-install rebate/Audit 4544 | -397.50 |
| Bill Pmt -Check | 05/25/2017 | 7407 | Local Government Commission | CivicSpark Jan/Feb. 2017 | -3,019.14 |
| Bill Pmt -Check | 05/25/2017 | 7408 | Mattio, B. | May purchase reimbursement | -20.00 |
| Bill Pmt -Check | 05/25/2017 | 7409 | Mission Uniform & Linen | Janitorial/mat supplies | -127.92 |
| Bill Pmt -Check | 05/25/2017 | 7410 | North Coast Journal | Recruitment ads. | -150.00 |
| Bill Pmt -Check | 05/25/2017 | 7411 | Pacific Union School Dist | Pacific Union School self-install audit/Audit 4459. | -2,320.00 |
| Bill Pmt -Check | 05/25/2017 | 7412 | Petty Cash | Expand petty cash to \$500.00 | -306.99 |
| Bill Pmt -Check | 05/25/2017 | 7413 | PG&E EV Account | EV stations April | -133.28 |
| Bill Pmt -Check | 05/25/2017 | 7414 | PG&E Utility Account | April utilities/lighting upgrade financing | -739.81 |
| Bill Pmt -Check | 05/25/2017 | 7415 | Pierson's Home Ctr | Miscellaneous facility repairs. | -111.32 |
| Bill Pmt -Check | 05/25/2017 | 7416 | Platt/Rexel | Philip InstantFit 10W TLED | -646.05 |
| Bill Pmt -Check | 05/25/2017 | 7417 | R&S Livestock Supply | R&S Livestock Supply self-install rebate/Audit 2746 | -1,244.48 |
| Bill Pmt -Check | 05/25/2017 | 7418 | Ramone's | Food Service - Homeowners' Workshop 02/07/17 | -83.55 |
| Bill Pmt -Check | 05/25/2017 | 7419 | Recology | April garbage service | -82.30 |
| Bill Pmt -Check | 05/25/2017 | 7420 | SDRMA Dental | June Premium | -1,098.00 |
| Bill Pmt -Check | 05/25/2017 | 7421 | SDRMA Medical | June premium. | -15,730.00 |
| Bill Pmt -Check | 05/25/2017 | 7422 | SDRMA P&L | Cert #26 & 27 - Cannifest. | -100.00 |
| Bill Pmt -Check | 05/25/2017 | 7423 | Times-Standard | Notices Inviting Bids & Job Posting | -1,766.13 |
| Bill Pmt -Check | 05/25/2017 | 7424 | Verizon Wireless | April tablet/cell service for field staff/mobile broadband service. | -114.83 |
| Bill Pmt -Check | 05/25/2017 | 7425 | Eureka City Schools | Alice Birney self-install rebate / Audit 4153 | -5,934.73 |
| Bill Pmt -Check | 05/25/2017 | 7426 | HCOE | Glen Paul School self-install rebate/Audit 3456 | -4,731.23 |
| Bill Pmt -Check | 05/25/2017 | 7427 | Humboldt Transit Authority | Bus Garage self-install rebate/Audit 4579 | -813.99 |
| Bill Pmt -Check | 05/25/2017 | 7428 | Winzler, John | Office Lease - June | -4,223.00 |
| Bill Pmt -Check | 05/25/2017 | 7429 | HCOE | Educational Resource Center self-install rebate/Audit 3457 | -1,142.88 |
| Paycheck | 05/25/2017 | Payroll | Payroll | 5/1 - 5/15/17 Pay Period | -2,583.20 |
| Paycheck | 05/25/2017 | Payroll | Payroll | 5/1 - 5/15/17 Pay Period | -1,178.76 |
| TOTAL | | | | | -241,213.85 |

Redwood Coast Energy Authority
Profit & Loss Budget vs. Actual
July 2016 through May 2017

| | <u>Jul '16 - May 17</u> | <u>Budget</u> | <u>% of Budget</u> |
|--|-------------------------|---------------------|--------------------|
| Ordinary Income/Expense | | | |
| Income | | | |
| 5 REVENUE EARNED | | | |
| Total 5500 · ENERGY REVENUE | 22.12 | 5,531,300.00 | 0.0% |
| Total 5000 · Revenue - government agencies | 252,439.33 | 310,000.00 | 81.43% |
| Total 5100 · Revenue - program related sales | 13,337.74 | 17,500.00 | 76.22% |
| 5300 · Revenue - investments | 0.00 | 200.00 | 0.0% |
| Total 5400 · Revenue-nongovernment agencies | 1,128,681.01 | 1,553,570.00 | 72.65% |
| 5 REVENUE EARNED - Other | 773.72 | | |
| Total 5 REVENUE EARNED | <u>1,395,253.92</u> | <u>7,412,570.00</u> | <u>18.82%</u> |
| Total Income | <u>1,395,253.92</u> | <u>7,412,570.00</u> | <u>18.82%</u> |
| Gross Profit | <u>1,395,253.92</u> | <u>7,412,570.00</u> | <u>18.82%</u> |
| Expense | | | |
| Total 6000 · ENERGY EXPENSES | 1,082,637.49 | 3,356,000.00 | 32.26% |
| 7 EXPENSES - PERSONNEL | | | |
| 7101 · Screening/Testing Services | 218.12 | 600.00 | 36.35% |
| 7102 · Safety | 259.76 | 1,000.00 | 25.98% |
| 7103 · Staff Training and Development | 4,269.00 | 15,000.00 | 28.46% |
| 7200 · Salaries, Wages & Benefits | | | |
| 7210 · Salaries - staff | 843,208.40 | 905,020.00 | 93.17% |
| 7220 · Wages - interns | 36,804.09 | 71,061.00 | 51.79% |
| 7230 · Pension Plan Contributions | 24,154.13 | 29,086.00 | 83.04% |
| 7240 · Employee Benefits-Insurance | 212,380.22 | 277,943.00 | 76.41% |
| 7250 · Payroll Taxes Etc. | 93,644.12 | 94,326.00 | 99.28% |
| 7255 · Worker's Comp Insurance | 26,476.55 | 7,400.00 | 357.79% |
| Total 7260 · Paid Time Off | 145,268.37 | 142,331.00 | 102.06% |
| 7265 · Jury Duty | 249.41 | 500.00 | 49.88% |
| Total 7200 · Salaries, Wages & Benefits | <u>1,382,185.29</u> | <u>1,527,667.00</u> | <u>90.48%</u> |
| Total 7 EXPENSES - PERSONNEL | <u>1,386,932.17</u> | <u>1,544,267.00</u> | <u>89.81%</u> |
| 8 NON-PERSONNEL RELATED EXP | | | |
| 8100 · Non-Personnel Expenses | | | |
| 8110 · Office Supplies | 3,726.07 | 6,000.00 | 62.1% |
| 8111 · Furniture & Equipment | 2,270.40 | 2,800.00 | 81.09% |
| Total 8120 · Information Technology | 25,588.24 | 25,000.00 | 102.35% |
| Total 8130 · Telephone & Telecommunications | 9,297.43 | 6,500.00 | 143.04% |
| 8140 · Postage & delivery | 2,255.61 | 1,800.00 | 125.31% |
| Total 8170 · Printing & copying | 9,980.61 | 7,500.00 | 133.08% |
| Total 8180 · Books, subscriptions, edu matls | 775.72 | 1,000.00 | 77.57% |
| 8190 · Exhibits & displays | 0.00 | 1,800.00 | 0.0% |
| 8195 · Tool bank | 1,908.49 | 4,000.00 | 47.71% |
| 8100 · Non-Personnel Expenses - Other | -2,172.50 | | |
| Total 8100 · Non-Personnel Expenses | <u>53,630.07</u> | <u>56,400.00</u> | <u>95.09%</u> |

| | Jul '16 - May 17 | Budget | % of Budget |
|---|-------------------------|---------------------|--------------------|
| 8200 · Facility Expenses | | | |
| 8210 · Office Lease | 49,569.00 | 49,200.00 | 100.75% |
| Total 8220 · Utilities | 11,394.69 | 11,500.00 | 99.08% |
| 8230 · Janitorial | 5,681.82 | 6,500.00 | 87.41% |
| 8240 · Facility repairs & maintenance | 3,502.04 | 3,500.00 | 100.06% |
| 8250 · EV Station Repairs & Maintenanc | 6,824.27 | 5,000.00 | 136.49% |
| 8200 · Facility Expenses - Other | 156.09 | | |
| Total 8200 · Facility Expenses | 77,127.91 | 75,700.00 | 101.89% |
| Total 8300 · Travel & Meeting Expense | 13,057.07 | 17,000.00 | 76.81% |
| Total 8320 · Meetings, workshops & events | 8,862.56 | 12,000.00 | 73.86% |
| 8500 · Other Expenses | | | |
| 8513 · Organizational Development | 144.56 | 500.00 | 28.91% |
| Total 8510 · Interest Expense | 3,647.91 | 6,500.00 | 56.12% |
| 8520 · Insurance P&L | 25,004.24 | 9,500.00 | 263.2% |
| 8530 · Dues & Memberships | 4,476.00 | 3,500.00 | 127.89% |
| Total 8560 · Website Expenses | 90.00 | 1,000.00 | 9.0% |
| Total 8570 · Advertising & Marketing Expense | 15,820.24 | 22,000.00 | 71.91% |
| 8591 · Use Tax | 0.00 | 300.00 | 0.0% |
| 8592 · Service Charge | 79.52 | 200.00 | 39.76% |
| 8593 · Bank Charges | 7,867.15 | 8,000.00 | 98.34% |
| 8595 · Credit Card Processing Fees | 555.45 | 500.00 | 111.09% |
| 8596 · Flex Billing Service Fee | 359.90 | 300.00 | 119.97% |
| 8597 · EV Site Host Pmts | 3,937.88 | 5,000.00 | 78.76% |
| Total 8500 · Other Expenses | 61,982.85 | 57,300.00 | 108.17% |
| 8600 · Capital Development - Facility | 2,407.95 | 5,000.00 | 48.16% |
| 8700 · Professional Services | | | |
| 8710 · Contracts - Program Related Ser | 264,616.36 | 1,165,700.00 | 22.7% |
| 8720 · Accounting | 23,866.80 | 45,000.00 | 53.04% |
| 8740 · Legal | 78,925.47 | 105,000.00 | 75.17% |
| 8760 · Temporary Services | 1,980.00 | 2,000.00 | 99.0% |
| Total 8700 · Professional Services | 369,388.63 | 1,317,700.00 | 28.03% |
| Total 8 NON-PERSONNEL RELATED EXP | 586,457.04 | 1,541,100.00 | 38.05% |
| Total 9 INCENTIVES & REBATES | 195,945.37 | 460,000.00 | 42.6% |
| Total Expense | 3,251,972.07 | 6,901,367.00 | 47.12% |
| Net Ordinary Income | -1,856,718.15 | 511,203.00 | -363.21% |
| Net Other Income | -1,749.44 | -19,008.00 | 9.2% |
| Net Income | -1,858,467.59 | 492,195.00 | -377.59% |

Redwood Coast Energy Authority
Balance Sheet
As of May 31, 2017

| | <u>May 31, 17</u> |
|---|----------------------------|
| ASSETS | |
| Current Assets | |
| Checking/Savings | |
| 1075 · Umpqua Reserve Account 2300 | 942.47 |
| 1070 · Umpqua Deposit Cntrl Acct 1687 | 746,676.57 |
| 1062 · Chase DD Checking | 181.53 |
| 1060 · Umpqua Checking-9271 | 74,756.34 |
| 1000 · COUNTY TREASURY 3839 | 3,911.55 |
| 1010 · Petty Cash | 414.35 |
| 1050 · GRANTS & DONATIONS 3840 | |
| 1051 · Non-Profit Energy Efficiency | 7,172.68 |
| 1055 · PGE | 10,295.74 |
| 1050 · GRANTS & DONATIONS 3840 - Other | -2,431.16 |
| Total 1050 · GRANTS & DONATIONS 3840 | <u>15,037.26</u> |
| Total Checking/Savings | 841,920.07 |
| Accounts Receivable | |
| 1100 · Accounts Receivable | 266,866.83 |
| Total Accounts Receivable | 266,866.83 |
| Other Current Assets | |
| 1101 · Allowance for Doubtful Accounts | -7,260.54 |
| 1102 · Paypal Account Balance | 19.87 |
| 1120 · Inventory Asset | 71,592.60 |
| 1202 · Prepaid Expenses | 26,249.25 |
| 1205 · Prepaid Insurance | 21,540.26 |
| 1210 · Retentions Receivable | |
| FCEV-CEC | 2,643.24 |
| Alt Fuel-CEC | 1.03 |
| EVCN-CEC | 29,418.56 |
| 1210 · Retentions Receivable - Other | 25,701.65 |
| Total 1210 · Retentions Receivable | <u>57,764.48</u> |
| 1499 · Undeposited Funds | 906.00 |
| Total Other Current Assets | <u>170,811.92</u> |
| Total Current Assets | 1,279,598.82 |
| Fixed Assets | |
| 1500 · Fixed Asset | 93,591.39 |
| 1600 · Accumulated depreciation | -37,980.00 |
| Total Fixed Assets | 55,611.39 |
| Other Assets | |
| 1700 · Retained Deposits | 4,100.00 |
| Total Other Assets | <u>4,100.00</u> |
| TOTAL ASSETS | <u><u>1,339,310.21</u></u> |

Redwood Coast Energy Authority

Balance Sheet

As of May 31, 2017

| | May 31, 17 |
|---|---------------------|
| LIABILITIES & EQUITY | |
| Liabilities | |
| Current Liabilities | |
| Accounts Payable | |
| 2000 · Accounts Payable | 129,129.97 |
| Total Accounts Payable | 129,129.97 |
| Credit Cards | |
| 2006 · VISA-3751 | 880.43 |
| 2007 · American Express | 241.93 |
| Total Credit Cards | 1,122.36 |
| Other Current Liabilities | |
| 2001 · Accounts Payable-Other | 1,950,167.37 |
| 2100 · Payroll Liabilities | |
| 2106 · Workers' Comp Accrual | 2,057.86 |
| 2052 · Accrued Payroll | 37,500.63 |
| 2101 · Accrued Vacation | 25,503.74 |
| 2100 · Payroll Liabilities - Other | 8,836.07 |
| Total 2100 · Payroll Liabilities | 73,898.30 |
| 2210 · Retentions Payable | |
| HSU Foundation | 27,849.85 |
| 2210 · Retentions Payable - Other | -15,804.57 |
| Total 2210 · Retentions Payable | 12,045.28 |
| Total Other Current Liabilities | 2,036,110.95 |
| Total Current Liabilities | 2,166,363.28 |
| Long Term Liabilities | |
| 2700 · Long-Term Debt | |
| 2701 · Lighting Upgrade | 6,520.63 |
| 2702 · Headwaters Credit Line | 300,000.00 |
| Total 2700 · Long-Term Debt | 306,520.63 |
| Total Long Term Liabilities | 306,520.63 |
| Total Liabilities | 2,472,883.91 |
| Equity | |
| 2320 · Investment in Capital Assets | 49,090.75 |
| 3900 · Fund Balance | 675,803.14 |
| Net Income | -1,858,467.59 |
| Total Equity | -1,133,573.70 |
| TOTAL LIABILITIES & EQUITY | 1,339,310.21 |

Redwood Coast Energy Authority
Profit & Loss
May 2017

| | <u>TOTAL</u> |
|--|---------------------|
| Ordinary Income/Expense | |
| Income | |
| 5 REVENUE EARNED | |
| Total 5500 · ENERGY REVENUE | 22.12 |
| Total 5000 · Revenue - government agencies | 15,367.24 |
| Total 5100 · Revenue - program related sales | 958.00 |
| Total 5400 · Revenue-nongovernment agencies | 111,747.27 |
| Total 5 REVENUE EARNED | <u>128,094.63</u> |
| Total Income | <u>128,094.63</u> |
| Gross Profit | 128,094.63 |
| Expense | |
| Total 6000 · ENERGY EXPENSES | 1,082,637.49 |
| 7 EXPENSES - PERSONNEL | |
| 7103 · Staff Training and Development | 970.00 |
| 7200 · Salaries, Wages & Benefits | |
| 7210 · Salaries - staff | 105,696.47 |
| 7230 · Pension Plan Contributions | 2,688.21 |
| 7240 · Employee Benefits-Insurance | 18,154.76 |
| 7250 · Payroll Taxes Etc. | 9,303.58 |
| 7255 · Worker's Comp Insurance | 18,472.91 |
| Total 7260 · Paid Time Off | 11,120.01 |
| 7265 · Jury Duty | 0.00 |
| Total 7200 · Salaries, Wages & Benefits | <u>165,435.94</u> |
| Total 7 EXPENSES - PERSONNEL | 166,405.94 |
| 8 NON-PERSONNEL RELATED EXP | |
| 8100 · Non-Personnel Expenses | |
| Total 8120 · Information Technology | 4,181.14 |
| Total 8130 · Telephone & Telecommunications | 2,212.12 |
| 8140 · Postage & delivery | 32.19 |
| Total 8170 · Printing & copying | 1,348.46 |
| 8195 · Tool bank | 984.18 |
| 8100 · Non-Personnel Expenses - Other | <u>-2,172.50</u> |
| Total 8100 · Non-Personnel Expenses | 6,585.59 |
| 8200 · Facility Expenses | |
| 8210 · Office Lease | 4,223.00 |
| Total 8220 · Utilities | 1,015.39 |
| 8230 · Janitorial | 653.59 |
| 8240 · Facility repairs & maintenance | <u>196.47</u> |
| Total 8200 · Facility Expenses | 6,088.45 |
| Total 8300 · Travel & Meeting Expense | 1,388.74 |
| Total 8320 · Meetings, workshops & events | 3,536.11 |

| | <u>TOTAL</u> |
|---|------------------------------------|
| 8500 · Other Expenses | |
| 8510 · Interest Expense | 1,291.67 |
| 8520 · Insurance P&L | 13,588.38 |
| 8530 · Dues & Memberships | 215.00 |
| Total 8570 · Advertising & Marketing Expense | 1,378.91 |
| 8593 · Bank Charges | 82.98 |
| 8595 · Credit Card Processing Fees | 40.00 |
| Total 8500 · Other Expenses | <u>16,596.94</u> |
| 8700 · Professional Services | |
| 8710 · Contracts - Program Related Ser | 109,789.55 |
| 8740 · Legal | 392.00 |
| Total 8700 · Professional Services | <u>110,181.55</u> |
| Total 8 NON-PERSONNEL RELATED EXP | <u>144,377.38</u> |
| Total 9 INCENTIVES & REBATES | <u>34,837.64</u> |
| Total Expense | <u>1,428,258.45</u> |
| Net Ordinary Income | -1,300,163.82 |
| Net Other Income | -159.04 |
| Net Income | <u><u>-1,300,322.86</u></u> |



REDWOOD COAST Energy Authority

STAFF REPORT

| | |
|--------------|-------------------------------------|
| AGENDA DATE: | July 17, 2017 |
| TO: | Board of Directors |
| PREPARED BY: | Director of Finance and HR |
| SUBJECT: | FY 2014-15 Independent Fiscal Audit |

BACKGROUND

Attached is the 2014-15 Fiscal Year Audit report prepared by RCEA's independent auditors David L Moonie & Co.

Staff and the auditors are continuing to get caught up to a timely annual audit schedule and have already begun work on the FY15-16 Audit. Staff anticipates completion in September, with a target presentation at the October 2017 Board Meeting.

Staff anticipates the FY 16-17 audit to be completed by the February 2018 Board meeting. Once the backlog has been resolved, a reasonable expectation is for future audited financial statements to be presented at the November board meetings.

STAFF RECOMMENDATION:

Accept and approve FY14-15 Independent Fiscal Audit Report.

ATTACHMENTS:

1. FY-14-15 Audit Report

REDWOOD COAST ENERGY AUTHORITY
County of Humboldt

FINANCIAL STATEMENTS

Year Ended June 30, 2015

With

INDEPENDENT AUDITOR'S REPORT

REDWOOD COAST ENERGY AUTHORITY

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REDWOOD COAST ENERGY AUTHORITY

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June 30, 2015

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Mark G. Wetzel, CPA
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Matthew J. Hague, CPA

REDWOOD COAST ENERGY AUTHORITY
INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Board of Directors
Redwood Coast Energy Authority
633 3rd Street
Eureka, California 95501

We have audited the accompanying financial statements of the governmental activities and the general fund of the Redwood Coast Energy Authority ("RCEA") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise RCEA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial

REDWOOD COAST ENERGY AUTHORITY
INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS -
CONTINUED

statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of RCEA as of June 30, 2015, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4a through 4d and 23 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

REDWOOD COAST ENERGY AUTHORITY
INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS -
CONTINUED

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise RCEA's basic financial statements. The supplementary schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Organization schedule included in supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 12, 2017, on our consideration of RCEA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering RCEA's internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS
Eureka, California
July 12, 2017

Year Ending June 30, 2015

Redwood Coast Energy Authority (RCEA) was formed in 2003 as a Joint Powers Authority (JPA) of the seven incorporated cities of Humboldt County, California (the Cities of Arcata, Blue Lake, Eureka, Ferndale, Fortuna, Trinidad and Rio Dell), and the County of Humboldt, with the subsequent addition of Humboldt Bay Municipal Water District. As a JPA, RCEA is governed by a nine member board representing each jurisdiction.

The mission of RCEA is to develop and implement sustainable energy initiatives that reduce energy demand, increase energy efficiency, and advance the use of clean, efficient and renewable resources available in the region.

To accomplish this mission, during the year ending June 30, 2015 RCEA employed seventeen full-time staff (Executive Director, Operations Manager, Office Manager, two Program Managers, six Energy Specialists, four Energy Technicians, and two Program Assistants). RCEA also employed numerous student interns, and sometimes serves as a placement site for AmeriCorps members and county workforce-experience training program participants.

All of RCEA's funding comes from contracts and grants, generally bringing resources to Humboldt County that would not otherwise be available. The operating budget for the year ending June 30, 2015 was approximately \$3.3 million. Funding sources during the year included:

- A contract with Pacific Gas & Electric Company (PG&E) to promote energy efficiency through a local government partnership known as the Redwood Coast Energy Watch.
- A contract with the California Energy Commission to develop and implement a pilot project to demonstrate key aspects of the RePower Humboldt Strategic Plan, including the use of biomass as a key resource and fuel switching.
- Contracts with local educational agencies to help plan and implement energy efficiency and clean energy projects using Proposition 39 funding.
- Contracts with the California Energy Commission to develop a regional alternative fuels readiness plan and a regional electric vehicle charging network.
- Smaller grants and contracts with the City of Blue Lake, the Hoopa Valley Housing Authority, and the Schatz Energy Research Center.

The assets of RCEA exceeded its liabilities by \$804,452 at June 30, 2015. Of this amount, \$682,928 are unrestricted and may be used to meet RCEA ongoing program needs.

RCEA's total net position increased by \$148,741 during the year ending June 30, 2015. The increase is the result of program revenues exceeding program expenses.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the RCEA's basic financial statements. RCEA's basic financial statements are comprised of three components: 1) government wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government Wide Financial Statements

The *government wide financial statements* are designed to provide readers with a broad overview of RCEA's finances, in a manner similar to a private-sector business and are presented on the full accrual basis.

The *statement of net position* presents information on all of RCEA's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of RCEA is improving or deteriorating.

The *statement of activities* presents information showing how RCEA's net position changed during the year presented. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Fund Financial Statements

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. RCEA, like state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. RCEA's sole fund is the general fund.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government wide financial statements. Governmental fund financial statements focus on near term inflows and outflows of current financial resources, as well as on balances of current financial resources available at the end of the fiscal year. This information is useful in evaluating RCEA's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government wide financial statements. By doing so, readers may better understand the long-term impact of RCEA's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to the full accrual government wide financial statements. As a single purpose government, RCEA has chosen to present the two types of reporting on the same statement, with reconciling amounts provided.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government wide and fund financial statements.

Government Wide Financial Statements Analysis

Condensed Statement of Net Position

| June 30, | 2015 | 2014 |
|---|-------------------|-------------------|
| Assets | | |
| Current assets | \$ 1,074,638 | \$ 1,079,957 |
| Capital assets, net of accumulated depreciation | 85,547 | 60,038 |
| Total Assets | 1,159,638 | 1,139,995 |
| Liabilities | | |
| Current liabilities | 355,186 | 484,284 |
| Total net position | \$ 804,452 | \$ 655,711 |

Changes in Net Position

| Year ended June 30, | 2015 | 2014 |
|---|-------------------|-------------------|
| Revenues | | |
| Program revenues: | | |
| Contract | \$3,256,018 | \$1,740,910 |
| Grant | 0 | 5,000 |
| Other income | 19,091 | 4,972 |
| General revenues- investment income | 965 | 926 |
| Total revenues | 3,276,074 | 1,751,808 |
| Expenses | | |
| Salaries and employee benefits | 1,060,791 | 830,068 |
| Services and supplies | 2,055,054 | 909,847 |
| Net depreciation | 11,488 | (2,407) |
| Loss on disposal of assets | 0 | 0 |
| Total expenses | 3,127,333 | 1,737,508 |
| Increase in net position | 148,741 | 14,300 |
| Net position – beginning of year | 655,711 | 641,411 |
| Net position – end of year | \$ 804,452 | \$ 655,711 |

RCEA revenues are primarily received on a reimbursement basis. The increase in revenue from the year ending June 30, 2014 to the year ending June 30, 2015 was the result of an increase in program activities. Similarly, the increase in expenses for the year ending in June 30, 2015 is due to primarily to an increase in program activities.

Government Fund Financial Analysis

The general fund is the sole fund of RCEA. As a measure of the general fund's reserves, it may be useful to compare unreserved fund balance and total fund expenditures. Unreserved fund balance at the end of June 30, 2015 and 2014 represents 23.1% and 30.8% of total fund expenditures for the respective years.

Budgetary highlights

The budget for the fiscal year was adopted at the June 16, 2014, meeting of Board of Directors. No adjustments or amendments to the adopted budget were made during the fiscal year. A detail *statement of revenues, expenditures, and changes in fund balance – budget and actual – general fund* is presented as a part of the *government wide financial statements*. A summary of the budget variance for the fiscal year ended June 30, 2015, is as follows:

| | Budgeted Amounts | Actual | Variance From Budget - Favorable (Unfavorable) |
|--------------------------------------|---------------------|--------------|---|
| Total revenues | \$ 3,324,943 | \$ 3,276,074 | \$ (48,869) |
| Program expenditures | \$ 3,119,415 | \$ 2,645,167 | \$ 474,248 |
| Implementation expenditures | 185,808 | 509,583 | (323,775) |
| Total expenditures | \$ 3,305,223 | \$ 3,154,749 | \$ 150,473 |
| Excess of revenues over expenditures | \$ 19,720 | \$ 121,325 | \$ 101,604 |

The primary variance in budgeted expenditures versus actual expenditures is due to savings in salaries and employee benefits amounting to \$129,574.

Economic Factors and Subsequent Year's Budget and Rates

For the year ended June 30, 2016 the following factors affect RCEA's finances:

- The continuing implementation of the Energy Watch program and the Proposition 39 program.
- Completion during the year ended June 30, 2015 of the \$1.75 million "Repowering Humboldt with Community Scale Renewable Energy" grant from the California Energy Commission, as well as the completion of other, smaller projects.
- Continuing activities for the alternative fuels readiness planning project and the regional electric vehicle charging network project, both funded by the California Energy Commission, as well as new Energy Commission grants for additional electric and hydrogen transportation programs.

These factors were considered in preparing RCEA's budget for the year ending June 30, 2016.

Requests for Information

This financial report is designed to provide a general overview of RCEA's finances for those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Redwood Coast Energy Authority, 633 Third Street, Eureka, California 95501.

REDWOOD COAST ENERGY AUTHORITY

STATEMENT OF NET POSITION

June 30, 2015

| | <u>Governmental Activities</u> |
|---|------------------------------------|
| ASSETS | |
| Cash | \$ 298,319 |
| Accounts receivable (net of allowance of \$7,261) | 657,876 |
| Prepaid expenses | 42,203 |
| Inventory | 71,593 |
| Security deposit | 4,100 |
| Invested in capital assets, net of depreciation | 85,547 |
| Total Assets | <u>1,159,638</u> |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Total deferred outflows of resources | <u>-</u> |
| Total assets and deferred outflows of resources | <u><u>\$ 1,159,638</u></u> |
| LIABILITIES | |
| Accounts payable | \$ 238,086 |
| Accrued wages payable | 37,501 |
| Accrued vacation payable | 25,504 |
| Accrued workers compensation payable | 2,058 |
| Retentions payable | 43,607 |
| Long-term liabilities: | |
| Due within one year | 1,908 |
| Due in more than one year | 6,522 |
| Total Liabilities | <u>355,186</u> |
| DEFERRED INFLOWS OF RESOURCES | |
| Total deferred inflows of resources | <u>-</u> |
| NET POSITION | |
| Net investment in capital assets | 77,117 |
| Restricted | 44,407 |
| Unrestricted | <u>682,928</u> |
| Total Net Position | <u><u>\$ 804,452</u></u> |

The accompanying notes are an integral part of this statement.

REDWOOD COAST ENERGY AUTHORITY

STATEMENT OF ACTIVITIES

For The Year Ended June 30, 2015

| | | <u>Program Revenues</u> | | <u>Net (Expense)</u> |
|----------------------------------|---------------------|-------------------------|----------------------|----------------------|
| | | <u>Charges</u> | <u>Operating</u> | <u>Revenue and</u> |
| | <u>Expenses</u> | <u>For</u> | <u>Grants and</u> | <u>change in</u> |
| | | <u>Services</u> | <u>Contributions</u> | <u>Net Position</u> |
| | | | | <u>Governmental</u> |
| | | | | <u>Activities</u> |
| Governmental Activities | | | | |
| Grants and program services | \$ 2,643,259 | \$ 19,091 | \$ 3,256,018 | \$ 631,850 |
| Implementation expenses: | | | | |
| Administrative | 484,074 | | | (484,074) |
| Total governmental activities | <u>\$ 3,127,333</u> | <u>\$ 19,091</u> | <u>\$ 3,256,018</u> | <u>\$ 147,776</u> |
| | | | | |
| General revenues: | | | | |
| Interest and investment earnings | | | | \$ 965 |
| Total general revenues | | | | <u>965</u> |
| Change in net position | | | | 148,741 |
| | | | | |
| Net position, beginning | | | | <u>655,711</u> |
| Net position, ending | | | | <u>\$ 804,452</u> |

The accompanying notes are an integral part of this statement.

REDWOOD COAST ENERGY AUTHORITY
BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2015

| | <u>General Fund</u> |
|---|----------------------------|
| ASSETS | |
| Cash | \$ 298,319 |
| Accounts receivable (net of allowance of \$7,261) | 657,876 |
| Prepaid expenses | 42,203 |
| Inventory | 71,593 |
| Security deposit | 4,100 |
| Total Assets | <u>1,074,091</u> |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Total deferred outflows of resources | <u>-</u> |
| Total assets and deferred outflows of resources | <u><u>\$ 1,074,091</u></u> |
| LIABILITIES | |
| Accounts payable | \$ 238,086 |
| Accrued wages payable | 37,501 |
| Accrued workers compensation payable | 2,058 |
| Retentions payable | 43,607 |
| Accrued vacation payable | 25,504 |
| Total Liabilities | <u>346,756</u> |
| DEFERRED INFLOWS OF RESOURCES | |
| Total deferred inflows of resources | <u>-</u> |
| FUND BALANCES | |
| Nonspendable | 113,796 |
| Restricted | 44,407 |
| Unassigned | 569,132 |
| Total Fund Balance | <u>727,335</u> |
| Total liabilities, deferred inflows of resources and fund balance | <u><u>\$ 1,074,091</u></u> |

The accompanying notes are an integral part of this statement.

REDWOOD COAST ENERGY AUTHORITY
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION

June 30, 2015

| | |
|---|------------|
| Total fund balances - governmental fund balance sheet | \$ 727,335 |
|---|------------|

Amounts reported for assets and liabilities for governmental activities in the statement of net position are different from amounts reported in governmental funds because:

Capital and intangible assets: In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets, intangible assets, accumulated depreciation and accumulated amortization.

| | | |
|---|-----------------|--------|
| Capital assets at historical cost | 123,527 | |
| Accumulated depreciation and amortization | <u>(37,980)</u> | |
| Net | | 85,547 |

Long-term liabilities: In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities are reported, including long-term liabilities.

| | |
|---|--------------------------|
| Note payable | <u>(8,430)</u> |
| Total Net Position, Governmental Activities | <u><u>\$ 804,452</u></u> |

The accompanying notes are an integral part of this statement.

REDWOOD COAST ENERGY AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - GOVERNMENTAL FUNDS

For The Year Ended June 30, 2015

| | General Fund |
|--|--------------------------|
| Revenues: | |
| Contract revenue | \$ 3,256,018 |
| Other income | 19,091 |
| Investment income | 965 |
| Total Revenues | <u>3,276,074</u> |
| Expenditures: | |
| Program expenditures: | |
| Direct install subcontractor labor | 127,079 |
| Direct install hardware and materials | 376,014 |
| Direct incentive and rebate payments | 16,424 |
| Salaries and employee benefits | 790,848 |
| Program related services | 1,334,802 |
| Total Program Expenditures | <u>2,645,167</u> |
| Administrative expenditures: | |
| Salaries and employee benefits | 269,943 |
| Professional services | 19,605 |
| Bad debt | 18,037 |
| Travel and training | 17,413 |
| Bank charges | 747 |
| Office supplies and expense | 52,533 |
| Rent | 49,200 |
| Janitorial | 6,292 |
| Facility expense | 2,700 |
| Utilities | 8,588 |
| Meeting expense | 3,948 |
| Insurance | 9,200 |
| Dues and membership | 2,103 |
| Capital outlay | 36,997 |
| Debt service - principal | 1,908 |
| Advertising | 10,369 |
| Total Administration Expenditures | <u>509,583</u> |
| Total Expenditures | <u>3,154,750</u> |
| Excess of Revenues Over (Under) Expenditures | <u>121,324</u> |
| Other financing sources (uses): | |
| Proceeds from debt | <u>-</u> |
| Total Other Financing Sources (Uses) | <u>-</u> |
| Excess of Revenues Over (Under) Expenditures and Other Financing Sources (Uses) | <u>121,324</u> |
| Fund Balance at Beginning of Year | <u>606,011</u> |
| Fund Balance at End of Year | <u><u>\$ 727,335</u></u> |

The accompanying notes are an integral part of this statement.

REDWOOD COAST ENERGY AUTHORITY

RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE
STATEMENT OF ACTIVITIES

For The Year Ended June 30, 2015

| | | |
|--|----|---------|
| Total changes in fund balances, governmental funds | \$ | 121,324 |
|--|----|---------|

Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds because:

Capital outlay: In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:

| | | |
|---------------------------------------|-----------------|--------|
| Expenditures for capital outlay | 36,997 | |
| Depreciation and amortization expense | <u>(11,488)</u> | |
| Net | | 25,509 |

Debt service: In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were:

| | |
|--|-------------------|
| Payment of debt principal | <u>1,908</u> |
| Changes In Net Position, Governmental Activities | <u>\$ 148,741</u> |

The accompanying notes are an integral part of this statement.

REDWOOD COAST ENERGY AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

1. Summary of Significant Accounting Policies

A. Reporting Entity

The Redwood Coast Energy Authority ("RCEA") is a joint powers authority formed in 2003 under Health and Safety Code Section 6500 to develop and implement sustainable energy initiatives that reduce energy demand, increase energy efficiency, and advance the use of clean, efficient and renewable resources available in the Humboldt County region of California. The member agencies of RCEA are the County of Humboldt, the Humboldt Bay Municipal Water District, the cities of Arcata, Blue Lake, Eureka, Ferndale, Fortuna, Rio Dell, and Trinidad. RCEA is governed by a Board of Directors comprised of representatives of the member agencies.

The California Public Utilities Commission ("CPUC") and the Local Government Commission ("LGC"), a California not-for-profit membership organization, have undertaken a pilot project to encourage the formation of regional organizations such as RCEA to promote energy efficiency, conservation and increased local self-reliance. The CPUC has made funds available to the LGC to help local governments establish and operate agencies such as RCEA. Funds are collected from rate payers by Pacific Gas and Electric ("PG&E") and distributed to RCEA in accordance with the objectives of this project.

B. Fund Accounting

The accounts of RCEA are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows, liabilities, deferred inflows, fund equity, revenues, and expenditures. Resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. RCEA maintains one fund to account for the activity of the Redwood Coast Energy Authority.

REDWOOD COAST ENERGY AUTHORITY
NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

Major Governmental Funds:

The General Fund is the general operating fund of RCEA. It is used to account for all financial resources except those required to be accounted for in a separate fund.

C. Basis of Presentation, Basis of Accounting

1. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities include the financial activities of the overall government.

The statement of activities presents a comparison between direct expenses and program revenues for each function of RCEA's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. RCEA does not allocate indirect expenses in the statement of activities. Program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about RCEA's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. Any remaining funds are aggregated and reported as nonmajor funds.

2. Measurement Focus, Basis of Accounting

Government-wide Statements: These financial statements are reported using the economic resources measurement focus. They are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which RCEA gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants, entitlements, and donations. On an accrual basis, revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

REDWOOD COAST ENERGY AUTHORITY
NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Available means collectible within the current period or soon enough thereafter to pay liabilities of the current period.

RCEA considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred.

Major revenue sources susceptible to accrual include contracts and grants from the California Energy Commission, the County of Humboldt, Ecology Action, and Pacific Gas and Electric Company.

Unearned revenue:

Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as unearned revenue.

Deferred Inflows and Outflows of Resources:

Deferred outflows of resources represent a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until that future period.

Deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that future period.

Expenses/Expenditures:

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

REDWOOD COAST ENERGY AUTHORITY
NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

When RCEA incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is RCEA's policy to use restricted resources first, then unrestricted resources.

D. Budget and Budgetary Accounting

In accordance with the provisions of Sections 29000 and 29143, inclusive, of the Government Code and other statutory provisions, commonly known as the County Budget Act, RCEA prepares and legally adopts a budget for the General Fund on or before August 30 for each fiscal year.

The budget is revised by RCEA during the year to give consideration to unanticipated income and expenditures. The original and final budgets are presented for the General Fund.

E. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Equity

1. Deposits and Investments

RCEA maintains 42 percent of its cash in the Humboldt County Treasury. The County pools these funds with those of other governmental entities in the County and invests the cash. These pooled funds are carried at cost which approximates market value.

Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

The County is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et seq. The Humboldt County Treasury had no investments in derivatives. RCEA does not have a specific policy which relates to interest rate risk.

2. Stores Inventories and Prepaid Expenditures

Inventories are recorded using the purchase method in that the cost is recorded as an expenditure at the time individual inventory items are purchased. Inventories are valued at average cost and consist of expendable supplies held for consumption.

REDWOOD COAST ENERGY AUTHORITY
NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

RCEA has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. RCEA has chosen to report the expenditures when incurred.

3. Program Revenues and Accounts Receivable

Program revenues include contract revenue and operating grants earned from other governmental agencies and not-for-profits.

Accounts receivable represent program revenues which have been earned for which the related cash has not been received. Management has determined and recorded an allowance for uncollectible accounts in the amount of \$7,261 as of June 30, 2015.

4. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. RCEA's policy is to capitalize assets with an initial cost of more than \$2,000 and an estimated useful life in excess of two years. Capital assets are depreciated using the straight-line method over estimated useful lives between 5 to 20 years.

5. Deferred Inflows and Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until that future period. RCEA had no items that qualified for reporting in this category as of June 30, 2015.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that future period.

REDWOOD COAST ENERGY AUTHORITY
NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

RCEA had no items that qualified for reporting in this category as of June 30, 2015.

6. Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as liabilities of RCEA. The current portion of the liabilities is recognized in the General Fund at year-end. Accumulated sick leave benefits are not recognized as liabilities of RCEA. RCEA's policy is to record sick leave as an operating expense in the period taken since such benefits do not vest nor is payment probable.

7. Fund Balance Reserves and Designation

As of June 30, 2015, fund balances of the governmental funds are classified as follows:

Nonspendable — amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted — amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed — amounts that can be used only for specific purposes determined by a formal action of RCEA's Governing Board. RCEA's Governing Board is the highest level of decision-making authority for RCEA. Commitments may be established, modified, or rescinded only through resolutions approved by the Governing Board.

Assigned — amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. Under RCEA's adopted policy, only the Governing Board may assign amounts for specific purposes.

Unassigned — all other spendable amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, RCEA considers restricted funds to have

REDWOOD COAST ENERGY AUTHORITY
NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, RCEA considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless RCEA's Governing Board has provided otherwise in its commitment or assignment actions.

As of June 30, 2015, fund balances were composed of the following:

| | General Fund |
|--|--------------------------|
| Nonspendable: | |
| Prepaid expenses | \$ 42,203 |
| Inventories | 71,593 |
| Total Nonspendable | <u>113,796</u> |
| Restricted: | |
| PG&E Foundation | 5,367 |
| Energy Upgrade California Ambassador Program | 39,040 |
| Total Restricted | <u>44,407</u> |
| Unassigned: | |
| Other unassigned | 569,132 |
| Total Unassigned | <u>569,132</u> |
| Total Fund Balance | <u><u>\$ 727,335</u></u> |

8. Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by RCEA or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. RCEA first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report restricted net position as follows:

| | |
|--|-------------------------|
| PG&E Foundation | \$ 5,367 |
| Energy Upgrade California Ambassador Program | 39,040 |
| Total restricted net position | <u><u>\$ 44,407</u></u> |

REDWOOD COAST ENERGY AUTHORITY
NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

F. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

2. Cash and Investments

Cash at June 30, 2015 consisted of the following:

Pooled Funds -

| | |
|-----------------------------------|-------------------|
| Cash in County Treasury | \$ 114,457 |
| Commercial Financial Institutions | <u>183,862</u> |
| Total | \$ <u>298,319</u> |

Cash balances held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation. All cash held by financial institutions is fully insured or collateralized.

The fair market value of this County Treasury pool as of June 30, 2015, as provided by the pool sponsor, was \$114,374. The County is restricted by Government Code Section 53635 pursuant to Section 53601 to invest in time deposits, U.S. government securities, State-registered warrants, notes or bonds, State Treasurer's investment pool, banker's acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements.

Credit Risk - Investments

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

The County Treasurer's investments consist of 70.51 percent federal agencies, 22.86 percent money markets, 0.71 percent municipal bonds, and 5.92 percent certificates of deposit. The S & P credit ratings for these investments include AAA, AA, A+e, and Ae, and non-rated for certificates of deposit and the California State Treasurer's local

REDWOOD COAST ENERGY AUTHORITY
NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

agency investment fund.

Custodial Credit Risk – Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, RCEA will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that in the event of a failure of the counter party (e.g., broker-dealer) to a transaction, RCEA will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Neither the California Government Code nor the County's investment policy contains legal or policy requirements that would limit RCEA's exposure to custodial credit risk for deposits or investments, except that the California Government Code requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure Authority deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits. As of June 30, 2015, none of RCEA's deposits were exposed to custodial credit risk.

Interest Rate Risk – Investments

Interest rate risk is the measurement of how changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the more sensitive to changes in market interest rates of its fair value. One of the ways the Humboldt County Treasurer manages its exposure to interest rate risk is by purchasing a combination of short-term and long-term investments and by timing cash flows from maturities so a portion of its portfolio is maturing or coming close to maturity to ensure the cash flow and liquidity of operations. The weighted average maturity of the Humboldt County Treasurer's investments is 764 days.

Concentration of Credit Risk

The investment policy of RCEA contains no limitation on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There were no investments in any one issuer (other than U.S. Treasury securities, mutual funds, or external investment pools) that represented 5 percent or more of total County investments at June 30, 2015.

REDWOOD COAST ENERGY AUTHORITY
NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

3. Receivables

Receivables at June 30, 2015 consisted of the following:

| | <u>General Fund</u> |
|----------------------------------|--------------------------|
| California Energy Commission | \$ 376,102 |
| City of Arcata | 1,000 |
| City of Blue Lake | 1,784 |
| Runyon Saltzman Einhorn | 20,000 |
| Pacific Gas and Electric Company | 176,134 |
| Retentions | 18,940 |
| Proposition 39 School Districts | <u>63,917</u> |
| Total | <u><u>\$ 657,876</u></u> |

Retentions are due upon completion of the projects. RCEA expects to collect all retentions.

4. Capital Assets

Capital asset activity for the period ended June 30, 2015 was as follows:

| | <u>Beginning Balances</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balances</u> |
|---|-------------------------------|-------------------------|--------------------|----------------------------|
| Governmental Activities: | | | | |
| <i>Capital assets being depreciated</i> | | | | |
| Leasehold Improvements | \$ 27,937 | | | \$ 27,937 |
| Equipment | 58,593 | \$ 7,061 | | 65,654 |
| Work in Process | | 29,936 | | 29,936 |
| Total capital assets being depreciated | <u>86,530</u> | <u>36,997</u> | <u>-</u> | <u>123,527</u> |
| Less: Accumulated depreciation for: | | | | |
| Leasehold Improvements | (1,864) | (1,397) | | (3,261) |
| Equipment | <u>(24,628)</u> | <u>(10,091)</u> | | <u>(34,719)</u> |
| Total accumulated depreciation | <u>(26,492)</u> | <u>(11,488)</u> | <u>-</u> | <u>(37,980)</u> |
| Capital assets being depreciated, net | <u>60,038</u> | <u>25,509</u> | <u>-</u> | <u>85,547</u> |
| Governmental activities capital assets, net | <u><u>\$ 60,038</u></u> | <u><u>\$ 25,509</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 85,547</u></u> |

For the year ended June 30, 2015, depreciation expense was \$11,488.

REDWOOD COAST ENERGY AUTHORITY
NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

5. Risk Management

RCEA is covered for general business, liability, automobile, and errors and omissions through the Special Districts Risk Management Authority ("SDRMA"), a public entity risk pool. As a member of a public entity risk pool, RCEA is responsible for appointing an employee as a liaison between RCEA and SDRMA, implementing all policies of the SDRMA, and promptly paying all contributions. SDRMA is responsible for providing insurance coverage as agreed upon, assisting RCEA with implementation, providing claims adjusting, and defending any civil action brought against an officer of RCEA.

6. Excess of Expenditures Over Appropriations

Excesses of expenditures over appropriations in individual funds for the year ending June 30, 2015 are as follows:

| <u>Fund</u> | <u>Excess Expenditures</u> |
|---|--------------------------------|
| General Fund: | |
| Direct install, incentives, and rebates | \$. 109,517 |
| Salaries and employee benefits - administrative | 269,943 |
| Bad debt | 18,037 |
| Travel and training | 2,413 |
| Bank Charges | 747 |
| Office supplies and expense | 8,725 |
| Utilities | 588 |
| Insurance | 200 |
| Advertising | 5,369 |
| Capital outlay | 35,997 |
| Debt service - principal | 1,908 |

7. Retirement Plan

RCEA has established a Savings Incentive Match Plan for employees (a "Simple IRA") where RCEA and employees make contributions to individual retirement accounts ("IRAs"). Under the Simple IRA, RCEA must make contributions matching participating employee contributions, up to a maximum of 3 percent of an employee's gross salary per year. Employees may contribute up to the maximum federally allowed amount. All regular employees of RCEA are eligible to participate in the Simple IRA plan. Plan contributions by RCEA for the year ended June 30, 2015 were \$17,168.

REDWOOD COAST ENERGY AUTHORITY
NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

8. Long-Term Obligations

RCEA obtained a loan with PG&E in January 2014 for energy upgrades in the amount of \$10,974 at 0 percent interest for 69 months. Future payments obligations are as follows:

| Year Ended June 30, | Principal |
|------------------------|-----------------|
| 2016 | \$ 1,908 |
| 2017 | 1,908 |
| 2018 | 1,908 |
| 2019 | 1,908 |
| Thereafter | 796 |
| Totals | <u>\$ 8,430</u> |

9. Line of Credit

RCEA maintains an unsecured line of credit through Umpqua Bank with a credit limit of \$75,000 and an interest rate of 5 percent. As of June 30, 2015, this line of credit had a zero balance.

10. Lease of Real Property

RCEA entered into a 23 month lease for its facility as of May 1, 2013, with monthly payments of \$4,100. The lease was renewed in 2014/15 for an additional 12 months, with monthly payments of \$4,100. Total rent expense was \$49,200 for the year ended June 30, 2015. Future lease commitments are \$49,200 for the year ending June 30, 2016.

11. Concentrations and Contingencies

RCEA receives the majority of its funding through a contract with PG&E to provide energy efficient programs. For the year ended June 30, 2015, this amount represented 45 percent of total revenue. As of June 30, 2015 accounts receivable from PG&E were \$176,134.

12. Subsequent Events

In October 2016, RCEA obtained a \$700,000 unsecured, non-revolving line of credit with a 5% interest rate, 1% underwriting fee, and 72 month term to assist in the launch of the Community Choice Aggregation program.

REQUIRED SUPPLEMENTARY INFORMATION

REDWOOD COAST ENERGY AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND

For The Year Ended June 30, 2015

| | Budgeted Amounts | | Actual | Variance With Final Budget - Favorable (Unfavorable) |
|---|------------------|-------------|--------------|--|
| | Original | Final | | |
| Revenues: | | | | |
| Non-government agencies | \$1,412,200 | \$1,412,200 | \$ 1,559,363 | \$ 147,163 |
| Government agencies | 1,902,143 | 1,902,143 | 1,696,655 | (205,488) |
| Other income | 10,600 | 10,600 | 19,091 | 8,491 |
| Investment income | | | 965 | 965 |
| Total Revenues | 3,324,943 | 3,324,943 | 3,276,074 | (48,869) |
| Expenditures: | | | | |
| Program expenditures - | | | | |
| Direct install, incentives, and rebates | 410,000 | 410,000 | 519,517 | (109,517) |
| Salaries and employee benefits | 1,190,365 | 1,190,365 | 790,848 | 399,517 |
| Contracts - program related services | 1,519,050 | 1,519,050 | 1,334,802 | 184,248 |
| Total Program Expenditures | 3,119,415 | 3,119,415 | 2,645,167 | 474,248 |
| Implementation expenditures - | | | | |
| Administrative expenditures: | | | | |
| Salaries and employee benefits | | | 269,943 | (269,943) |
| Professional services | 33,500 | 33,500 | 19,605 | 13,895 |
| Bad debt | | | 18,037 | (18,037) |
| Travel and training | 15,000 | 15,000 | 17,413 | (2,413) |
| Bank charges | | | 747 | (747) |
| Office supplies and expense | 43,808 | 43,808 | 52,533 | (8,725) |
| Rent | 49,200 | 49,200 | 49,200 | - |
| Janitorial | 6,500 | 6,500 | 6,292 | 208 |
| Facility expense | 3,500 | 3,500 | 2,700 | 800 |
| Utilities | 8,000 | 8,000 | 8,588 | (588) |
| Meeting expense | 7,500 | 7,500 | 3,948 | 3,552 |
| Volunteer services | 300 | 300 | | 300 |
| Insurance | 9,000 | 9,000 | 9,200 | (200) |
| Dues and membership | 3,500 | 3,500 | 2,103 | 1,397 |
| Capital outlay | 1,000 | 1,000 | 36,997 | (35,997) |
| Advertising | 5,000 | 5,000 | 10,369 | (5,369) |
| Debt service - principal | | | 1,908 | (1,908) |
| Total Implementation Expenditures | 185,808 | 185,808 | 509,583 | (323,775) |
| Total Expenditures | 3,305,223 | 3,305,223 | 3,154,750 | 150,473 |
| Excess of Revenues Over (Under) Expenditures | 19,720 | 19,720 | 121,324 | 101,604 |
| Other financing sources (uses): | | | | |
| Total Other Financing Sources (Uses) | - | - | - | - |
| Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | 19,720 | 19,720 | 121,324 | 101,604 |
| Fund Balance at Beginning of Year | 606,011 | 606,011 | 606,011 | - |
| Fund Balance at End of Year | \$ 625,731 | \$ 625,731 | \$ 727,335 | \$ 101,604 |

SUPPLEMENTARY INFORMATION

REDWOOD COAST ENERGY AUTHORITY
ORGANIZATION
June 30, 2014

Redwood Coast Energy Authority is a Joint Powers Authority formed in 2003, representing seven municipalities, the County of Humboldt, and the Humboldt Bay Municipal Water District.

The Board of Trustees for the fiscal year ended June 30, 2015 was composed of the following:

GOVERNING BOARD

| <u>Name</u> | <u>Office</u> | <u>Jurisdiction</u> |
|---------------|------------------|---------------------------------------|
| Linda Atkins | Chairperson | Eureka |
| Sheri Woo | Vice Chairperson | Humboldt Bay Municipal Water District |
| Susan Ornelas | Member | Arcata |
| Doug Brower | Member | Ferndale |
| Jean Lynch | Member | Blue Lake |
| Tiara Brown | Member | Fortuna |
| Tim Marks | Member | Rio Dell |
| Dwight Miller | Member | Trinidad |
| Ryan Sundberg | Member | County of Humboldt |

ADMINISTRATION

Matthew Marshall
Executive Director

John R. Goff, CPA
Mark G. Wetzel, CPA
Michael R. Cline, CPA



DAVID L. MOONIE & CO., LLP
Certified Public Accountants

Kenneth X. Stringer, CPA
Aaron S. Weiss, CPA
Joshua S. Miller, CPA
Matthew J. Hague, CPA

REDWOOD COAST ENERGY AUTHORITY

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Redwood Coast Energy Authority
633 Third Street
Eureka, California 95501

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the general fund of Redwood Coast Energy Authority ("RCEA"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise RCEA's basic financial statements, and have issued our report thereon dated July 12, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered RCEA's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of RCEA's internal control. Accordingly, we do not express an opinion on the effectiveness of RCEA's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

REDWOOD COAST ENERGY AUTHORITY

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS - CONTINUED

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as Findings 2015-1 through 2015-4, that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether RCEA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Redwood Coast Energy Authority's Response to Findings

RCEA's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. RCEA's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CERTIFIED PUBLIC ACCOUNTANTS

July 12, 2017

REDWOOD COAST ENERGY AUTHORITY

FINDINGS AND RECOMMENDATIONS

June 30, 2015

2015-1: GENERAL ACCOUNTING POLICIES AND PROCEDURES

Criteria

Good internal controls include maintaining current written accounting policies and procedures.

Condition

During our consideration of internal controls over financial reporting to determine the audit procedures that are appropriate for the purpose of expressing our opinion on the financial statements, we noted that the written accounting policies and procedures in place are out of date and not specific to RCEA.

Effect

Not having current written accounting policies and procedures increases the risk that misappropriations and errors will occur.

Cause

RCEA did not update its written accounting policies and procedures as they were updated.

Recommendation

We recommend that RCEA establish and document current accounting policies and procedures which cater to the needs of the organization. We further recommend that these policies be read at board meetings and approved by formal board action.

Views of Responsible Officials and Planned Corrective Actions

RCEA agrees and is in the process of establishing and documenting current accounting policies and procedures which cater to the needs of the organization. The procedures will be read at board meetings and approved by formal board action.

REDWOOD COAST ENERGY AUTHORITY

FINDINGS AND RECOMMENDATIONS - CONTINUED

June 30, 2015

2015-2: INTERNAL CONTROLS OVER REVENUES

Criteria

Good internal controls over revenues include maintaining supporting documentation for invoices submitted to customers.

Condition

During our testing of revenues, in which we tested 76 percent of all revenues, we noted 5 instances totaling \$11,632 where there was no documentation supporting the invoice. These invoices were expense reimbursements for time and materials used in program services. The customer received the documentation prior to paying the invoice, so, in our opinion, no revenue was received inappropriately.

Effect

By not maintaining all documentation, RCEA was unable to produce support for all invoices selected for detailed testing.

Cause

RCEA did not maintain all documentation to support the invoices tested. Due to staff turnover and timing of the audit, RCEA was unable to locate the supporting documentation prior to issuance of the report.

Recommendation

We recommend that RCEA maintain all supporting documentation for invoices submitted to customers.

Views of Responsible Officials and Planned Corrective Actions

RCEA agrees will maintain all supporting documentation for invoices submitted to customers.

REDWOOD COAST ENERGY AUTHORITY

FINDINGS AND RECOMMENDATIONS - CONTINUED

June 30, 2015

2015-3: PAYROLL INTERNAL CONTROL - REPEAT FINDING

Criteria

Good internal controls over payroll include supervisor review and approval of time sheets. In addition, prior to issuance of payroll bonuses, RCEA should determine if they are an allowable expenditure.

Condition

During our testing of payroll we noted that a board member was not approving the executive director's time sheet. We also noted annual bonuses paid to employees totaling \$15,220.

Effect

Not having a board member or supervisor sign and approve time sheets increases the chance that inappropriate or incorrect wages could be paid and not detected in a timely manner. We noted no actual inappropriate payments to the executive director for the year ended June 30, 2015. The bonuses paid may not be in compliance with government regulations.

Cause

RCEA did not have a policy regarding approval of executive director time sheets. RCEA was unaware that bonuses may not be allowable expenditures.

Recommendation

We recommend that RCEA establish procedures for a board member to review and approve the executive director's time sheet. We further recommend that RCEA consult with legal counsel prior to issuing any further bonuses to determine if the bonuses were allowable payroll expenditures.

Views of Responsible Officials and Planned Corrective Actions

RCEA agrees and will establish procedures for a board member to review and approve the executive director's time sheet. RCEA will also consult with legal counsel and determine if the bonuses were allowable payroll expenditures.

REDWOOD COAST ENERGY AUTHORITY

FINDINGS AND RECOMMENDATIONS - CONTINUED

June 30, 2015

2015-4: TIMELY CLOSING OF ACCOUNTING PERIOD - REPEAT FINDING

Criteria

Good internal controls include completing the annual accounting period close in a timely fashion.

Condition

RCEA closed the June 30, 2015 year end approximately 18 months after the year end.

Effect

The audit report was issued approximately 24 months after the year end.

Cause

Staffing limitations and scheduling conflicts with an outside firm resulted in delayed closing of year end.

Recommendation

We recommend that RCEA works closely with an outside firm to ensure that the year end is closed in a timely fashion.

Views of Responsible Officials and Planned Corrective Actions

RCEA agrees and will work closely with an outside firm to ensure that the year end is closed in a timely fashion.

REDWOOD COAST ENERGY AUTHORITY
STATUS OF PRIOR YEAR AUDIT FINDINGS

June 30, 2015

2014-1: INTERNAL CONTROLS OVER EXPENDITURES

Condition

During our testing of expenditures, in which we tested 18 percent of all operating expenditures, we noted 5 instances totaling \$21,196 where there was either no documentation of approval prior to issuing the disbursement or the approval was not readily apparent. We noted 2 instances totaling \$513 where the executive director approved his own reimbursement. Further, we noted 4 instances totaling \$10,874 where no purchase order was used prior to issuing the disbursement. We also noted 1 instance where a detailed receipt was not present for a meal purchase. Finally, we noted 1 instance where \$201 worth of alcohol was purchased.

Cause

RCEA did not use a purchase order form or other approved authorization documents on all disbursements.

Current Status

Implemented

2014-2: BANK RECONCILIATION APPROVAL DOCUMENTATION

Condition

RCEA maintains a checking account with Umpqua Bank for general operations. The custodian of the funds prepared monthly bank reconciliations. However, RCEA did not document review and approval of the bank reconciliations by someone other than the custodian of the account.

Cause

It was not the policy of RCEA to obtain documentation of review of the bank reconciliations.

Current Status

Implemented.

REDWOOD COAST ENERGY AUTHORITY
STATUS OF PRIOR YEAR FINDINGS - CONTINUED

June 30, 2015

2014-3: PAYROLL INTERNAL CONTROL

Condition

During our testing of payroll we noted that the executive director was approving his own time sheet. We also noted an annual bonus of \$320 to each employee, totaling \$4,000 was paid.

Cause

RCEA did not have a policy regarding approval of executive director time sheets. RCEA was unaware that bonuses may not be allowable expenditures.

Current Status

Not implemented. See finding 2015-1.

2014-4: TIMELY CLOSING OF ACCOUNTING PERIOD

Condition

RCEA closed the June 30, 2014 year end approximately 16 months after the year end.

Cause

Staffing limitations and scheduling conflicts with an outside firm resulted in delayed closing of year end.

Current Status

Not implemented. See finding 2015-2.



STAFF REPORT

| | |
|--------------|---|
| AGENDA DATE: | July 17, 2017 |
| TO: | Board of Directors |
| PREPARED BY: | Richard Engel, Director of Power Resources |
| SUBJECT: | Proposed contracting changes for Community Choice Energy services |

BACKGROUND

At its August 15, 2016 meeting the RCEA Board adopted a contract with Local Energy Aggregator Network (LEAN Energy US, or LEAN) for Community Choice Energy (CCE) Program development and launch services. LEAN was a member of the proposal team lead by TEA that was selected through RCEA's CCE launch and operational services Request for Proposals process. The scope of work for the contract spanned three CCE program phases, including program development (phase 1), program launch (phase 2), and year one of program operation (phase 3).

At this time, the CCE program has successfully completed phases 1 and 2 with LEAN's valuable assistance and has begun phase 3. In recent discussions with LEAN Executive Director Shawn Marshall, RCEA staff have concluded that the remaining phase 3 services in the program scope of work fall into three categories:

- Legal consulting services as characterized in Task 3.2.1: Regulatory and Legislative Monitoring/Participation, which have been provided by proposal team member Braun Blaising Smith Wynne P.C. (BBSW) through a sub-contract with LEAN.
- Marketing and outreach services as characterized in Task 3.2.3: On-going communications and outreach to CCA customers, which have been provided by proposal team member Green Ideals through a sub-contract with LEAN.
- Other services that are either being performed by consultant The Energy Authority (TEA) as planned in the scope of work, are available through RCEA's newly established membership in the California Community Choice Association (Cal-CCA), or are being performed by RCEA's own staff as our in-house capacities have developed.

Ms. Marshall and RCEA staff are in agreement that LEAN's services are no longer needed during the remainder of phase 3, and there would be increased administrative efficiency by rearranging contracting arrangements for services that are still needed from BBSW and Green Ideals. Staff propose that the following changes be made:

- Amend LEAN's existing contract with RCEA to note that services have been rendered successfully, except where it is noted that responsibility for such services is being transferred to Green Ideals and BBSW, and the LEAN contract is being concluded effective July 31, with final invoice due August 31, to be paid by RCEA by September 30, 2017.

- Adopt a new contract with Green Ideals for on-going communications and outreach to CCE customers services, retroactively effective July 1, 2017.
- Obtain any additional ongoing regulatory and legislative needed through TEA who is contracting with BBSW. RCEA's existing agreement with TEA has provisions to enable RCEA to request additional regulatory and legislative support services through TEA which can be subcontracted to BBSW.

The closure of LEAN's contract and the proposed new contract with Green Ideals are submitted with this staff report for the Board's approval.

LEAN has invoiced RCEA for all work completed through June 30, 2017, including work performed under subcontracts by BBSW and Green Ideals. The proposed amendment to LEAN's contract reduces the budget to cover all past expenses and provide sufficient funds to complete the scope items already underway.

The proposed Green Ideals contract includes a budget not to exceed \$40,000. This is the same amount originally allocated to Task 3.2.3, of which no funds have been expended to date by LEAN or Green Ideals. At Green Ideals' hourly rates shown in the proposed contract, this will allow for approximately 25 to 30 hours per month of program support by Green Ideals during the proposed 10-month contract period.

FINANCIAL IMPACT

The proposed amendments to LEAN's and TEA's contracts and the new contract with Green Ideals are not expected to have significant financial impact. These changes are meant to reduce administrative burdens on RCEA and LEAN and to improve efficiency in delivery of services, as direct services by LEAN's own staff are no longer needed by RCEA, and LEAN is now functioning only as a pass-through agent for Green Ideals' and BBSW's services.

STAFF RECOMMENDATION:

Approve Amendment no. 1 to Agreement for Professional Services with LEAN Energy US.

Approve new contract with Green Ideals for on-going communications and outreach to CCE customers services, retroactively effective July 1, 2017.

ATTACHMENTS:

1. Proposed amendment to contract with LEAN Energy US
2. Proposed contract with Green Ideals

**AMENDMENT No. 1
TO AGREEMENT FOR PROFESSIONAL SERVICES
BETWEEN THE REDWOOD COAST ENERGY AUTHORITY (RCEA) AND
LEAN ENERGY US**

This is an amendment (“Amendment”) to that certain Agreement for Professional Services by and between the Redwood Coast Energy Authority (“RCEA”) and Local Energy Aggregation Network (“CONSULTANT”, or “LEAN”) dated April 1, 2016 (“Agreement”). This Amendment is effective July 1, 2017.

RECITALS

WHEREAS, pursuant to the Agreement, , LEAN has completed portions of Phase I, Phase II, and Phase III tasks and/or subcontracted as specified in the Agreement for their completion to the satisfaction of RCEA; and

WHEREAS, as approved in the Agreement, LEAN subcontracted with Green Ideals for assistance with specific tasks, and has begun overseeing specific project implementation by Green Ideals under this Task item; and

WHEREAS, the parties desire to transition completion of the remaining scope of work tasks into a direct contractual relationship between RCEA and Green Ideals, with LEAN completing its oversight of currently pending projects only; and

WHEREAS, in order to accomplish this intent, the parties seek to amend the Scope of Services under the Agreement to allow LEAN to complete currently pending projects, including oversee Green Ideals’ completion of pending tasks, without initiating new work under the Agreement.

NOW THEREFORE, in consideration of the mutual covenants, conditions and terms recited herein and made a material part hereof, the parties agree as follows:

1. Scope of Services. Section 1, Exhibit A, *Scope of Work*, is hereby replaced in its entirety with Exhibit 1-A, *Scope of Work – Amended*, attached hereto and incorporated herein.
2. Time of Completion. Section 2, *Time of Completion*, is hereby replaced in its entirety with the following:

“Time is of the essence with respect to this contract, and CONSULTANT agrees to complete all work identified in Exhibit A-1-- Amended no later than July 31, 2017.”
3. Compensation. Section 3, Exhibit B, *Budget and Payment Terms*, is hereby replaced in its entirety with Exhibit B-1, *Budget – Amended*, attached hereto and incorporated herein.
4. Ratification of Agreement. The terms and conditions of the Agreement, including all exhibits and attachments, are ratified in their entirety except to the extent inconsistent with the terms and provisions of this Amendment. In the event of such inconsistency, this Amendment shall control.

IN WITNESS WHEREOF, the parties have executed this Amendment No. 1 effective as of the date stated above.

RCEA:

Sheri Woo, Chair of the Board
Redwood Coast Energy Authority

Date: _____

ATTEST:

Name:
Board Clerk

Date: _____

CONSULTANT:

Shawn Marshall, Executive Director

Date: _____

EXHIBIT A-1: SCOPE OF WORK – AMENDED

PHASE 1: PROGRAM DEVELOPMENT

Completion of Phase 1 includes many elements of preparation, planning and electrical load analytics to move the program into full implementation. Focus areas during this phase will build on the work already underway at RCEA and will include refinement of core messaging and branding, outreach to local governments and key community stakeholders, review of RCEA governance and organizational documents to support CCE operations, energy analytics to determine financial feasibility, rate competitiveness and environmental attributes, and passage of local CCE ordinances to determine which cities will participate in the program at launch. LEAN Energy will lead task areas 1.1 and 1.5 and will support The Energy Authority (TEA) in task areas 1.2, 1.3 and 1.4.

Task 1.1: Community Engagement Support

During Phase 1, the focus of community engagement centers on CCE messaging, updated web content and collateral development to build concept awareness. Outreach focuses on local government leaders to ensure passage of CCE ordinances as well as outreach to key community stakeholders and thought-leaders.

1.1.1: Communication and Program Strategies / Core Messaging

LEAN's team will work with staff to prioritize and refine program messaging to inform key stakeholders about the core concept of CCE: how it works and what's being considered in Humboldt County; assist with brand development and marketing options as RCEA moves ahead its plans. This task includes the foundational strategic elements of tactical communication tools needed for early outreach while setting the stage for a robust public marketing campaign and customer enrollment in Phase 2. Key tasks include:

- Building on the work already done by RCEA, review and update existing CCE collateral, Frequently Asked Questions (FAQs) and program website in order to refine core messaging and expand design templates
- Meet with key staff and community members to develop a longer term communications and marketing strategy for the CCE program that reflects local values and RCEA's goals.

1.1.2: Creation/Design of Program Collateral

Develop brand and key communication pieces for distribution/education of key stakeholders, the press, and the community at large. Key tasks include:

- Create product name, logo and overall 'look and feel' for program; reserve urls.
- Collateral elements to include: 1) update existing informational web page, 2) create digital/print informational brochure, 3) prepare program FAQs, 4) review/update slide deck for local government and community presentations, 4) design table top display for community events (if desired), 5) create digital mastheads for email announcements and push communications (using royalty free images to conserve budget in early stages).

1.1.3: Engage city and county officials, community stakeholders, key customer groups and press

The focus at this stage is on building concept and program awareness, development of communications channels, educating local advocates to assure participation and accuracy, and development of a

stakeholder database, using list-serve and social media channels to support regular and timely information sharing. Key tasks include:

- Work with RCEA staff to expand stakeholder mapping and develop a CCE database/list-serve of interested parties, community leaders and advocacy groups. This effort can also include a mapping of local social networks such as Next Door and popular community events for information dissemination and tabling
- Conduct a ‘train the trainer’ workshop for RCEA staff and local advocates to ensure dissemination of consistent and accurate information, and to engage their volunteer support for local community events and tabling
- Support community meetings through content and collateral development
- Support RCEA staff in drafting Op-Eds and scheduling interviews with key press contacts for community events and CCE in general

Tasks 1.2, 1.3, 1.4: Technical, Financial and Risk Analysis

These task areas will be led by The Energy Authority. LEAN will serve in a review and support role, primarily engaged in discussions around supply scenarios, review of the draft study, Net Energy Metering and Feed in Tariff, PCIA charges, and operating costs.

Task 1.5 Additional Phase 1 Tasks

The following additional tasks will be performed by LEAN Energy and include but are not limited to:

- Develop a timeline and detailed project plan for CCE formation and launch. This will include a spreadsheet mapping all of the steps and timing of CCE formation through customer enrollment and into early operations.
- Implement and run weekly team calls and/or WebEx meetings to ensure all tasks are assigned and major milestones are being met.
- Review RCEA’s JPA Agreement and suggested CCE-related policy additions to support long-term program operations and governance. This could include consideration of certain JPA subcommittees and policies specific to the CCE program.
- Provide regulatory and legislative support to keep executive staff informed and engaged in priority actions at the State Capital and CA Public Utilities Commission.; draft related correspondence, briefs or memos. This task will be on-going through all phases of the contract.
- Serve as a general CCE resource to RCEA staff and Board, addressing questions, providing referrals, and conducting follow up research/tasks as requested. This task will be ongoing through all phases of the contract.

PHASE 2: PROGRAM LAUNCH

Once the initial program analytics are complete and CCE ordinances are passed, the program moves into more concerted implementation including development and certification of the implementation plan, customer engagement and enrollment, full website build out and launch of the call center, selection of power options/supply mix and energy contracts, submission of the utility service agreement and PG&E service payments, bond posting and other regulatory certifications necessary to begin serving customers. LEAN Energy will lead task areas 2.2 and 2.4, will partner with TEA in task area 2.1, and will support RCEA, TEA and Noble in task areas 2.3 and 2.5.

Task 2.1: Implementation Plan/ Regulatory Functions

The Implementation Plan is a CPUC requirement that covers the main aspects of the CCE plan of operations. It must be certified by the CPUC before RCEA can begin serving customers. TEA and LEAN will draft the Plan in accordance with all CPUC requirements and established best practices. The Implementation Plan will include the following:

- Communities participating in the program
- Organizational structure of the program, its operations and funding
- Rate setting and other costs to participants
- Disclosure and due process in setting rates and allocating costs among participants
- Methods for entering and terminating agreements with other entities
- Participant rights and responsibilities
- Termination of the program
- Description of third parties that will be supplying electricity under the program, including information about financial, technical and operational capabilities

Before the RCEA Implementation Plan can be submitted to the CPUC, the following items must be determined and articulated in the Plan:

- Community Participation -- determined by passage of the CCE ordinance
- Program Phasing -- by geography, customer class, and timing of each
- General description of CCE's rate/pricing strategy
- General description of CCE service offerings: default supply product, voluntary green pricing option(s), and others, if applicable
- Identification of customer programs that will likely be developed, including net metering, feed-in-tariffs, demand response, energy storage, etc.
- Description of CCE organizational structure

The following regulatory steps will be facilitated by LEAN and TEA prior to launch:

- CAISO market participant requirements
- Submit Statement of Intent with CPUC
- Posting of CCE license surety bond to the CPUC
- Register with CPUC
- Execute CCE Service Agreement with PG&E
- Post credit collateral with PG&E
- Submit Binding Notice of Intent with PG&E
- Registration with California Air Resources Board (including CITSS registration)
- Registration with Western Renewable Energy Generation Information System ("WREGIS")

Task 2.2: CCA Organizational Infrastructure

In order to implement an optimal program that meets RCEA's requirements, the partnership will collaborate with RCEA's executive team to ensure that RCEA is well positioned for program launch and operations. This task area will include:

- Development of (or amendment of existing) RCEA staffing and operations plan, including an updated organizational chart and development of new job descriptions as needed
- Review of CCE-related operational policies and procedures, including operating budget, financial controls and Board policies.
- Other CCE-related support as may be needed to augment existing RCEA capacity and resources, while preparing the organization to grow and develop over time.

Task 2.3: Procurement/Vendor Engagement

This task area related to power procurement and local power supply will be led by TEA; LEAN Energy will support RCEA's efforts to obtain and/or work with local, operational vendors (e.g. accounting, printing, etc.) that may be retained during CCE program launch and throughout the course of this contract.

Task 2.4: Customer Engagement

This phase of customer engagement includes work to establish the CCE customer base in all customer classes, build program awareness and consumer acceptance, follow all customer noticing and enrollment in accordance with State law, and assure high percentages of customer retention throughout Humboldt's CCE service areas. Key tasks include:

- Expand phase 1 communication collateral (brochure, flyers, etc.) to include more expansive information, further developing brand and program awareness
- Establish communication/marketing plan for public outreach and identify print/digital, earned/paid communications strategy
- Design local ad campaign; including print, digital, radio and outdoor media channels; include Spanish translations as needed and original photography if budget allows; negotiate media buy within budgeted amounts
- Establish customer service center, obtaining and managing all customer data for enrollment and opt out processes. Will include development of call center scripting and 800 call-in number.
- Establish schedule for enrollment by customer class to assure smooth transitions in all service areas (assuming approximately 55,000 accounts to be enrolled in first year)
- Design enrollment mailing pieces (letters, postcards) to alert residential and commercial ratepayers of program timing and options
- Manage Spanish translation requirements for program website, public notices and mailings.
- Develop names and sub-brand for power products and supply options
- Build out website to include in-depth program descriptions, expanded messaging, enrollment options, and interactive functionality required for online enrollment, opt outs, etc.
- In all cases, work with assigned RCEA staff to ensure consistent management of communication/marketing plans, approval of design and CCE program "look and feel," and remain responsive to areas of needed refinement in messaging, approach or style of contact

Task 2.5: Rate Setting, including policies to encourage distributed generation

This task area will be led by TEA and RCEA with LEAN in support role, especially in the areas of program development for ancillary energy programs such as net energy metering, feed in tariff, community based solar or other energy programs not already offered by RCEA.

PHASE 3: YEAR ONE OF PROGRAM OPERATIONS

Once RCEA begins enrolling customers and earning revenue, the program can transition into longer-term operations (“Phase 3”). At this point, the focus of the enterprise will shift from planning and launch to institutional capacity building, integrated power resource planning, regulatory engagement, and energy program design. The Phase 3 Commencement Date is herein defined as the later date of the Implementation Plan Certification and January 1, 2017.

CONSULTANT will complete all currently pending Phase 3 projects, whether under subcontract or in progress directly by LEAN. Such projects include, but are not limited to

- Completion of Customer outreach through direct mailings in progress as of the date of this Agreement, for example, letter to Peak Day Pricing customers, letter to all net energy metered (NEM) customers about enrollment schedule and PG&E’s true-up error;
- Overseeing completion of agreed-to website improvements;
- Billing for outstanding Phase 3 expenses incurred by LEAN.

EXHIBIT B1: BUDGET – AMENDED

CONSULTANT will provide the consulting services described in the above statement of work in an amount not to exceed \$393,600 as detailed below.

| Phase | Description | Budget |
|-------|---|------------------|
| 1/2/3 | Community Engagement Support: Customer Engagement, Notification & Enrollment: <ul style="list-style-type: none">• Communication Strategies/Messaging• Collateral development and website update• Support community meetings• Enrollment Planning/Notices• Sub-Contractor and media buy expenses• Printing & Postage Expense | \$300,000 |
| 1 | Technical Analysis | \$600 |
| 1/2 | Additional Phase 1 & 2 Tasks: <ul style="list-style-type: none">• Timeline and work plan development• Weekly calls; general follow up• Staff informational resource• Regulatory support (ongoing)• CCE-related Board policies | \$55,000 |
| 2 | Implementation Plan/Regulatory Registrations | \$1,000 |
| 2 | Organizational Infrastructure Development | \$8,000 |
| 2 | Rate Setting/Policies for Distributed Generation | \$4,000 |
| 2 | Out of Pocket & Travel Expenses: <ul style="list-style-type: none">• Travel Expenses• Consultant travel time• 5% overhead (excludes travel expenses and outside vendor invoices) | \$25,000 |
| | TOTAL: | \$393,600 |

**AGREEMENT FOR PROFESSIONAL SERVICES
BETWEEN THE REDWOOD COAST ENERGY AUTHORITY AND
GREEN IDEALS**

Effective July 1, 2017, this Agreement is made and entered into by and between the Redwood Coast Energy Authority ("RCEA"), a regional Joint Powers Authority, and Green Ideals, ("CONSULTANT"), a California sole proprietorship.

RECITALS

WHEREAS, following an extensive request for proposal ("RFP") process seeking qualified contractors to provide Community Choice Aggregation ("CCA") program development and operational services, RCEA entered into separate contracts with The Energy Authority, Inc. ("TEA"), Noble Americas Energy Solutions LLC, owned by Calpine Corporation ("Noble Solutions," since renamed as "Calpine Energy Solutions, LLC"), and LEAN Energy US ("LEAN"), referred to collectively as the "Core Team";

WHEREAS, the Core Team scopes of services separated CCA program development and operational services into Phase I (program development), Phase II (program launch), and Phase III (program operations), all of which are to be completed collaboratively by the Core Team together with RCEA;

WHEREAS, pursuant to the agreement with LEAN, LEAN subcontracted with Green Ideals to assist with specified Phase II and Phase III tasks to be completed on or before July 31, 2017;

WHEREAS, LEAN has requested, and RCEA has agreed, to early termination of its services contract effective July 31, 2017;

WHEREAS, RCEA desires to retain Green Ideals to complete specified Phase III tasks related to Phase III Task item 3.2.3, ongoing communications and outreach, and Green Ideals desires to perform the work, on the terms and conditions below; and

WHEREAS, CONSULTANT is qualified by virtue of experience, training, education and expertise to accomplish these services and has satisfactorily demonstrated these qualifications through subcontract services provided to date to LEAN.

NOW, THEREFORE, based on the conditions recited herein and made a material part hereof, the parties mutually agree as follows:

1. Scope of Services

CONSULTANT agrees to provide all of the services described in Exhibit "A," consisting of one page, which exhibit is attached hereto and incorporated by reference. All services shall be performed in accordance with generally accepted professional practices and principles and to RCEA's satisfaction.

2. Time of Completion

Time is of the essence with respect to this contract, and CONSULTANT agrees to commence

work as soon as reasonably possible after execution of this contract by both parties, and complete the work no later than April 30, 2018.

3. Compensation

Compensation for services rendered under this Agreement shall be based on the estimated budget attached hereto and incorporated herein as Exhibit "B," consisting of one page. CONSULTANT agrees to perform all services required by this agreement for an amount not to exceed the sum of Forty Thousand Dollars (\$40,000).

4. Payment

CONSULTANT shall submit an itemized invoice by the tenth (10th) working day of each month following completion of billable work in the preceding month. Invoices shall be submitted to the RCEA, 633 3rd Street, Eureka CA 95501, Attention: Accounting, and shall itemize all work completed and costs incurred as of the invoice date. RCEA shall review such invoice within ten (10) days. Those portions of the invoice not approved by the RCEA, if any, shall be promptly returned to CONSULTANT with an explanation as to why such portions were not approved. Payment of the undisputed portion of all invoices will be made to CONSULTANT within thirty (30) days after receipt of invoice by RCEA.

5. Hold Harmless and Indemnification

CONSULTANT agrees to indemnify, defend and hold harmless RCEA, its Governing Board, its officers, agents, employees, and volunteers from any and all claims and losses, whatsoever, accruing or resulting from any and all subcontractors, laborers, and any other person, firm or corporation furnishing or supplying work services, materials, or supplies in connection with the performance of this agreement, and from any and all claims and losses accruing or resulting to any person, firm or corporation who may be injured or damaged as a result of the CONSULTANT, its agents and employees, pertaining to the performance of this Agreement.

RCEA agrees to indemnify, defend and hold harmless CONSULTANT, its Governing Board, its officers, agents, employees, and volunteers from any and all claims and losses, whatsoever, accruing or resulting from any and all subcontractors, laborers, and any other person, firm or corporation furnishing or supplying work services, materials, or supplies in connection with the performance of this agreement, and from any and all claims and losses accruing or resulting to any person, firm or corporation who may be injured or damaged as a result of the RCEA, its agents and employees, pertaining to the performance of this Agreement.

6. Insurance

- A. CONSULTANT agrees to maintain, at a minimum, the insurance coverage or self-insurance coverage as set out below at all times during the terms of this Contract. Failure to maintain the required insurance shall be grounds for termination of this Contract. Said coverage shall include an endorsement to add RCEA, its officers, agents and employees, as additional insured with respect to liability arising out of or connected with the services to be provided under this Contract. Said coverage shall additionally be endorsed to specify that the CONSULTANT'S insurance is primary and that insurance or self-insurance maintained by

RCEA shall not contribute with it. Upon request, CONSULTANT shall furnish RCEA with certificates of insurance and endorsements of all required insurance. Said documentation shall state that coverage shall not be cancelled except after thirty (30) days prior written notice has been given to RCEA.

- B. Workers' Compensation and Employers' Liability Insurance: CONSULTANT shall provide Workers' Compensation and Employers' Liability insurance for CONSULTANT's employees and agents to the extent required by law, and agree to hold harmless and indemnify the RCEA for any and all claims arising out of injury, disability, or death of CONSULTANT's employees or agents. (Note: Worker's Comp is not required, as all employees are contract employees.)
- C. Commercial General Liability: CONSULTANT shall maintain \$1 million minimum commercial general liability insurance coverage.
- D. Business Auto: If applicable, CONSULTANT shall maintain \$1 million minimum business automobile insurance coverage.
- E. Professional Liability Insurance: If applicable, CONSULTANT shall maintain \$1 million minimum professional liability insurance.

Self-Insurance: If CONSULTANT is self-insured, CONSULTANT must forward documentation to RCEA that demonstrates to RCEA's satisfaction that CONSULTANT self-insures as a matter of normal business practice before commencing work under this Contract. RCEA will accept reasonable proof of self-insurance comparable to the above requirements.

7. Covenant of Further Assurances

The Parties hereby agree to execute such other documents and perform such other acts as may be necessary or desirable to carry out the purposes of this Agreement.

8. Core Team Coordination

CONSULTANT acknowledges the existence of contracts between RCEA and TEA and between RCEA and Calpine Energy Solutions, both of which are intended to complement the Services provided by CONSULTANT hereunder pursuant to the joint proposal for Services submitted by the Core Team. CONSULTANT similarly acknowledges that the its Services provided hereunder are intended to complement those of TEA and Calpine Energy Solutions. In performing its Services hereunder, CONSULTANT shall coordinate its efforts with TEA and Calpine Energy Solutions in order to maximize the effectiveness of each Core Team members' performance under the respective agreement with RCEA.

9. Assignment

Neither party shall assign its obligations under this Agreement without the prior written consent of the other, except that CONSULTANT may assign the proceeds due under this Agreement to any bank or person without such written consent. Any assignment by the CONSULTANT in violation of this provision shall be void, and shall be cause for immediate termination of this Agreement. Subject to the provisions of this Section, this Agreement shall be binding upon and inure to the benefit of the

respective successors and assigns of the parties hereto.

10. Subcontracting

The CONSULTANT shall not subcontract any portion of the work required by this Agreement without prior written approval of the RCEA, except for any sub-contract work identified herein. If CONSULTANT shall cause any part of the project to be performed by a subcontractor, the provisions of this contract shall apply to such sub-contractor, and CONSULTANT shall be liable hereunder for all acts and negligence of the subcontractor.

11. Relationship of Parties

CONSULTANT shall perform all work and services as described herein as an independent contractor. No person performing any of the work or services described herein shall be considered an officer, agent, servant or employee of the RCEA, nor shall any such person be entitled to any benefits, including but not limited to Workers Compensation Benefits, available or granted to employees of RCEA. CONSULTANT shall be solely responsible for the acts or omissions of its officers, agents, employees, and subcontractors. Nothing herein shall be construed as creating a partnership or joint venture between RCEA and CONSULTANT.

12. Compliance With Law

CONSULTANT shall be responsible for compliance with all laws or regulations applicable to the Services being provided under this Agreement, and shall obtain and maintain all certifications, permits and licenses as required to lawfully perform Services hereunder.

13. Books of Record and Audit Provisions

The CONSULTANT shall maintain on a current basis complete books and records relating to this Agreement. The books and records shall be original entry books with a general ledger itemizing all debits and credits for the work. In addition, the CONSULTANT shall maintain detailed payroll records. These documents and records shall be retained for at least five years from the completion of this Agreement. The CONSULTANT will permit RCEA to audit all books, accounts or records relating to this Agreement.

14. Document and Other Deliverable Submission, Title

CONSULTANT agrees that all data, plans, drawings, specifications, reports, computer programs, operating manuals, notes, and other written or graphic work produced in the performance of this Agreement is considered work made for hire and shall be the property of the RCEA upon delivery. All deliverable work shall be submitted to RCEA in both completed and native format. RCEA may disclose, disseminate and use in whole or in part, any final form data and information received, collected, and developed under this Agreement.

15. Confidentiality

- a. The Parties acknowledge that certain information and materials exchanged during the term of this Agreement may contain proprietary and Confidential Information of the disclosing Party. "Confidential Information" is defined by state law and generally means and includes any and all information including, without limitation, trade secrets, analyses, compilations, forecasts, studies, techniques, plans, designs, cost data, pricing data, financial data, customer

information and employee information, disclosed by a Party to the other party before, on, or after the Effective Date which relates in any manner, directly or indirectly, to the disclosing Party and/or its business, whether such information is disclosed in writing, verbally, electronically, or otherwise. Confidential Information shall specifically include, but not be limited to any information disclosed in written form and clearly marked "Confidential." The receiving Party agrees that such Confidential Information shall be held confidential, to the extent permitted by law, under the same safeguards as it treats its own confidential information and that it will not use, copy or disclose the Confidential Information other than for the sole purpose of supporting or performing the services in connection with this Agreement. The Confidential Information may be disclosed to officers, directors, employees, agents, representatives or consultants (who shall agree to be bound by the terms of this Section) of the receiving Party on a need to know basis and shall not be disclosed to any such third party without first having obtained the written permission of the disclosing Party. Confidential Information shall specifically exclude any information which the receiving Party can show (i) was known to or was independently developed by the receiving Party without access to or use of the Confidential Information of the disclosing Party; (ii) was disclosed to the receiving Party in good faith by a third party who had the right to make such disclosure; (iii) was made public by the disclosing Party, or was established to be part of the public domain other than as a consequence of a breach of the Agreement by the receiving Party; or (iv) is independently developed by the receiving Party without use of the disclosing Party's Confidential Information as shown by documents and other competent evidence in the receiving Party's possession.

- b. CONSULTANT acknowledges that the confidential information about RCEA's customers to which it will have access under this Agreement could give it or a third party an unfair competitive advantage in the event that CONSULTANT or any third party were to compete with RCEA in the provision of electrical or other services to RCEA's customers. CONSULTANT AGREES THAT IT WILL NOT USE ANY INFORMATION IT RECEIVES REGARDING RCEA MEMBER AGENCY OR RCEA CUSTOMERS FOR ANY PURPOSE OTHER THAN PROVIDING SERVICES UNDER THIS AGREEMENT. CONSULTANT agrees not to use any of the Project data provided to it by RCEA for its own marketing purposes. CONSULTANT shall not use such customer information to compete with RCEA in any manner. Upon termination of this Agreement, CONSULTANT shall (i) return all documents and other materials received from the RCEA and all copies (if any) of such documents and tangible materials, and (ii) destroy all other documents or materials in CONSULTANT's possession that contain RCEA customer data, and (iii) deliver to RCEA a certificate, signed by an authorized representative of CONSULTANT, stating that CONSULTANT has returned or destroyed all such documents and materials; provided, however, that CONSULTANT may retain copies of information necessary for tax, billing or other financial purposes, to be used solely for such purposes.
- c. The Parties agree that damages would be an inadequate remedy for breach of the provisions in this Section 15 and that either Party shall be entitled to equitable relief in connection therewith, and shall be entitled to recover any damages for such breach as may be provided by law.

16. Nondiscriminatory Employment

In connection with the execution of the Agreement, the CONSULTANT shall not discriminate against any employee or application for employment because of race, color, religion, age, sex, national origin, political affiliation, ancestry, marital status or disability. This policy does not require the employment of unqualified persons.

17. Entirety of Contract

This Agreement shall constitute the entire agreement between the parties relating to the subject matter of this agreement, and shall supersede any previous agreements, promises, representation, understanding and negotiation, whether oral or written, concerning the same subject matter. Any and all act which may have already been consummated pursuant to the terms which are embodied in this Agreement are hereby ratified.

18. Amendment

No addition to, or alteration of, the terms of this Agreement shall be valid unless made in writing and signed by the parties hereto.

19. Termination

If, in the opinion of the RCEA, the CONSULTANT fails to perform the services required under this Agreement within the time limits specified herein, or otherwise fails to comply with the terms of this Agreement, or violates any ordinance, regulation, or other law which applies to its performance herein, the RCEA may terminate this Agreement with 14 days written notice. In such event, the RCEA shall pay to CONSULTANT an equitable portion of the total remuneration as compensation for the portion of the work deemed acceptable by the RCEA, less the amount of any damages sustained by the RCEA as a result of CONSULTANT's breach of this Agreement. The RCEA shall be entitled to take possession of all studies, drawings, computations and specification, insofar as they are complete and acceptable to the RCEA. At any time and for any reason, upon thirty days written notice to the CONSULTANT, the RCEA may terminate this Agreement and pay only for those services rendered as of the date when termination is effective.

20. Notices

All notices or other communications required or permitted to be given hereunder shall be in writing and shall be deemed to have been given when delivered if personally delivered, or three (3) business days after mailing if mailed by certified mail, postage prepaid, return receipt requested, and shall be addressed as follows:

Notices shall be given to RCEA at the following address:

Matthew Marshall, Executive Director
Redwood Coast Energy Authority
633 3rd Street
Eureka, CA 95501

Notices shall be given to CONSULTANT at the following address:

Susan Bierzychudek, Principal
Green Ideals
400 Red Hill Ave.

21. Standard of Practice

The CONSULTANT warrants that CONSULTANT has the degree of learning and skill ordinarily possessed by reputable professionals practicing in similar localities in the same profession and under similar circumstances. CONSULTANT duty is to exercise such care; skill and diligence as professionals engaged in the same profession ordinarily exercise under like circumstances.

22. Jurisdiction and Venue

This Agreement shall be construed in accordance with the laws of the State of California, and the parties hereto agree that venue shall be in Humboldt, County California.

23. Headings

The headings of this Agreement are for purposes of reference only and shall not limit or define the meaning of the provisions of this Agreement.

24. Severability

If any paragraph, section, sentence, clause or phrase contained in this Agreement shall become illegal, null or void or against public policy, for any reason, or shall be held by any court of competent jurisdiction to be illegal, null or void or against public policy, the remaining paragraphs, sections, sentences, clauses or phrases contained in this Agreement shall not be affected thereby.

25. Waiver

No consent or waiver by either party to or of any breach of any representation, covenant, or warranty shall be construed as a consent to or waiver of any other breach of the same or any other representation, covenant or warranty.

26. Contract Administrators

Each Party shall appoint a contract administrator that will be responsible for administering this Agreement including having the authority to transmit instructions, receive information, and implement the Agreement on behalf of the respective party (the "Contract Administrator"). The Contract Administrators shall be identified in this Agreement. Either Party may change its respective Contract Administrator by giving advance written notice to the other Party, consistent with the terms of the Notice Section of this Agreement.

27. Warranty of Authority

Each Party represents and warrants to the other Party that it is and will remain duly organized, validly existing, and in good standing under the laws of the state of its organization throughout the term of this Agreement, and that the execution, delivery and performance of this Agreement are within its express or implied statutory powers, have been duly authorized by all necessary action, and do not violate any of the terms or conditions in its governing documents or applicable laws.

28. Counterpart Signatures

This Agreement may be signed in separate counterparts, and all counterparts, when signed, shall constitute an enforceable agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date and year first herein above written.

RCEA:

Sheri Woo, Chair of the Board of Directors of
Redwood Coast Energy Authority

Date: _____

ATTEST:

Name:
Board Clerk

Date: _____

CONSULTANT:

Susan Bierzychudek, Principal
Green Ideals

Date: _____

Contract Administrator:

RCEA:
Matthew Marshall, Executive Director
(707) 269-1700
mmarshall@redwoodenergy.org

LEAN Energy US:
Susan Bierzychudek, Principal
(415) 453-8070
susan@green-ideals.com

EXHIBIT A: SCOPE OF WORK

CONSULTANT will provide consulting services in support of implementing Phase III of the Community Choice Aggregation program, focused on the following tasks:

Task 1: On-going direct communications and outreach to CCA customers

Provide support for design, content development, scheduling, and coordination of third-party printing and mailing of postal communications for CCA customers. Mailings may include but not be limited to:

- Continued management of printing/mailing for enrollment of net metered customers
- Customization of move-in mailers for new electric customers
- Customization of Ferndale pre-enrollment mailers and post-enrollment mailers
- Confirmations of customer-requested service changes
- Late payment notices
- Other mailers as required

Task 2: Marketing and communications strategy

Provide support as needed on the ongoing development of a marketing and communications strategy for the CCA program.

Task 3: Media-based marketing materials

Provide support as needed on the development of print, broadcast, and online advertising and marketing materials. This support may include but not be limited to:

- Continued consulting on website changes
- Assistance with biomass brochure or fact sheet
- Assistance with brochure or fact sheet on RCEA overall including CCA program
- Assistance with brochure or fact sheet on community economic benefits of CCA program
- Assistance with brochure or fact sheet on where CCA power sources
- Consulting on promotional pieces promoting opting up
- Development of earned media promoting the CCA program
- Production of additional promotional video(s)
- Development of a sample bill for commercial accounts

EXHIBIT B: BUDGET

CONSULTANT will provide the consulting services described in the above statement of work in an amount not to exceed \$40,000 as detailed below. CONSULTANT'S billing rates for work to be completed under this contract are as follows.

Company principal: \$150 per hour

Lead designer: \$135 per hour

| Task Area | Description | Budget |
|-----------|--|-----------------|
| 1 | On-going direct communications and outreach to CCA customers | \$25,000 |
| 2 | Marketing and communications strategy | \$5,000 |
| 3 | Media-based marketing materials | \$10,000 |
| | TOTAL: | \$40,000 |



REDWOOD COAST Energy Authority

STAFF REPORT

| | |
|--------------|--|
| AGENDA DATE: | July 17, 2017 |
| TO: | Board of Directors |
| PREPARED BY: | Lori Biondini, Director of Business Development and Planning |
| SUBJECT: | CivicSpark Program Regional Coordination |

BACKGROUND

The attached agreement is to continue RCEA's relationship with the Local Government Commission (LGC) as an AmeriCorps CivicSpark program site host and regional coordinator for another service-year (13 months). Lead by LGC and the Governor's Office of Planning and Research, the CivicSpark program focuses on addressing energy and water issues in California by placing AmeriCorps teams in regions across the state to support local governments with implementing energy, climate-action, and water-related programs and projects.

As a Regional Coordinator, RCEA will serve as the host-site for the program's north coast AmeriCorps team and RCEA staff will assist AmeriCorps fellows in completing their program requirements and liaison with LGC to ensure that fellows are succeeding in their posts. RCEA has been partnering with LGC and the Governor's Office for the last three years as a regional coordinator and host-site, and the program has provided significant value to RCEA from the cost-effective support that the AmeriCorps teams have provided to local and regional energy programs.

FINANCIAL IMPACT

This contract represents up to \$30,000 in compensation payable to RCEA on a monthly basis over 13 months, beginning in August 2017, to cover costs associated with serving as the north coast regional coordinator. The contract is expected to cover all associated costs and can be performed by current staff similar to the previous program years.

STAFF RECOMMENDATION:

Approve contract with the Local Government Commission for RCEA to act as the North Coast Regional Coordinator for 2017-18 CivicSpark program.

ATTACHMENTS:

2017-18 CivicSpark Agreement for Services

AGREEMENT FOR SERVICES OF INDEPENDENT CONTRACTOR

THIS AGREEMENT is made and entered into as of _____ by and between Redwood Coast Energy Authority ("RCEA") and the Local Government Commission ("LGC").

RECITALS

- A. LGC desires to engage RCEA to provide certain services through the CivicSpark program.
- B. CivicSpark is a federally funded AmeriCorps program operated by LGC, in which LGC recruits, hires, and supervises emerging professionals.
- C. The CivicSpark Program provides climate change capacity building services to local governments in California through project implementation activities performed by LGC teams, LGC staff and CivicSpark Fellows (Fellows). CivicSpark will provide this service to local governments by conducting assessments, implementing planning or action projects, engaging volunteers, and transferring knowledge to local government staff, all of which is organized into regional teams.
- D. LGC seeks the services of RCEA to coordinate the Redwood Coast Regional Civic Spark team by acting as an integral part of the CivicSpark team, supporting the AmeriCorps fellows and coordinating closely with LGC staff in Sacramento to ensure the program is implemented successfully in the region ("Regional Coordinator").
- E. RCEA desires to act as the North Coast Regional Coordinator to provide those services and to be compensated accordingly.
- F. RCEA and LGC enter into this Agreement in order to memorialize the terms concerning RCEA's performance of the services and LGC's obligations with respect thereto.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual agreements set forth herein, RCEA and LGC hereby covenant and agree as follows:

1. Appointment of Regional Coordinator. LGC hereby appoints RCEA as an independent contractor to coordinate the CivicSpark team activities in the Redwood Coast Region ("Regional Coordinator") by performing the services described in Exhibit "A", "Scope of Services" attached hereto, and incorporated herein. RCEA hereby accepts such appointment and agrees to the responsibilities and roles of Regional Coordinator on the terms and conditions set forth herein. LGC agrees to provide adequate training to allow RCEA to fulfill its Regional Coordinator responsibilities.

Neither party may vary the scope of services described in Exhibit "A" except as expressly agreed to in writing by the other party. The budgets for direct labor and expenses are based on the services described in Exhibit "A." Any modification of the scope of services may affect direct labor costs and project expenses and must be approved in writing by RCEA.

2. Standard of Performance of Consulting Services. RCEA shall perform the services in a diligent, competent and professional manner.

3. Consulting Fee; Reimbursable Expenses.

(a) LGC shall pay RCEA a fee for the services provided, as described in Exhibit "B," "Description of Compensation," attached hereto.

(b) RCEA shall be entitled to reimbursement for out-of-pocket expenses incurred in the performance of this Agreement, limited to those expenses listed in Exhibit "C," "Reimbursable Expenses," attached hereto, up to the maximum amount set forth in Exhibit "C." Upon receipt of LGC's invoice, RCEA shall notify LGC if it has any exceptions to LGC's invoice. When LGC and RCEA are in agreement on the terms of RCEA's invoice, RCEA shall submit the invoice for payment. LGC shall reimburse RCEA within thirty (30) days of receiving the invoice.

4. Term. The term of this Agreement shall commence and RCEA's duties and responsibilities under this Agreement shall begin as of the date first written above and shall continue, as agreed to in the timeline defined in Exhibit "D". This agreement is subject to earlier termination as provided herein, until the services are complete and all compensation and reimbursable expenses are paid to LGC.

This agreement may be terminated at anytime by either party for good cause. This agreement may be terminated by either party, without cause, upon 30 days written notice to the non-terminating party.

5. Excuse of Performance. LGC's obligation to perform the services specified in this contract shall be excused if the performance is prevented or substantially delayed due to circumstances not caused, in whole or in part, by LGC, including any such circumstances caused by RCEA.

6. Independent Contractor. It is the intent of the parties that RCEA is and shall remain an independent contractor, and RCEA shall (i) comply in all material respects with all the laws, rules, ordinances, regulations and restrictions applicable to the services, and (ii) pay all federal and state taxes applicable to RCEA, whether levied under existing or subsequently enacted laws, rules or regulations. The parties hereto do not intend to create an employer-employee or master-servant relationship of any kind.

7. Insurance. RCEA agrees to maintain: (1) commercial general liability insurance with minimum limits of \$1,000,000, written on an occurrence form basis, protecting it from claims for personal injury (including bodily injury and death) and property damage which may arise from or in connection with the performance of Consultant's Services hereunder or from or out of any act or omission of Consultant, its officers, directors, agents, subcontractors or employees; (2) professional liability insurance with minimum limits of \$1,000,000; (3) worker's compensation insurance as required by law; and (4) hired and non-owned auto insurance with minimum limits of \$1,000,000 for each accident. If requested, RCEA shall provide a certificate of said insurance and an additional insured endorsement to RCEA within 10 days of the execution of this Agreement.

8. Limitation of Liability. With regard to the services to be performed by RCEA pursuant to the terms of this Agreement, RCEA shall not be liable to LGC, or to anyone who may claim any right due to RCEA's relationship with LGC for any acts or omissions in the performance of said services on the part of RCEA, except when said acts or omissions are the result of any willful misconduct by RCEA. LGC shall hold RCEA free and harmless from any obligations, costs, claims, judgments, attorney's fees, and attachments arising out of the services rendered to LGC pursuant to the terms of this Agreement or in any way connected with the rendering of said services, except when the same shall arise due to the willful misconduct of RCEA.

9. Ownership of Documents. Ownership of any designs, plans, maps, reports, specifications, drawings, and other information or items produced by RCEA while performing Services under this Agreement will be assigned to and owned jointly by LGC and RCEA. The original of all reports, memoranda, studies, plans, specifications, drawings, materials, exhibits, maps or other similar or related documents prepared by RCEA in the performance of the Services for LGC shall be the joint property of LGC and RCEA.

10. Notices. All notices or other communications required or permitted to be given hereunder shall be in writing and shall be deemed to have been given when delivered if personally delivered, or three (3) business days after mailing if mailed by certified mail, postage prepaid, return receipt requested, and shall be addressed as follows:

To RCEA:

Matthew Marshall
Redwood Coast Energy Authority
633 3rd Street
Eureka, CA, 95501
707-269-1700
707-269-1777 Fax
mmarshall@redwoodenergy.org

To LGC:

Linda Cloud
Local Government Commission
980 9th Street, Suite 1700
Sacramento, CA 95814-2736
916-448-1198
916-448-8246 fax
lcloud@lgc.org

Either party may change its address by giving written notice thereof to the other party.

12. Attorneys' Fees. The party prevailing in any action at law or in equity necessary to enforce or interpret the terms of this Agreement shall be entitled to reasonable attorney's fees, costs, and necessary disbursements in addition to any other relief to which that party may be entitled.

13. Governing Law. This Agreement shall be governed by the laws of the State of California.

14. Entire Agreement; Amendments. This Agreement contains all of the agreements of the parties hereto with respect to the matters contained herein and no prior or contemporaneous agreement or understanding, oral or written, pertaining to any such matters shall be effective for any purpose. No provision of this Agreement may be amended or added to except by an agreement in writing signed by the parties hereto or their respective successors in interest.

15. Headings. The headings of this Agreement are for purposes of reference only and shall not limit or define the meaning of the provisions of this Agreement.

16. Severability. If any paragraph, section, sentence, clause or phrase contained in this Agreement

shall become illegal, null or void or against public policy, for any reason, or shall be held by any court of competent jurisdiction to be illegal, null or void or against public policy, the remaining paragraphs, sections, sentences, clauses or phrases contained in this Agreement shall not be affected thereby.

17. Waiver. The waiver of any breach of any provision hereunder by any party hereto shall not be deemed to be a waiver of any preceding or subsequent breach hereunder.

18. Warranty of Authority. Each of the undersigned hereby warrants that he/she has authority on behalf of his or her principal to execute this Agreement and to bind such principal to the terms hereof.

19. Counterparts. This Agreement may be executed by electronic or hard-copy signature and in any number of counterparts, each of which shall be deemed to be one and the same instrument. The exchange of executed copies of this Agreement by facsimile, email or other electronic transmission will constitute effective execution and delivery of this Agreement for all purposes. Signatures of the parties transmitted by such methods will be treated in all respects as having the same effect as an original signature.

Matthew Marshal, Executive Director
REDWOOD COAST ENERGY AUTHORITY

DATED: _____

Linda Cloud, Managing Director
LOCAL GOVERNMENT COMMISSION

DATED: _____

Exhibit "A" RCEA Scope of Services

RCEA will perform the following services:

1) Regional Coordinator Responsibilities

- a) RCEA will act as the “Regional Coordinator” for the Redwood Coast region CivicSpark team. In its role as Regional Coordinator RCEA will act as an integral part of the CivicSpark team, supporting the AmeriCorps fellows and coordinating closely with LGC staff in Sacramento to ensure the program is implemented successfully in the region. A Regional Coordinator has three overarching roles:
 - i) Act as Team Coordinator and mentor to the fellows throughout the service year. The Regional Coordinator will provide overarching support to fellows on implementation, volunteer engagement, and transition of knowledge with local governments. The Regional Coordinator also coordinates professional development and service activities for the fellows to help them grow and build networks during the service year.
 - ii) Regional Coordinators are regional liaisons and representatives for CivicSpark and the Local Government Commission (the LGC) who manages the program. During program startup, they will work closely with both local governments and Regional Partners to see projects startup effectively and to ensure that program pre-service assessments are completed. They will continue to work with project partners through project implementation, and support ongoing local government recruitment for future project work by responding to inquiries and sharing leads with LGC staff in Sacramento.
 - iii) The Regional Coordinator is responsible for fellow level reporting and program compliance in the region. This includes program level performance tracking (time tracking, performance evaluations), broader AmeriCorps compliance, and staffing issue resolution.
- b) To complete responsibilities, RCEA agrees that staff working as Regional Coordinators shall support completion of the schedule of activities in the table below.

| Work Item | Activities | Due Date |
|------------------|--|-------------------|
| Pre-Service Year | | |
| 3.b.i | Participate in Regional Coordinator Orientation | TBD (8/17) |
| | Get Background Check done for RCEA Staff | 8/1/17 |
| | Complete team hires (including background checks completed) | 9/8/2017 |
| | Participate in Fellow Orientation | 9/10/17 – 9/14/17 |
| First Month | | |
| 3.b.ii | Meet with Fellow and Site Supervisor teams to discuss expectations and fill out Fellow/Site Supervisor Agreement | 9/29/17 |
| | Review Gap Assessments | 9/29/17 |
| | Work with Site Supervisors to Complete Performance Assessments | 10/27/17 |
| | Work with LGC staff to ensure beneficiary data is complete | 10/27/17 |
| Weekly | | |
| 3.b.iii | Review and approve timecards | Weekly |
| Bi-Weekly | | |
| 3.b.iv | Meet with Fellows | Bi-Weekly |
| | Check-in with LGC Area lead | Bi-Weekly |
| Monthly | | |
| 3.b.v | Meet with Site Supervisors to discuss Fellow professional development and project progress | Monthly |
| | Participate in Regional Coordinator calls with LGC Staff | Monthly |

| Work Item | Activities | Due Date |
|------------------|--|-----------------|
| | Confirm volunteer data, great stories, and progress reports are submitted | Monthly |
| | Implement or support training activities (5hrs/month) | Monthly |
| | Review and approve expense reports and send to LGC Area lead | Monthly |
| Quarterly | | |
| 3.b.vi | Implement Service Days | Quarterly |
| Bi-Annually | | |
| 3.b.vii | Participate in Mid-Year Gathering | Bi-Annually |
| | Conduct mid-year performance assessment check in with Site Supervisors and Fellows | Bi-Annually |
| | Review Gap Assessments and work with Fellows to adjust if needed | Bi-Annually |
| | Mid-Year program Survey | Bi-Annually |
| Last Month | | |
| 3.b.viii | Participate in Graduation Celebration | TBD (7/18) |
| | Work with Site Supervisors to complete final performance assessment | 7/27/18 |
| | Ensure relevant deliverables are collected and sent to LGC | 8/3/18 |
| | Collect any LGC equipment and send to LGC or store with Regional Partner | 8/10/18 |
| | Complete end of year program survey | 8/10/18 |
| | Send out and track submission of post-service capacity assessments | 8/24/18 |

Exhibit "B" Description of Compensation

RCEA will receive no more than \$30,000 for performing the services of Regional Coordinator pursuant to this contract.

RCEA staff will assume responsibility of all tasks related to the Regional Team Coordinator described in Exhibit "A". By the 15th of each month, RCEA will provide to LGC a Regional Coordinator time & expense summary and associated cost for the preceding month. The total cost for Regional Coordinator activity will not exceed \$30,000 over a 13-month period. Reimbursable expenses are not included in this total. The monthly cost will be divided by the period of the contract (13 months).

Exhibit "C" Reimbursable Expenses

Regional Coordinator expenses shall be submitted to LGC in writing for approval prior to LGC being charged for reimbursement for an expense occurred during the completion of Regional Coordinator activities outlined in the Scope of Service as seen in Exhibit "A".

Exhibit "D" Timeline

All tasks enumerated in Exhibit "A" are to start on September 1, 2017 and should be completed by September 30, 2018.

STAFF REPORT

| | |
|--------------|--------------------------------------|
| AGENDA DATE: | July 17, 2017 |
| TO: | Board of Directors |
| PREPARED BY: | Matthew Marshall, Executive Director |
| SUBJECT: | SDRMA and CDSA Board Election |

BACKGROUND

RCEA is a member of the Special District Risk Management Authority (SDRMA), which provides RCEA with insurance, training resources, and other risk-management services. Attached is the election ballot for SDRMA's Board of Directors (provided by SDRMA in the form of a required, standardized resolution), as well as the candidates' statements.

The Board can choose to cast RCEA's vote for up to 4 candidates. The ballot is due by August 29th so the Board could defer voting until the August 21st RCEA Board meeting if the Board would like additional time to consider the candidates and/or have staff do any addition research.

RCEA is also a member of the California Special District Association (CSDA), who is holding an election for Northern Network – Region 1 Board of Directors representative. RCEA can vote for one candidate, and the ballot is due August 4.

POTENTIAL BOARD ACTIONS

CSDA:

Vote for CA Special District Association Board of Directors region 1 representative.

SDRMA:

1. Adopt Resolution 2017-4 for the Election of Directors to the SDRMA Board of Directors, casting RCEA's vote for 1 to 4 of the candidates.

Or, alternatively, the Board could:

2. Defer consideration of a vote until the August RCEA meeting; or
3. Chose not to vote in the current election if the board has no preferences amongst the candidates.

ATTACHMENTS:

1. CSDA ballot and Candidates' Statements
2. Resolution 2017-4 for the Election of Directors to the SDRMA Board of Directors
3. SDRMA Board Candidates' Statements

CSDA BOARD OF DIRECTORS 2017 ELECTION



**NORTHERN
NETWORK**
REGION 1

SEAT C
term ends 2020

Please vote for only one.

☐ **Fred Ryness***
Burney Water District

☐ **Rex Bohn**
*North Coast Unified Air Quality
Management District*

☐ **Jack Hathaway**
Burney Fire Protection District

All fields must be completed for ballot to be counted.

**incumbent running for re-election*

SIGNATURE:

DATE:

MEMBER DISTRICT:

Must be received by **5pm, August 4, 2017**. CSDA, 1112 I Street, Suite 200, Sacramento, CA 95814



California Special
Districts Association
Districts Stronger Together

2017 CSDA BOARD CANDIDATE INFORMATION SHEET

The following information **MUST** accompany your nomination form and Resolution/minute order:

- Name: FRED RYNESS
- District/Company: BURNEY WATER DISTRICT
- Title: Current Vice President, Past President
- Elected/Appointed/Staff: Elected
- Length of Service with District: Since Dec 2007 Presently Seated until 2020
1. Do you have current involvement with CSDA (such as committees, events, workshops, conferences, Governance Academy, etc.):
- I am currently on the Professional Development Committee and have been an active member throughout my tenure
2. Have you ever been associated with any other state-wide associations (CSAC, ACWA, League, etc.):
- No
3. List local government involvement (such as LAFCo, Association of Governments, etc.):
- I ran for a Shasta County LAFCO position in Feb. 2017. I came in second out of four contestants
4. List civic organization involvement:
- I have been a volunteer fire fighter

****Candidate Statement** – Although it is not required, each candidate is requested to submit a candidate statement of no more than 300 words in length. **Any statements received in the CSDA office after May 31, 2017 will not be included with the ballot.**

CANDIDATE STATEMENT
ELECT FRED RYNESS
NORTHERN NETWORK REPRESENTATIVE (Seat C)
CSDA BOARD OF DIRECTORS

It has been a privilege to serve on the CSDA Board of Directors. I have also enjoyed my stint on the Burney Water District Board of Directors for the past ten years. I am presently on the CSDA Professional Development Committee and have been an active member throughout my tenure.

This past year I have contacted School Districts in my four-county responsibility area to see if it would be possible to present to Civics classes the story of Special Districts and the benefit to communities they serve.

There are four Special Districts in the town of Burney. I recently met with our new fire chief to introduce myself to offer any help I might be as a CSDA board member. This past year I visited with several Special Districts fire departments in my coverage area.

I was a Cal Fire Defensible Space Inspector for the Shasta-Trinity Unit. While as an inspector, I often visited with the personnel at these stations. I would mention to the chief or another high-ranking individual that I was on the CSDA board. In one instance I was able to meet the need of the Happy Valley Fire District in their fund-raising effort. I learned they sold Christmas trees to raise funds. I have been in the wholesale Christmas Tree business for many years and was able to line them up with the trees they needed for their fund raiser. This killed "three birds with one stone," Cal Fire visit, CSDA visit, Christmas Tree colleague visit.

I have enjoyed working with my Northern Network Colleagues and our field representative Dane Wadle. I would again consider it a privilege to serve you as a member of the CSDA Board of Directors, representing the Northern Network, (Seat C).

Thank you for your consideration,
Fred Ryness
Northern Network (Seat C)



California Special
Districts Association
Districts Stronger Together

2017 CSDA BOARD CANDIDATE INFORMATION SHEET

The following information **MUST** accompany your nomination form and Resolution/minute order:

Name: Rex Bohn

District/Company: North Coast Unified Air Quality Management District

Title: Chair of Governing Board of Directors

Elected/Appointed/Staff: Elected County Supervisor appointed to Governing Board

Length of Service with District: 4 years

1. Do you have current involvement with CSDA (such as committees, events, workshops, conferences, Governance Academy, etc.):

Not currently

2. Have you ever been associated with any other state-wide associations (CSAC, ACWA, League, etc.):

RCRC (Rural counties Representatives of CA), State Fair Board: 9th District

Ag. Association, Cal Trans North District External Advisory

3. List local government involvement (such as LAFCo, Association of Governments, etc.):

Humboldt County Supervisors (3rd term), Work Force Development Board, Air Quality Board, Area 1 on Aging, Redwood Community Action Agency, Emergency Medical Services, Humboldt County Assoc. of Government, Golden State Finance Committee,

4. List civic organization involvement: Transit Authority, Waste Management Authority

Raise over \$1 million/year for local charity auctions for Special Olympics, Boys & Girls Club

Sproptimists of Humboldt Bay, Humboldt Sponsors, Boy Scouts, CEO of Redwood Fields (2-acre recreation facility for youth sports) coached over 40 youth sports teams

****Candidate Statement** – Although it is not required, each candidate is requested to submit a candidate statement of no more than 300 words in length. **Any statements received in the CSDA office after May 31, 2017 will not be included with the ballot.**

Following a long career in the private sector that included running the family store; a stint as a long haul trucker; more than twenty years in sales and commercial account management for a petroleum distribution company; working his way up to Vice President of a local Pulp Mill; and owning his own business; Rex Bohn shifted his attention to becoming a Humboldt County Supervisor.

Supervisor Bohn has always found time to balance career with community. He has coached over 40 athletic teams, and raised over \$8 million in auctions and fundraising events for the Special Olympics, Humboldt Boys and Girls Club, Humboldt Sponsors, FFA, and Soroptimists of Eureka and Humboldt Bay; among others. Rex has been named "Citizen of the Year," "Volunteer of the Year," and "Distinguished Citizen of the Year" by local organizations.

Now in his third term, Supervisor Bohn's commitment to his community extends further than his own backyard. "We have an inordinate number of special districts in our county. In rural California we've found if you're not at the table, then you're on the menu! Representation on state boards levels the playing field." Rex is the Vice Chair of the Rural County Representatives of CA (RCRC), on the Boards of the Air Quality District, the Emergency Medical Services, Waste Management, Golden State Finance Authority, Transit Authority, and numerous other governing boards.

He has spoken at Assembly and Committee meetings in Sacramento regarding land use, transportation issues, telecommunications, and cannabis. He has also spoken at numerous conferences on issues facing Northern CA and their impacts on rural communities. Serving on the CSDA Board would be a perfect outlet for Supervisor Bohn's drive to represent the interests of our rural communities. Rex Bohn is the right balance of small town work ethics, business savvy and tenacity that we deserve!



California Special
Districts Association
Districts Stronger Together

2017 CSDA BOARD CANDIDATE INFORMATION SHEET

The following information **MUST** accompany your nomination form and Resolution/minute order:

Name: William Jack Hammar

District/Company: Burney Fire Protection District

Title: COMMISSIONER BURNLEY FIRE PROTECTION DISTRICT

Elected/Appointed/Staff: Elected / Appointed mid term

Length of Service with District: 4 or 5 months

1. Do you have current involvement with CSDA (such as committees, events, workshops, conferences, Governance Academy, etc.):

No

2. Have you ever been associated with any other state-wide associations (CSAC, ACWA, League, etc.):

Not that I can think of.

3. List local government involvement (such as LAFCo, Association of Governments, etc.):

BFD / MAYERS MEMORIAL HOSPITAL DISTRICT

4. List civic organization involvement:

Not that I can think of.

****Candidate Statement** – Although it is not required, each candidate is requested to submit a candidate statement of no more than 300 words in length. **Any statements received in the CSDA office after May 31, 2017 will not be included with the ballot.**



BURNEY FIRE PROTECTION DISTRICT

Established 1939

CSDA BOARD OF DIRECTORS CALL FOR NOMINATIONS SEAT C CANDIDATE STATEMENT

I have been interested in public service my entire life. Early on it was through Scouting that I was able to participate and have the most impact in my community. Now that I have grown up a little, and gained a little education, and experience, I am still looking for the best ways to serve my community and the people that bring it life. I work for Mayers Memorial Hospital District (MMHD) now, and I know the positive impact that districts can have on the areas that they serve, and I am aware that in rural areas they can be important vehicles for funding opportunities and services.

Any chance that I can have to assist in enhancing services, maintaining proper oversight, or improving life for the members of my community will be zealously pursued. I am currently serving as a Commissioner with the Burney Fire Protection District, and I work as a Director of Quality with MMHD. My education, in concert with my practical work experience which includes: private construction and sales, farm hand, firefighter, family law mediator, to where I sit today with Mayers, has allowed me to have a varied background where I was able to learn from many different people and apply what I was taught in many different ways.

As a representative of the community that I serve to the CSDA, I would continue my pursuit of growth and advocacy for my home and the people that make it great. I am privileged at the opportunity to serve and am honored to be entered into the field of candidates.

W. Jack Hathaway, MPA, JD
Director of Quality Mayers Memorial Hospital District
Commissioner Burney Fire Protection District

37072 MAIN STREET
Phone (530) 335-2212

BURNEY
* * *

CALIFORNIA 96013
Fax (530) 335-2235

Burney Fire Protection District Is An Equal Opportunity Employer

RESOLUTION NO. _____

**A RESOLUTION OF THE GOVERNING BODY OF THE
Redwood Coast Energy Authority
FOR THE ELECTION OF DIRECTORS TO THE SPECIAL DISTRICT
RISK MANAGEMENT AUTHORITY BOARD OF DIRECTORS**

WHEREAS, Special District Risk Management Authority (SDRMA) is a Joint Powers Authority formed under California Government Code Section 6500 et seq., for the purpose of providing risk management and risk financing for California special districts and other local government agencies; and

WHEREAS, SDRMA's Sixth Amended and Restated Joint Powers Agreement specifies SDRMA shall be governed by a seven member Board of Directors nominated and elected from the members who have executed the current operative agreement and are participating in a joint protection program; and

WHEREAS, SDRMA's Sixth Amended and Restated Joint Powers Agreement Article 7 - Board of Directors specifies that the procedures for director elections shall be established by SDRMA's Board of Directors; and

WHEREAS, SDRMA's Board of Directors approved Policy No. 2017-03 Establishing Guidelines for Director Elections specifies director qualifications, terms of office and election requirements; and

WHEREAS, Policy No. 2017-03 specifies that member agencies desiring to participate in the balloting and election of candidates to serve on SDRMA's Board of Directors must be made by resolution adopted by the member agency's governing body.

NOW, THEREFORE, BE IT RESOLVED that the governing body of the Redwood Coast Energy Authority selects the following candidates to serve as Directors on the SDRMA Board of Directors:

(continued)



**OFFICIAL 2017 ELECTION BALLOT
SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY
BOARD OF DIRECTORS**

VOTE FOR ONLY FOUR (4) CANDIDATES

Mark each selection directly onto the ballot, voting for no more than four (4) candidates. Each candidate may receive only one (1) vote per ballot. A ballot received with more than four (4) candidates selected will be considered invalid and not counted. All ballots must be sealed and received by mail or hand delivery in the enclosed self-addressed, stamped envelope at SDRMA on or before 4:30 p.m., Tuesday, August 29, 2017. Faxes or electronic transmissions are NOT acceptable.

- ☐ **TIMOTHY UNRUH**
District Manager, Kern County Cemetery District No. 1
- ☐ **JAMES M. HAMLIN (Jim)**
Board Director, Burney Water District
- ☐ **MIKE SCHEAFER (INCUMBENT)**
Director/President, Costa Mesa Sanitary District
- ☐ **MICHAEL J. KAREN**
Board Director, Apple Valley Fire Protection District
- ☐ **DAVID ARANDA (INCUMBENT)**
General Manager, Mountain Meadows Community Services District
- ☐ **CINDI BEAUDET**
General Manager, Temecula Public Cemetery District
- ☐ **JEAN BRACY, SDA (INCUMBENT)**
Deputy Director – Administration, Mojave Desert Air Quality Management District

ADOPTED this ____ day of _____, 2017 by the Redwood Coast Energy Authority by the following roll call votes listed by name:

AYES: _____

NOES: _____

ABSTAIN: _____

ABSENT: _____

ATTEST:

APPROVED:

**Special District Risk Management Authority
Board of Directors
Candidate's Statement of Qualifications**

This information will be distributed to the membership with the ballot, "exactly as submitted" by the candidates – no attachments will be accepted. No statements are endorsed by SDRMA.

Nominee/Candidate Timothy Unruh
District/Agency Kern County Cemetery District No.1
Work Address 18662 Santa Fe Way, PO Box 354, Shafter, CA 93263
Work Phone 661-746-3921 Home Phone 661-746-6725

Why do you want to serve on the SDRMA Board of Directors? (Response Required)

The work of SDRMA is critical to the everyday operations of a Special District. Knowing that the district and the board is protected gives a 'Peace of Mind' to our daily operations. Sitting on this Board will give me an opportunity to give back to SDRMA and its membership. As a manager of a moderate sized Special District, I am especially interested in maintaining an involvement from that small district perspective. It is imperative that SDRMA maintains cost effective service to the Special District community and it's important that smaller districts have a voice in their insurance needs.

What Board or committee experience do you have that would help you to be an effective Board Member? (SDRMA or any other organization) (Response Required)

I spent three years as a Director for CSDA including one year as Legislation Committee Chairman. I currently sit on the CSDA Legislation Committee and am a Special District Administrator (SDA). Our District is in its fourth term as a District of Distinction which now includes the Transparency Certification. I currently sit as a Director with a city appointment on Kern Mosquito and Vector board. I have been a Director of the California Association of Public Cemeteries for 15 years and currently am Chairman of the Legislation Committee. I have been involved with the Kern County Special Districts Association since 1995 from when we worked to obtain LAFCo representation for Special Districts.

Most importantly, I have been a manager for the Kern County Cemetery District for 30 years and work daily to keep our cemetery district strong and effective in our community. To that end, I have the SDRMA General Safety Specialist Certification and with that training I work for a compliant, safe and healthy working relationship with our staff.

**Special District Risk Management Authority
Board of Directors
Candidate's Statement of Qualifications**

**What special skills, talents, or experience (including volunteer experience) do you have?
(Response Required)**

I feel that community history is very important and am a volunteer with the local Historical Society. I also have sat on the local school board and have been involved with our youth through our church as well as our community through sports and especially by giving our young people a safe and entertaining place to visit after our home football games.

This being said, I feel that I am a committed and thorough person who knows that to get things done you must be involved and be able to think out of the box in difficult situations. You must listen to those around you and sometimes that means keeping one's mouth shut.

I have worked as a Manager for many years and understand the needs of special districts. What SDRMA offers is an integral part of special district operations and I feel that I can bring a passion for the practical needs of Special Districts.

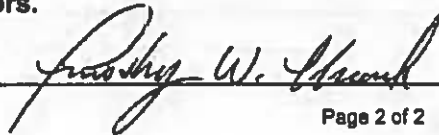
What is your overall vision for SDRMA? (Response Required)

SDRMA has shown great concern for the Special Districts in California as is seen in their commitment to meeting our insurance needs. This is done by listening to the membership and continuing to work on being a better and complete insurance stop. I feel that the Health Insurance part of their programs will be the next large growth area. As we deal with PERB's and the needs of our work force, this area will help to meet the needs of our agencies.

Their education is excellent and they have defined their role in local government very well. It will be necessary to maintain this role and work to educate the membership. SDRMA's commitment to be a cost-effective insurance provider has work well in the past and will continue to do so as long as the Board and staff work together to fulfill their mission statement.

I certify that I meet the candidate qualifications as outlined in the SDRMA election policy. I further certify that I am willing to serve as a director on SDRMA's Board of Directors. I will commit the time and effort necessary to serve. Please consider my application for nomination/candidacy to the Board of Directors.

Candidate Signature



Date: April 24, 2017

**Special District Risk Management Authority
Board of Directors
Candidate's Statement of Qualifications**

This information will be distributed to the membership with the ballot, "exactly as submitted" by the candidates – no attachments will be accepted. No statements are endorsed by SDRMA.

| | |
|-------------------|--|
| Nominee/Candidate | <u>James M. Hamlin (Jim)</u> |
| District/Agency | <u>Burney Water & Sewer District</u> |
| Work Address | <u>20541 Burney Court, Burney, Ca. 96013</u> |
| Work Phone | <u>(530) 335-2040</u> Home Phone <u>(530) 335-2040</u> |

Why do you want to serve on the SDRMA Board of Directors? (Response Required)

Able to look at actuarial evidence. Being able to set adequate rates for both
Insurance program and districts. SDRMA needs to operate as a business.

What Board or committee experience do you have that would help you to be an effective Board Member? (SDRMA or any other organization) (Response Required)

Served on hospital district for 24 1/2 years, California Hospital District board
for 8 years, Burney water Sewer board for three years. I had my own insurance
brokerage for 43 years. I did not have an E & O Claim.

**Special District Risk Management Authority
Board of Directors
Candidate's Statement of Qualifications**

**What special skills, talents, or experience (including volunteer experience) do you have?
(Response Required)**

see previous question

What is your overall vision for SDRMA? (Response Required)

SDRMA must operate as a viable business. Many district carriers and board members are reluctant to raise rates. When I served on Ca. Hospital Board, many of the board members were not willing to operate as a business because it would affect their hospitals bottom line.

I certify that I meet the candidate qualifications as outlined in the SDRMA election policy. I further certify that I am willing to serve as a director on SDRMA's Board of Directors. I will commit the time and effort necessary to serve. Please consider my application for nomination/candidacy to the Board of Directors.

Candidate Signature

James M. Hamel Date *4-1-2017*

**Special District Risk Management Authority
Board of Directors
Candidate's Statement of Qualifications**

This information will be distributed to the membership with the ballot, "exactly as submitted" by the candidates – no attachments will be accepted. No statements are endorsed by SDRMA.

Nominee/Candidate **MIKE SCHEAFER**
District/Agency **COSTA MESA SANITARY DISTRICT**
Work Address **1551-B BAKER ST, COSTA MESA, CA 92626**
Work Phone **714-435-0300** Home Phone **714-552-9858**

Why do you want to serve on the SDRMA Board of Directors? (Response Required)

As an incumbent on the SDRMA Board I wish to continue providing the service and knowledge that I have been consistent with during my current term. As an insurance professional for over 44 years I bring the experience needed to manage the risks Districts are faced with. Over my term I have consistently made decisions to provide the protections necessary at the most affordable cost. Districts continue to encounter new challenges to their risk management programs. My years of experience, my continued involvement in insurance education and my desire to protect make me a sound choice to continue on the Board of SDRMA.

What Board or committee experience do you have that would help you to be an effective Board Member? (SDRMA or any other organization) (Response Required)

Current SDRMA Board Member. President Costa Mesa Sanitary District Board of Directors. Former City Councilmember for the City of Costa Mesa. Former Parks and Recreation Commissioner for the City of Costa Mesa.

Leadership positions, including Board President for the following: Little League Baseball, Boys and Girls Club of the Harbor Area, Costa Mesa Senior Center, The Albert Dixon Memorial Foundation (non profit providing funds for other non-profit agencies).

Over 30 years experience with Lions Clubs International. Served as District Governor, Club President several times. Chaired the California Convention Committee several times. Membership in the organization continues.

My leadership role in all these organizations gave, and give, me experience in the risks that face each. My insurance experience helps me make prudent decisions when challenged with those risks.

**Special District Risk Management Authority
Board of Directors
Candidate's Statement of Qualifications**

**What special skills, talents, or experience (including volunteer experience) do you have?
(Response Required)**

Many of the organizations that I have either been elected to or volunteered for quickly put me in a leadership role. They recognized my ability to handle the risks and challenges the organizations meet. I was able to steer those organizations in a clear path to minimize the risk.

I continue to hold a teaching credential in Insurance Education with the local community college District. Additionally I was a professor of Insurance Continuing Education for many years. I have a passion for passing on the knowledge I have acquired over my career.

I have always faced the risk management challenges of any organization with the confidence that the desired outcomes would be realized.

What is your overall vision for SDRMA? (Response Required)


My vision is to continue providing the protection and service to the Special Districts that make them strong in their risk management efforts. I will continue to work for those ends while keeping strong my conviction that rates need to be adequate yet affordable for the Districts.

New technologies, changes in legislation, make it extremely difficult for Districts to keep up with the factors posing new challenges to risk management, insurance, etc. My experience in those areas, my position as an elected official, make me keenly aware of how to protect the Districts.

I will continue to be committed to making SDRMA the leader in protecting the risk management needs of our Special Districts.

I certify that I meet the candidate qualifications as outlined in the SDRMA election policy. I further certify that I am willing to serve as a director on SDRMA's Board of Directors. I will commit the time and effort necessary to serve. Please consider my application for nomination/candidacy to the Board of Directors.

Candidate Signature _____



Date _____

4/25/17

**Special District Risk Management Authority
Board of Directors
Candidate's Statement of Qualifications**

This information will be distributed to the membership with the ballot, "exactly as submitted" by the candidates – no attachments will be accepted. No statements are endorsed by SDRMA.

Nominee/Candidate Michael J. Karen
District/Agency Apple Valley Fire Board
Work Address N/A
Work Phone N/A Home Phone 760-713-3273

Why do you want to serve on the SDRMA Board of Directors? (Response Required)

I would be honored to serve on the SDRMA Board of Directors because I am interested in not only risk management, but insurance as well. I have run my own company and have seen first hand how accidents can affect the bottom line.

What Board or committee experience do you have that would help you to be an effective Board Member? (SDRMA or any other organization) (Response Required)

I was appointed to the Apple Valley Fire Board in February of 2016. I was re-elected the same year. During my time on the board, I have already been a part of many great things. The board and I helped to pass Measure A which funds our district in perpetuity. We also passed and have streamlined the budget. I have also been a part of evaluations as well.

**Special District Risk Management Authority
Board of Directors
Candidate's Statement of Qualifications**

**What special skills, talents, or experience (including volunteer experience) do you have?
(Response Required)**

I have been a business owner, and I am a Veteran of Desert Strike/Desert Storm. I am a member of the Apple Valley Chamber of Commerce, Victor Valley Republican, and the Community Emergency Response Team (CERT). I am an elected member of the Republican Central Committee as well as a Director for the Apple Valley Fire District. I have donated my time to seniors, the needy, and Salvation Army. I was also a Man About Town nominee for the High Desert Phoenix Foundation.

What is your overall vision for SDRMA? (Response Required)

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There is no text or other markings on the paper.

I certify that I meet the candidate qualifications as outlined in the SDRMA election policy. I further certify that I am willing to serve as a director on SDRMA's Board of Directors. I will commit the time and effort necessary to serve. Please consider my application for nomination/candidacy to the Board of Directors.

Page 2 of 2

4-20-17

**Special District Risk Management Authority
Board of Directors
Candidate's Statement of Qualifications**

This information will be distributed to the membership with the ballot, "exactly as submitted" by the candidates – no attachments will be accepted. No statements are endorsed by SDRMA.

Nominee/Candidate DAVID Aranda
District/Agency Mountain Meadows Community Services District
Work Address 17980 Highline Rd - Tehachapi CA 93561
Work Phone 661-822-7616 Home Phone 661-300-1231

Why do you want to serve on the SDRMA Board of Directors? (Response Required)

Working with six other board members and the staff,
as a team is challenging and rewarding.

Over the years of my service on the SDRMA Board
I hope the members have found my input to be
beneficial and it is my desire to continue to look
after the members receiving the best service at a
fair cost.

What Board or committee experience do you have that would help you to be an effective Board Member? (SDRMA or any other organization) (Response Required)

Service on SDRMA
Service on SOWCA - I was part of the group that
consolidate two entities into one entity which was
very cost effective.
Service on SDLF
Past Service on CSDA - current Education Committee member

**Special District Risk Management Authority
Board of Directors
Candidate's Statement of Qualifications**

**What special skills, talents, or experience (including volunteer experience) do you have?
(Response Required)**

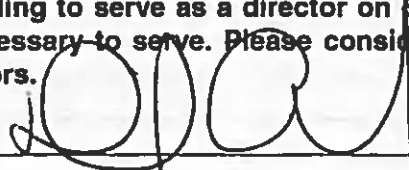
Serving as a General Manager over the past twenty plus years and serving as a Board Member assists me in understanding the proper process that benefits the operation of SDRMA. Eighteen years of experience with SDRMA provides a good knowledge base to benefit the members.

What is your overall vision for SDRMA? (Response Required)

- 1) Continue to provide excellent service.
- 2) Continue the balance of a financially strong pool that provides great policy coverage at the best pricing possible.
- 3) Serve the members with cutting edge software, customer service, motivated employees and a Board that remembers who we are serving!

I certify that I meet the candidate qualifications as outlined in the SDRMA election policy. I further certify that I am willing to serve as a director on SDRMA's Board of Directors. I will commit the time and effort necessary to serve. Please consider my application for nomination/candidacy to the Board of Directors.

Candidate Signature



Date

4-20-17

**Special District Risk Management Authority
Board of Directors
Candidate's Statement of Qualifications**

This information will be distributed to the membership with the ballot, "exactly as submitted" by the candidates – no attachments will be accepted. No statements are endorsed by SDRMA.

| | |
|-------------------|-----------------------------------|
| Nominee/Candidate | Cindi Beaudet |
| District/Agency | Temecula Public Cemetery District |
| Work Address | 41911 C Street, Temecula CA 92592 |
| Work Phone | (951)699-1630 |
| Home Phone | (951)541-8736 |

Why do you want to serve on the SDRMA Board of Directors? (Response Required)

As a member of SDRMA, I've learned first hand the risk and challenges that comes with my type of Special District. I think it is important to have an active and knowledgeable voice representing our industry and districts and that understands the role special districts play and their importance. I will bring sound policy principles to the table and work with my fellow board members in the spirit of collaboration to ensure SDRMA continues to be a cost effective, high quality risk management service.

What Board or committee experience do you have that would help you to be an effective Board Member? (SDRMA or any other organization) (Response Required)

I have played an active role in the cemetery industry in both the private sector and with special districts for almost two decades and was elected in 2006 to the Board of California Association of Public Cemeteries (CAPC). While on the Board for CAPC one of my roles was Education Committee Chair, working with executive staff to identify learning and certification opportunities for our members. This experience has provided me with the skills and knowledge of board development, procedures, protocol and policy development.

**Special District Risk Management Authority
Board of Directors
Candidate's Statement of Qualifications**

**What special skills, talents, or experience (including volunteer experience) do you have?
(Response Required)**

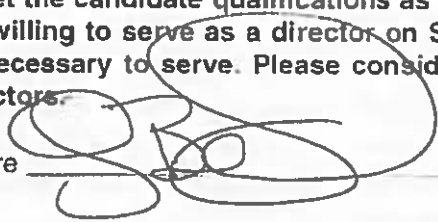
Since 2004 I have served as General Manager to the Temecula Public Cemetery District. I consider myself to be well versed in cemetery leadership, risk mitigation, best management practices and risk reduction. I hold a life insurance license from the State of California. I am an advocate for the cemetery profession, serving as a formal mentor for CAPC. I am engaged and involved heavily in my community and understand first hand the challenges and risk associated with cemetery operations and management.

What is your overall vision for SDRMA? (Response Required)

My overall vision for SDRMA is that it appropriately and accurately addresses the risk and mitigation needs of all its members in a thoughtful and deliberate manner; considering the size, scope and nuances of each type of public agency. This thoughtful consideration will provide better service to our members while maintaining the cost effective quality programs SDRMA continues to offer.

I certify that I meet the candidate qualifications as outlined in the SDRMA election policy. I further certify that I am willing to serve as a director on SDRMA's Board of Directors. I will commit the time and effort necessary to serve. Please consider my application for nomination/candidacy to the Board of Directors.

Candidate Signature



Date

4/27/17

Special District Risk Management Authority

Board of Directors

Candidate's Statement of Qualifications

This information will be distributed to the membership with the ballot, "exactly as submitted" by the candidates – no attachments will be accepted. No statements are endorsed by SDRMA.

Nominee/Candidate Jean Bracy, SDA
District/Agency Mojave Desert Air Quality Management District
Work Address 14306 Park Ave., Victorville, CA 92392
Work Phone 760-245-1661

Why do you want to serve on the SDRMA Board of Directors?

I have served on the SDRMA Board of Directors since 2010. In 2017 I was elected by the Board to be the **Board President**. The Board strives to provide a variety of avenues for members to be successful and has adopted many important programs and policies aimed to provide members **cost effective coverage**. Each year, the Board **carefully considered** rates for services and from 2009 to 2016 voted to hold rates flat for the property/liability program. Through strategic planning SDRMA has a **strong financial base**. SDRMA has included **Cyber Coverage**; provided a **FREE Law Legal Hotline**; established a **multiple-policy discount (5%)** for each member who belongs to both the property/liability and the workers compensation programs; shares investment earnings with members through a **longevity distribution**; established the **loss prevention allowance funds** which reimburses members for safety-related costs up to \$1,000; launched and enhanced the SDRMA **interactive website**; provided **FREE online training** through Target Solutions; launched a **Safety Specialist Certificate** program; and contracted with Company Nurse to provide **FREE screening services** for work-related injury cases. I have worked closely with SDRMA for **17 years**. I am attracted to its member-focused, pro-active, and positive mission. I would like to see – and be a part of – SDRMA continue this member-centric approach.

What Board or committee experience do you have that would help you to be an effective Board Member? (SDRMA or any other organization)

I am serving my eighth year on the **SDRMA Board of Directors** and in 2017 I am the Board President. I am serving my fifth year on the Board of Directors for the **Special District Leadership Foundation (SDLF)** and I am the Board Secretary. On this Board I have been part of the continuing expansion of the SDLF programs, including the premier program, **District of Distinction**, also the Special District Administrator Certificate, the Recognition of Special District Governance, and the District Transparency Certificate of Excellence.

My career experience with special districts has helped me to understand the issues specific to smaller organizations. I have learned what it really means for an organization to do more with less. I have also learned that political realities for special districts are distinct from other forms of governments. As the Deputy Director – Administration for the Mojave Desert Air Quality Management District, I am the staff representative to the Governing Board Committees for Budget and Personnel. I am a member of and have chaired the California Air Pollution Control Officers Association (CAPCOA), statewide committees for Fiscal and Human Resource officers. I organized and have chaired the Alternate Fuel Task Force for the Mojave Desert air basin; I have represented the District in the Antelope Valley Clean Cities Coalition.

My working opportunities have crossed several public service types. I served as the Victorville city representative to the Technical Advisory Committee for the Victor Valley Transit Authority and as the City representative and officer on the Executive Committee of the Regional Economic Development Authority. I volunteered four years on the Board of Directors of the Victor Valley Federal Credit Union. For six years, I worked as an adjunct professor at Victor Valley Community College teaching Public Works Administration.

**Special District Risk Management Authority
Board of Directors
Candidate's Statement of Qualifications**

What special skills, talents, or experience (including volunteer experience) do you have?

As professional and as a volunteer, I have a wide range of experiences with organizational structures, long term and vision planning, development of staff and volunteers, and resource and program management. My experience of leading organizational activities and implementing change for growth includes bringing together intergenerational and multicultural groups to achieve common goals.

I am an effective manager with expertise in efficient and productive management implementing process improvements in finance, human resources, risk management, and a wide variety of related administrative and organizational functions. I have led highly skilled teams to support the achievement of overall agency goals and objectives.

I earned a Master's Degree in Public Administration from California State University, San Bernardino

I earned the Special District Administrator Certification from the Special Districts Leadership Foundation

I earned the Recognition of Special District Governance from the Special Districts Leadership Foundation

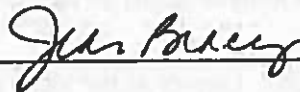
I earned the Masters Certification in Labor Relations from the California Public Employers Labor Relations Association (CALPELRA)

What is your overall vision for SDRMA?

I want to continue contributing my experience and expertise to SDRMA's overall function to further strengthen and enhance the lines of services provided by SDRMA. I want to see members educated to be wise in their management to reduce costs and deliver their very important missions to their communities. I want to be part of the mission to enhance the member's experience through claims management and education that leads to loss prevention.

I certify that I meet the candidate qualifications as outlined in the SDRMA election policy. I further certify that I am willing to serve as a director on SDRMA's Board of Directors. I will commit the time and effort necessary to serve. Please consider my application for nomination/candidacy to the Board of Directors.

Candidate Signature



Date

2-27-17



STAFF REPORT

| | |
|--------------|--------------------------------------|
| AGENDA DATE: | July 17, 2017 |
| TO: | Board of Directors |
| PREPARED BY: | Matthew Marshall, Executive Director |
| SUBJECT: | DG Fairhaven Negotiations |

BACKGROUND

Staff and The Energy Authority (TEA) are continuing to negotiate with representatives of the DG Fairhaven Biomass Power Plant toward the goal of a power purchase agreement with the plant. Background on these negotiations include:

1. In September 2016 the Board adopted Guidelines for the CCE Program Launch-period Strategy and Targets, with the following targets related to local biomass power:
 - a. Issue a Request for Offers targeting power purchase agreements with 1-2 existing facilities.
 - b. Structure overall biomass procurement strategy around local waste-management and forest restoration priorities and needs.
 - c. Include environmental, community, and economic considerations in the selection process.
 - d. Contingent on price and market conditions, contract for a target of around 20MW of local biomass energy (about 15% of the total RCEA power portfolio).
2. RCEA issued a request for offers (RFO) for local biomass power which resulted in the award of a 5-year power purchase agreement term to Humboldt Redwood Company (HRC). The 5-year term with HRC is broken into two PPAs:
 - a. One for an initial 9-month period and a reduced contract volume of 5MW at the contract price and any surplus energy delivered above the 5MW at market price.
 - b. The second for a 51-month term for 13.25 average MW at the contract price.
3. In March the RCEA Board approved staff negotiations with DG Fairhaven for additional biomass power using the HRC PPA's pricing and terms as a starting point. The approval was informed by:
 - a. The goal of contracting with 1-2 local facilities.
 - b. Staff's estimate that approximate 20-25MW of operational biomass power plant capacity is required to process local mill waste.
 - c. DG Fairhaven's "Offeror's Viability" RFO response score and the RFO review team's qualitative assessment that DG Fairhaven is a strong counterparty with a solid operational track record.

Negotiations have been continuing, but the central challenges are 1) RCEA's financial limitations and the resulting constraints on how much above-market local power RCEA can afford while still achieving other program goals, most importantly competitive rates with PG&E;

and 2) uncertainty about future PG&E rates and particularly PG&E PCIA exit fees, which make multi-year above-market price commitments risky.

RCEA has continued up to this point to reserve a block of its 2017 renewable energy procurement requirements to allow for a power purchase at market prices from DG Fairhaven in 2017. However the timing of making a decision is becoming an issue; if RCEA is not going to meet its remaining 2017 needs with power from DG Fairhaven then TEA will have to act very soon to find an alternative source to meet that need. DG Fairhaven has expressed their continued interest in providing power in 2017, but have communicated that their desire to restart the plant in 2017 is very much contingent on the outlook for power sales in 2018 (which remains uncertain).

With the remaining window of opportunity for 2017 very narrow, staff and TEA propose that if any power is to be potentially procured in 2017 from DG Fairhaven that it be done through a standard market transaction (an “Inter-Scheduling-Coordinator Trade”) between TEA and DG Fairhaven, rather than through a Power Purchase Agreement directly between DG Fairhaven and RCEA.

If an agreement for a 2017 power purchase can be reached with DG Fairhaven, this would streamline the process for 2017 since the transaction could be executed through RCEA’s existing contract with TEA without the need for additional Board action, and there would be no financial impact to RCEA since the pricing and purchase terms would be the same as any of the market-based power products TEA has already procured for RCEA (or will otherwise have to procure elsewhere for 2017 if not from DG Fairhaven).

FINANCIAL IMPACT

TEA and RCEA are continuing to evaluate and refine to what extent RCEA can procure additional local biomass as additional details about RCEA’s actual customer loads and other market factors develop. Continuing negotiations for 2018 and beyond will be informed by this risk analysis and incorporated into any proposed agreement that will be brought back to the Board.

RCEA has a need for additional category-1 renewable energy to meet its 2017 requirements. While the time remaining to make a decision for the remaining 2017 requirements may not be adequate to reach an agreement with DG Fairhaven, if an agreement can be reached to meet that need with market-priced power from DG Fairhaven through TEA via a standard power transaction it would 1) have no negative financial impact to RCEA, and 2) would support RCEA’s goals for local procurement and investment.

STAFF RECOMMENDATION:

Authorize staff to continue negotiations with DG Fairhaven for 2018-2022 procurement and to also approve the option of TEA transacting directly with DG Fairhaven at market prices to meet RCEA’s remaining 2017 renewable energy requirements.



STAFF REPORT

| | |
|--------------|--|
| AGENDA DATE: | July 17, 2017 |
| TO: | Board of Directors |
| PREPARED BY: | Matthew Marshall, Executive Director |
| SUBJECT: | CCA Implementation Plan Update to Include the City of Ferndale |

BACKGROUND

State law requires that Community Choice Aggregators (CCAs) develop Implementation Plans and address specific aspects of CCA launch and operations. Prior to the launch of a CCA these plans must be submitted to CA Public Utilities Commission (CPUC) for certification that the plan addresses those operational factors required by law. Last fall the Board approved RCEA's Implementation Plan, which was subsequently submitted to the CPUC and certified on December 29, 2016.

The original Implementation Plan included the County and all RCEA member cities with the exception of Ferndale, as the Ferndale City Council at that time had not yet opted to include Ferndale in the program. In May 2017 the Ferndale Council passed an ordinance enabling RCEA to offer CCA to customers within the City's jurisdiction. Prior to rolling out the program in Ferndale RCEA must update its Implementation Plan to include Ferndale and resubmit the Plan to the CPUC.

The attached Resolution adopts a Revised Implementation Plan and authorizes staff to submit it the CPUC. The revisions from the original plan are:

1. The addition of Ferndale as a participating jurisdiction.
2. Updated numeric tables to add Ferndale's customers and projected energy load and also reflecting some additional revisions to the numbers based on updated forecasts provided by TEA to represent the most-current available program information, load forecasts, and participation projections.
3. Non-substantive text edits (e.g. changing some sentences to the present tense) to reflect that the program is now actually operational, as opposed to the forward-looking language of the original plan drafted in 2016 when the program had not yet started.

After submission, the CPUC has 90 days to review and certify the Plan. RCEA's original Plan was certified by the CPUC in less than 90 days, but CPUC staff indicated that due to the large number of communities in the process of moving forward with CCA programs in 2017 they could not commit to a turn-around of less than the full 90 days. As a result staff is anticipating that January 2018 would be the most appropriate target for beginning service to Ferndale to ensure that customer notifications can be sent after formal CPUC certification but also adequately in advance of service commencing to meet state requirements.

FINANCIAL IMPACT

Adding Ferndale's customer base to the program will increase the overall load served by RCEA, resulting in an increase in both revenue and expenses. The net change in RCEA's financial position will likely be positive overall, but this change will be relatively minor since the addition of Ferndale's load will only increase the total load served by RCEA by about 1%.

STAFF RECOMMENDATION:

Adopt Resolution 2017-5 approving the Community Choice Aggregation Implementation Plan and Statement of Intent (First Revised and Updated).

ATTACHMENTS:

1. Resolution 2017-5 approving the Redwood Coast Energy Authority Community Choice Aggregation Implementation Plan and Statement of Intent (First Revised and Updated)
2. Community Choice Aggregation Implementation Plan and Statement of Intent (First Revised and Updated)

RESOLUTION NO. 2017-___

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE REDWOOD COAST ENERGY AUTHORITY APPROVING THE REDWOOD COAST ENERGY AUTHORITY COMMUNITY CHOICE AGGREGATION IMPLEMENTATION PLAN AND STATEMENT OF INTENT (FIRST REVISED AND UPDATED)

WHEREAS, on February 22, 2016, the Redwood Coast Energy Authority (RCEA) Board of Directors adopted Ordinance 2016-01 authorizing RCEA to act as a community choice aggregator to implement and operate a Community Choice Aggregation (CCA) program under California law; and

WHEREAS, on October 17, 2017, the RCEA Board of Directors adopted Resolution 2016-2 approving RCEA's Community Choice Aggregation Implementation Plan and Statement of Intent which was subsequently certified by the California Public Utilities Commission on December 29, 2016; and

WHEREAS, on May 1, 2017, RCEA successfully commenced CCA program operations and began providing electricity generation service to customers; and

WHEREAS, on May 17, 2017, the Ferndale City Council adopted an ordinance to authorize RCEA to offer CCA service to customers within the City of Ferndale as enabled by the City of Ferndale's membership in RCEA and in accordance with the provisions of RCEA's joint powers agreement; and

WHEREAS, the addition of the City of Ferndale to the CCA program requires revisions to RCEA's Community Choice Aggregation Implementation Plan and Statement of Intent prior to offering CCA service to customers in Ferndale; and

WHEREAS, in the process of revising the Plan to add Ferndale it is also desirable to make other minor revisions to reflect current, updated program forecasts and the operational status of the program.

NOW THEREFORE, BE IT HEREBY RESOLVED, the Board of Directors of the Redwood Coast Energy Authority as follows:

1. The Redwood Coast Energy Authority Community Choice Aggregation Implementation Plan and Statement of Intent (First Revised and Updated) attached hereto and incorporated herein, is hereby approved.
2. The Executive Director is directed to submit the Redwood Coast Energy Authority Community Choice Aggregation Implementation Plan and Statement of Intent (First Revised and Updated) to the California Public Utilities Commission for certification.
3. The Executive Director is authorized to execute any documents associated with this submittal.

This Resolution shall be effective upon its adoption.

Attachment: Redwood Coast Energy Authority Community Choice Aggregation Implementation Plan and Statement of Intent (First Revised and Updated)

Dated: _____, 2017

APPROVED:

Sheri Woo, Chair of the Board

ATTEST:

Matthew Marshall, Clerk of the Board

CLERK'S CERTIFICATE

I hereby certify that the foregoing is a true and correct copy of Resolution No. _____, passed and adopted at a regular meeting of the Board of Directors of the Redwood Coast Energy Authority, County of Humboldt, State of California, held on the _____ day of _____, 20____, by the following vote:

AYES:

NOES:

ABSENT:



**COMMUNITY CHOICE AGGREGATION
IMPLEMENTATION PLAN
& STATEMENT OF INTENT
(FIRST REVISED AND UPDATED)**

July 2017

This update to the Redwood Coast Energy Authority CCA Implementation Plan and Statement of Intent makes the following changes to the original October 2016 version:

1. Adds the City of Ferndale to the geographic service territory;
2. Updates load forecasts and financials to account for the addition of customers within the City of Ferndale and other updates to customer-participation and load forecasts based on the most-current available information;
3. Minor updates to reflect the current program organizational structure and operational status.

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Redwood Coast Energy Authority
Community Choice Aggregation Implementation Plan (First Revised and Updated)

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Redwood Coast Energy Authority
Community Choice Aggregation Implementation Plan (First Revised and Updated)

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Abbreviations

| | |
|-------|---|
| CAISO | California Independent System Operator |
| CARE | California Alternative Rate for Energy |
| CCA | community choice aggregation |
| CEC | California Energy Commission |
| CP | commercial paper |
| CPUC | California Public Utilities Commission |
| CRC | cost recovery charge |
| CRS | cost responsibility surcharge |
| DLAP | default load aggregation point |
| EEL | Edison Electric Institute |
| ESP | energy service provider |
| FERC | Federal Energy Regulatory Commission |
| FIT | Feed-in tariff |
| GHG | greenhouse gas |
| ICE | Intercontinental Exchange |
| IDSM | Integrated demand side management |
| ISDA | International Swaps and Derivatives Association |
| IOU | investor owned utility |
| kWh | Kilowatt-hour |
| LRA | local reliability area |
| LSE | load serving entity |
| MW | Megawatt |
| NEM | Net energy metering |
| PAC | program administrator costs |
| PCC | portfolio content category |
| PCIA | power charge indifference adjustment |
| PG&E | Pacific Gas and Electric Company |
| PGC | Public Goods Charge |
| PV | photovoltaic |
| RA | resource adequacy |
| RCEA | Redwood Coast Energy Authority |
| REC | Renewable energy credit |
| RFO | request for offers |
| RFP | request for proposals |
| RPS | renewable portfolio standard |
| RREDC | Redwood Region Economic Development Commission |
| RTO | regional transmission organization |
| SCE | Southern California Edison |
| SDG&E | San Diego Gas & Electric |
| TEA | The Energy Authority |
| TRC | total resource cost |
| WSPP | Western System Power Pool |

Chapter 1: Introduction

Overview

The Redwood Coast Energy Authority (RCEA) is a public joint powers agency located within the geographic boundaries of Humboldt County, formed in 2003 for the purpose of developing and implementing sustainable energy initiatives that reduce energy demand, increase energy efficiency, and advance the use of clean, efficient and renewable resources available in the region. Member agencies of RCEA include the seven (7) incorporated cities located in Humboldt County, the County of Humboldt, and the Humboldt Bay Municipal Water District. RCEA members desire to further RCEA goals by implementing and administering a community choice aggregation (CCA) program (Program) available to members that elect to become Program participants (CCA Members).

This document constitutes RCEA's Implementation Plan and Statement of Intent (First Revised and Updated) to create a voluntary Program for electric customers within the jurisdictional boundaries of CCA Members that currently take bundled electric service from Pacific Gas and Electric Company (PG&E). The Program gives electricity customers the opportunity to join together to procure electricity from competitive suppliers, with such electricity being delivered over PG&E's transmission and distribution system. All current PG&E customers within the jurisdictional boundaries of CCA Members (the Program's service area) will receive information describing the Program and will have multiple opportunities to express their desire to remain full requirement ("bundled") customers of PG&E, in which case they will not be enrolled in the Program. Thus, participation in the Program is completely voluntary; however, customers will be automatically enrolled, as provided by law, unless they affirmatively elect to opt out of the Program.

Implementation of the Program enables customers within the Program's service area to take advantage of the opportunities granted by Assembly Bill 117 ("AB 117"), the Community Choice Aggregation Law. RCEA's primary objectives in implementing this Program are to provide overall rates that are lower or competitive with those offered by the incumbent utility for similar power supplies, and to supply an energy portfolio that prioritizes the use of local renewable resources, including existing facilities, to the maximum extent technically and economically feasible. The prospective benefits to consumers include the ability to reduce energy costs; stabilize electric rates; increase local electric generation reliability; influence which technologies are used to meet local electricity needs (including a potential increased use of renewable energy); ensure effective planning of sufficient resources and energy infrastructure to serve the CCA Members' residents and businesses; and improve the local and regional economy.

To ensure successful operation of the Program, RCEA is partnering with experienced energy suppliers and contractors to provide energy services to Program customers. RCEA used a competitive solicitation process and subsequent contract negotiations to choose qualified contractors to support the Program implementation and provide requisite energy products and scheduling coordinator services to meet the electric energy requirements of Program customers. Initially Program operations will rely heavily on contractors with in-house support. Over time, as RCEA builds in-house capacity, the need for outsourced support will decrease and the majority of operational tasks will move in-house. RCEA's CCA Implementation Plan represents a partnership among RCEA, the CCA Members, other not-for-profit entities, and the private sector to bring the

benefits of competition and choice to CCA Member residents and businesses. By exercising its legal right to form a CCA, RCEA enables its CCA Members' constituents to access the competitive market for energy and exert local control over the community's electricity supply. Absent action by RCEA or its individual CCA Members, very few customers (i.e. those who have legacy direct access arrangements) would have the ability to choose an electric supplier other than the incumbent utility.

The California Public Utilities Code provides the relevant legal authority for RCEA to become a Community Choice Aggregator and invests the California Public Utilities Commission (CPUC or Commission) with the responsibility for establishing the cost recovery mechanism that must be in place before customers can begin receiving electrical service through the Program. The CPUC also has responsibility for registering RCEA as a Community Choice Aggregator and ensuring compliance with basic consumer protection rules. The Public Utilities Code requires that an Implementation Plan be adopted at a duly noticed public hearing and that it be filed with the Commission to determine the cost recovery mechanism to be paid by customers of the Program in order to prevent shifting of costs to bundled customers of the incumbent utility.

On October 17, 2016, at a duly noticed public hearing, RCEA considered and adopted the original version of this Implementation Plan, through RCEA Resolution No. 2016-2 (Appendix A). On December 29, 2016 the Commission certified the original version of this Implementation Plan. On February 23, 2017 RCEA finalized registration as a CCA with the Commission. The RCEA Board of Directors voted to approve this revised and updated version of the Implementation Plan at a duly noticed public hearing held on July 17, 2017 by Resolution No. 2017-5 (also included in Appendix A).

In Decisions D.04-12-046, D.06-12-041, and D.07-01-025 the Commission established the methodology that was used to determine the cost recovery mechanism of this Implementation Plan, and PG&E has approved tariffs for imposition of the cost recovery mechanism. RCEA's newly participating jurisdiction – the City of Ferndale – has adopted a resolution and ordinance in addition to the existing participating jurisdictions that permits RCEA to provide service. RCEA submits this revised and updated Implementation Plan to the CPUC with the intention of providing service to the new jurisdiction. After the revised and updated Implementation Plan is certified by the CPUC, RCEA will begin the customer notification and enrollment process for the new customers.

As the Implementation Plan is modified from time to time, RCEA will maintain a current version on file with the CPUC.

Organization of This Implementation Plan

The content of this Implementation Plan complies with the statutory requirements of AB 117. As required by Public Utilities Code Section 366.2(c)(3), this Implementation Plan details the process and consequences of aggregation and provides RCEA's statement of intent for implementing a CCA Program that includes all of the following:

- Universal access;
- Reliability;
- Equitable treatment of all customer classes; and
- Any requirements established by state law or by the CPUC concerning aggregated service.

The remainder of this Implementation Plan is organized as follows:

Chapter 2: Aggregation Process
Chapter 3: Organizational Structure
Chapter 4: Start-up Plan and Funding
Chapter 5: Program Phase-In
Chapter 6: Load Forecast and Resource Plan
Chapter 7: Financial Plan
Chapter 8: Ratesetting
Chapter 9: Customer Rights and Responsibilities
Chapter 10: Procurement Process
Chapter 11: Contingency Plan for Program Termination
Appendix A: RCEA Resolutions Approving Implementation Plan and Statement of Intent
Appendix B: RCEA Amended Joint Powers Agreement

The requirements of AB 117 are cross-referenced to Chapters of this Implementation Plan in Table 1.

Table 1. Cross-reference table of AB 117 requirements and Implementation Plan Chapters

| AB 117 REQUIREMENT | IMPLEMENTATION PLAN CHAPTER |
|---|---|
| Process and consequences of aggregation | Chapter 2: Aggregation Process |
| Organizational structure of the Program, its operations and funding | Chapter 3: Organizational Structure Chapter 4: Start-up Plan and Funding Chapter 7: Financing Plans |
| Ratesetting and other cost to participants | Chapter 8: Ratesetting Chapter 9: Customer Rights and Responsibilities |
| Disclosure and due process in setting rates and allocating costs among participants | Chapter 8: Ratesetting |
| Methods for entering and terminating agreement with other entities | Chapter 10: Procurement Process |
| Participants rights and responsibilities | Chapter 9: Customer Rights and Responsibilities |
| Termination of the Program | Chapter 11: Contingency Plan for Program Termination |
| Description of third parties that will be supplying electricity under the Program, including information about financial, technical, and operational capabilities | Chapter 10: Procurement Process |
| Program Statement of Intent | Chapter 1: Introduction |

Chapter 2: Aggregation Process

Introduction

This chapter describes the background leading to the development of this Implementation Plan and describes the process and consequences of aggregation, consistent with the requirements of AB 117.

RCEA's efforts to form a CCA Program began in early 2015 with the support of the County Board of Supervisors, and interest from many of the Cities within Humboldt County, with the objective of 1) providing overall rates that are lower or competitive with those offered by the incumbent utility for similar power supplies, and 2) to supply an energy portfolio that prioritizes the use of local renewable resources, including existing facilities, to the maximum extent technically and economically feasible. RCEA then made CCA-enabling revisions to its original joint powers agreement that were ultimately adopted by the RCEA Board in December 2015 (Appendix B). In February 2016 the RCEA Board of Directors adopted an ordinance authorizing RCEA to act as a community choice aggregator to implement and operate a CCA program on behalf of its member-jurisdictions that choose to participate. A technical feasibility study for a CCA program serving Humboldt County was completed and adopted by the RCEA Board in September 2016. The Technical Study found that there were numerous benefits (and certain risks) for RCEA to further develop and ultimately implement a CCA. Following consideration of the Technical Study results, RCEA continued with the preparation of this Implementation Plan, which was completed in draft form in September 2016.

RCEA's CCA Members include the following local government entities:

- Unincorporated Humboldt County
- City of Arcata
- City of Blue Lake
- City of Eureka
- City of Ferndale
- City of Fortuna
- City of Trinidad
- City of Rio Dell

The original Implementation Plan was submitted to the CPUC on October 25, 2016 and certified by CPUC on December 29, 2016.

Process of Aggregation

A team of contractors with CCA expertise assisted RCEA in the development, launch, and early operation of its CCA Program. A core team of contractors will continue to provide support for RCEA's ongoing operations. These contractors are:

- The Energy Authority -- providing technical services, power procurement and supply management, credit requirements, power purchase negotiation assistance, rate design, risk management, financial planning, scheduling coordination and related services;
- Calpine Energy Solutions (formerly Noble Americas Energy Solutions) -- providing customer and data management, call center, and risk reporting services.

These core contractors are also supported by additional legal, marketing and technical consultants in sub-contracting roles.

Before customers of the newly participating jurisdiction are enrolled in the Program they will receive two notices in the mail from RCEA that will provide information needed to understand the Program's terms and conditions of service, and explain how customers can opt out of the Program, if desired. All customers that do not follow the opt-out process specified in the customer notices will be

automatically enrolled. Enrolled customers will begin receiving electric service from the Program at their next regularly scheduled meter read date (following the date of automatic enrollment).

Customers automatically enrolled in the Program will continue to have their electric meters read and will be billed for electric service by their current distribution utility (PG&E). The electric bill for Program customers will show separate charges for generation procured by the Program. All other charges related to delivery of the electricity and other utility charges will continue to be assessed by PG&E.

Subsequent to automatic enrollment, customers will be given two additional opportunities to opt out of the Program and return to their respective distribution utility (PG&E) following the cutover of service. Customers that opt out between the initial cutover date and the close of the post enrollment opt-out period will be responsible for Program charges for the time they were served by RCEA, but will not otherwise be subject to any penalty for leaving the Program. Customers that have not opted out within sixty days of cutover to CCA service will be deemed to have elected to become a participant in the Program and to have agreed to the Program's terms and conditions, including those pertaining to requests to terminate service, as further described in Chapter 9.

New customers who establish service within the Program service area will be automatically enrolled in the Program and will receive two notifications within 60 days post enrollment, with the option to opt-out at any time.

Consequences of Aggregation

Rate Impacts

Program customers will see no obvious changes in electric service other than the price and composition of their electric bills. Customers will pay the generation charges set by the Program and will no longer pay the costs of PG&E procurement and generation. Customers enrolled in the Program will be subject to the Program's terms and conditions, including responsibility for payment of all Program charges as described in Chapter 9.

RCEA's rate setting policies, described in Chapter 8, establish a goal of providing rates that are lower than the equivalent procurement and generation rates offered by the incumbent distribution utility (PG&E). RCEA will establish rates sufficient to recover all costs related to operation of the Program, and actual rates will be adopted by the members of the RCEA's Board of Directors who represent participating jurisdictions.

RCEA customers' current rates are approximately 1.5% lower than PG&E customers' rates, current as of July 1, 2017, when all electric charges and fees are compared. Information regarding prevailing RCEA Program rates will be disclosed along with other terms and conditions of service in the enrollment notices sent to potential customers.

Once the Program gives notice to PG&E that it will commence service in the new jurisdiction, Program customers, generally, will not be responsible in any way for costs associated with the utilities' future electricity procurement contracts or power plant investments. Certain pre-existing generation costs will continue to be charged by PG&E to CCA customers through a separate rate component, called the Cost Responsibility Surcharge or CRS. This charge is shown in PG&E's tariffs, which can be accessed from the utility's website, and is already included in rates currently

paid. As noted in PG&E's electric schedule CCA-CRS, "The CCA CRS consists of the Department of Water Resources (DWR) Bond Charge, the Energy Cost Recovery Amount, Ongoing Competition Transition Charges and the Power Charge Indifference Adjustment (PCIA), as set forth in each rate schedule."

Renewable Energy Impacts

A second consequence of the Program will be an anticipated increase in the proportion of energy generated and supplied by renewable resources. The resource plan includes procurement of renewable energy sufficient to meet 40% of the Program's electricity needs. This renewable energy will come from a combination of local and out-of-the area sources, with RCEA's goal being to increase the portion of renewable energy produced locally over time.

Energy Efficiency Impacts

A third consequence of the Program will be an increase in energy efficiency program investments and activities. The existing energy efficiency programs administered by PG&E are not expected to change as a result of RCEA forming the Program. CCA customers will continue to pay the public goods charges to the distribution utility which funds energy efficiency programs for all customers, regardless of generation supplier. The energy efficiency investments ultimately planned for the Program, as described in Chapter 6, will be in addition to the level of investment that would continue in the absence of the Program. Thus, the Program has the potential for increased energy savings and a further reduction in emissions due to expanded energy efficiency programs.

Chapter 3: Organizational Structure

This chapter provides an overview of the organizational structure of RCEA and its implementation of RCEA's CCA Program. Specifically, the key agreements, governance, management, and organizational functions of RCEA are outlined and discussed below.

Organizational Overview

The Program has a governing board that establishes Program policies and objectives; management that is responsible for operating the Program in accordance with such policies, and contractors that will provide energy and other specialized services necessary for Program operations.

Governance

The Program's governing Board of Directors ("Board") includes one appointed designee from each of the CCA Members. RCEA was established through a joint powers agreement originally instituted on April 22, 2003 and amended and restated on December 15, 2015, and formed under California law. The CCA Members of RCEA now includes all seven (7) municipalities located within the County as well as the unincorporated areas of the County, which have elected to allow RCEA to provide electric generation service within their respective jurisdictions. The Program will be operated under the direction of the RCEA Executive Director, with legal and regulatory support provided by a Board appointed General Counsel.

The Board's primary duties are to establish program policies, set rates and provide policy direction to the Executive Director, who will have general responsibility for Program operations, consistent with the policies established by the Board. The Board established a Chair and Vice-Chair from among its membership and may establish an Executive Committee and other committees and sub-committees as needed to address issues that require greater expertise in particular areas (e.g., finance or

contracts). RCEA may also form various standing and ad hoc committees or advisory groups, as appropriate, which would have responsibility for evaluating various issues that may affect RCEA and its customers, including rate-related and power contracting issues, and would provide analytical support and recommendations to the Board in these regards.

Management

The Executive Director may be a person or an operating entity. The Executive Director could be an employee of RCEA, an individual under contract with RCEA, a public agency, a private entity, or any other person or organization so designated by the Board. The Board will be responsible for evaluating and managing the Executive Director's performance.

The Executive Director has management responsibilities over the functional areas of Resource Planning, Portfolio Operations, Local Energy Programs, Ratesetting, Financial Management/Accounting, Customer Services and Legal/Regulatory Affairs. In carrying out these responsibilities to RCEA, the Executive Director may utilize a combination of internal staff and contractors. Certain specialized functions needed for program operations, namely the electric supply and customer account management functions described below, will be performed initially by experienced third party contractors.

Resource Planning

The Executive Director is charged with leading the development of both short (one and two -year) and long-term resource plans for the Program. The Executive Director will lead the development of the resource plan under the guidance provided by the Board and in compliance with California Law, and other requirements of California regulatory bodies, including the California Public Utilities Commission and the California Energy Commission.

Long-term resource planning includes load forecasting and supply planning on a 10- to 20-year time horizon. The Executive Director will lead and coordinate the development of integrated resource plans that meet Program supply objectives and balance cost, risk and environmental considerations. Integrated resource planning considers demand side energy efficiency and demand response programs as well as traditional supply options. The Program will require a planning function informed by public input, even if the day-to-day supply operations are contracted to third parties. This will ensure that local preferences regarding the future composition of supply and demand resources are planned for, developed, and implemented.

Portfolio Operations

Portfolio operations encompass the activities necessary for wholesale procurement of electricity to serve end use customers. These activities include the following:

- *Electricity Procurement* – assemble a portfolio of electricity resources to supply the electric needs of Program customers.
- *Risk Management* – standard industry risk management techniques will be employed to reduce exposure to the volatility of energy markets and insulate customer rates from sudden changes in wholesale market prices.
- *Load Forecasting* – develop accurate load forecasts, both long term for resource planning, and short-term for the electricity purchases and sales needed to maintain a balance between hourly resources and loads.

- *Scheduling Coordination* – scheduling and settling electric supply transactions with the California Independent System Operator (CAISO).

RCEA has contracted with a third party with the necessary experience (and balance sheet) to perform most of the portfolio operation requirements for the Program. This will include the procurement of energy and ancillary services, scheduling coordinator services, and day-ahead and real-time trading. A description of the third parties that are supplying electricity under the Program, including information about financial, technical and operations capabilities, is contained in Chapter 10. Long term energy procurement and generation project development will be managed by the Executive Director.

Local Energy Programs

A key focus of the CCA Program will be the development and implementation of integrated demand side management (IDSM) programs. These programs will include the existing energy efficiency programs currently offered by RCEA, PG&E, and others, in addition to new efficiency and demand response programs that complement, but do not duplicate those already funded by PG&E and administered by RCEA and others. IDSM programs can be used as cost-effective alternatives to procurement of supply-side resources.

Ratesetting

The Board of Directors has the ultimate responsibility for setting the electric generation rates for Program customers. The Executive Director, in consultation with staff and contractors, developed proposed rates and options for the Board of Directors to consider before the finalization of the actual rates, subject to the notice requirements and process described in Chapter 8. The final approved rates must, at a minimum, meet the annual revenue requirement for the Program, including any reserves or coverage requirements set forth in bond covenants. The Board of Directors will have the flexibility to consider rate adjustments within ranges, provided that the overall revenue requirement is achieved; this provides an opportunity for economic development rates or other rate incentives.

Financial Management/Accounting

With the support of consultants and staff, the Executive Director will be responsible for managing the overall financial aspects of the Program which includes: developing the annual budget and revenue requirement, managing and maintaining cash flow requirements, securing bridge loans and other financial tools as needed, and overseeing a large volume of billing settlements.

The finance function arranges financing for capital projects, prepares financial reports, and ensures sufficient cash flow for the Program. The finance function plays an important Program risk management function of monitoring the credit of suppliers so that credit risk is managed properly. Credit monitoring is important to keep abreast of changes in a supplier's financial condition and credit rating. The finance function establishes credit policies that the Program must follow.

Settlements (customer billing) will be contracted out to Calpine Energy Solutions, an organization with the necessary infrastructure and capability to handle the approximately 60,000 accounts that are expected to participate in the Program. This function is described under Customer Services below.

Customer Services

In addition to general Program communications and marketing, a significant amount of customer service and key account representation is necessary. This includes both a call center for questions and routine interaction with customer accounts. The Executive Director is responsible for leading the customer services function. RCEA is contracted with Calpine Energy Solutions for certain billing related or “Customer Account Services” as described below.

The Customer Account Services function performs retail settlements-related duties and manages customer account data. It processes customer service requests and administers customer enrollments and departures from the Program, maintaining a current database of customers enrolled in the Program. This function coordinates the issuance of monthly bills through the distribution utility’s billing process and tracks customer payments. Activities include the electronic exchange of usage, billing, and payments data between PG&E and RCEA, tracking of customer accounts receivables and payments, issuance of late payment and/or service termination notices, and administration of customer deposits in accordance with RCEA credit policies.

The Customer Account Services function also manages billing related communications with customers, customer call centers, and routine customer notices. RCEA is in contract with Calpine Energy Solutions, who bring the necessary experience and computer systems (customer information system) to perform the customer account and billing services functions.

RCEA conducts the general Program marketing and key customer account management functions. These include assignment of account representatives for key accounts to provide high levels of customer service, and implementation of a marketing strategy to promote customer satisfaction with the CCA Program. Ongoing communications, marketing messages, and information regarding the CCA Program to all customers will be critical for the overall success of the CCA Program.

Legal and Regulatory Representation

The CCA Program will require ongoing regulatory representation to file resource plans, ensure resource adequacy (RA) and California Renewable Portfolio Standard (RPS) compliance, and provide overall representation on issues that will impact RCEA and its CCA Members. RCEA, with support from CalCCA, a CCA trade organization, will play an active role in responding to regulatory or legislative actions that affect CCA interests at the CPUC, CEC, and, as necessary, Federal Energy Regulatory Commission (FERC) and the California legislature.

RCEA will retain legal services, as necessary, to administer the Program, review contracts, and provide overall legal support to the activities of RCEA. In addition to its own General Counsel, RCEA has access to the services of two legal firms with CCA expertise, both sub-contractors to RCEA’s core contracted service providers:

- Braun Blaising Smith & Wynne, specialists in regulatory and energy law, and
- Richards Watson & Gershon, specialists in municipal and JPA law

Chapter 4: Financial Plan for Expansion to New Jurisdiction

This Chapter presents RCEA’s plans for the expansion of service to Ferndale. Current program financial performance is on target to meet the reserve requirements detailed in the contract with The Energy Authority.

Startup Activities

The RCEA program has completed the following startup activities for its existing service territory and will continue to build on the work to serve the addition of Ferndale:

- Hire staff and contractors to manage implementation
- Identify and negotiate supplier/vendor contracts
 - Electric supplier and scheduling coordinator
 - Data management provider
- Define and execute communications plan
 - Customer research/information gathering
 - Media campaign
 - Key customer/stakeholder outreach
 - Informational materials and customer notices
 - Customer call center
- Pay utility service initiation, notification, and switching fees
- Perform customer notification, opt-out and transfers
- Conduct load forecasting
- Establish rates
- Legal and regulatory support
- Financial management and reporting

Staffing and Contract Services

As described in Chapter 3, RCEA will utilize a mix of internal staff and contractors in its Program implementation. RCEA currently has 25 full-time employees, including an Executive Director, several program specialists, and finance and administrative support personnel to support regulatory, procurement, finance, legal and communications activities. Personnel in the form of RCEA staff or contractors will be added incrementally to match workloads involved in program management and the roll-out of additional value-added services and local generation projects and programs.

Capital Requirements

The Program requires capital for three major functions: (1) staffing and contractor costs; (2) deposits and reserves; and (3) working capital. Each of these functions and their anticipated capital requirements are discussed below. The finance plan contained in Chapter 7 provides a more detailed discussion of the longer term capital requirements and Program finances.

Start-up staffing and contractor costs are estimated to be approximately \$2.5 million, and include internal staffing costs, and costs related to public relations support, technical support, and customer communications. Actual costs may vary depending on how RCEA manages its startup activities and the degree to which some or most of these startup activities are performed by the selected energy services provider rather than by RCEA.

Requisite deposits and operating reserves of the Program are estimated to approximate \$730,000 and include the following items: 1) operating reserves to address anticipated cash flow variations associated with RCEA program management - \$600,000 2) CCA bond (posted with the CPUC) - \$100,000; and 3) PG&E service fee deposit - \$30,000.

Operating revenues from sales of electricity will be remitted to RCEA beginning approximately on day 47 of Program operations, based on PG&E's standard meter reading cycle of 30 days and PG&E's payment/collections cycle of 17 days. The electric supplier, The Energy Authority (TEA), is responsible for providing the working capital needed to support electricity procurement, which is estimated to be \$5.8 to 7 million. This cost will be reflected in its price for providing full requirements electric service to the Program.

Therefore, the total staffing and contractor costs, applicable deposits, and working capital are expected to be approximately \$9 to 11 million. These are costs that ultimately will be collected through Program rates; however, some of these costs were incurred prior to RCEA selling its first kWh of electricity and required financing.

Financing Plan

The initial startup funding was provided to RCEA via a line of credit through the energy supplier, TEA, which will be repaid at an interest rate of 5% amortized for equal monthly payment over 48 months following Program commencement. Additional funding for communications services, via a line of credit, was provided by Calpine Energy Solutions, which will be repaid at an annual interest of 5% following Program commencement. The balance of startup funding has been provided by RCEA, with additional funds coming from a 60 month line of credit through Headwaters Fund, a local community fund, and administered by The Redwood Region Economic Development Commission (RREDC). RCEA will repay the loan at an annual interest of rate of 5% to RREDC starting the month after the loan is approved and funded. RCEA will recover the principal and interest costs associated with the start-up funding via retail generation rates charged to Program customers. It is anticipated that the start-up costs will be fully recovered through such customer generation rates within the first five years of operations. Pro forma projections for the initial 10 years of Program operations are shown in Chapter 7 below.

Chapter 5: Program Phase-in

RCEA enrolled the majority of its existing customers in May 2017. Subsequent enrollment occurred for customers taking service under a Net Energy Metering agreement. These customers were, or will be, enrolled in 3 additional phases to align better with their individual true-up date with PG&E. New Customers in Ferndale that have not opted out will be enrolled in January 2018 with the last phase of enrollment of the Net Energy Metered customers.

Chapter 6: Load Forecast and Resource Plan

The ten year RCEA resource plan seeks to implement the energy goals identified through the RePower Humboldt study¹ in a financially sustainable way, in compliance with CAISO and CPUC regulations. The key resource objectives for RCEA are:

- Contract with and develop local renewable generation including biomass, solar and wind;
- Support local distributed generation with Net-Energy Metering and Feed-in Tariffs;
- Continue and extend already existing investments and explore additional opportunities in energy efficiency, electric vehicle charging, and other local energy programs;

¹ <http://redwoodenergy.org/renewable-energy/repower-humboldt>

- Practice prudent procurement strategies to mitigate market and regulatory risk by diversifying procurement across generation technologies, counterparties, tenor and execution time;
- And, establish sufficient financial reserves to manage unexpected outcomes, build creditworthiness, and support the other resource objectives.

RCEA's resource plan is designed to procure sufficient renewable and zero-carbon supply to meet California's Renewable Portfolio Standard and to exceed the local utility's (PG&E's) forecasted renewable supply percentage and carbon emissions reduction rates. RCEA intends to make full use of liquid, over-the-counter markets for wholesale power, capacity and renewable energy to supplement bilateral procurement of local supply through RFPs and, potentially, development of new local resources. This includes relying on power provided through CAISO's Day-Ahead, Fifteen Minute, and Real-Time markets for hourly and sub-hourly shaping.

RCEA has engaged TEA to act as its agent to procure supply in the bilateral markets as well as act as its Scheduling Coordinator with CAISO. TEA is a not-for-profit energy firm which assists over 40 municipal and state-chartered entities in energy procurement nationwide. TEA actively participates in forward markets through the Intercontinental Exchange (ICE) and on a bilateral basis – procuring energy, resource adequacy capacity and renewable energy credits. TEA will also assist RCEA in running competitive solicitations for long-term supply contracts and to develop new resources.

RCEA's proposed ten year resource plan for the years 2017 through 2026 is summarized in Table 2 (in GWh):

Table 2: Proposed ten-year resource plan in GWh

| | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|-------------------------|------|------|------|------|------|------|------|------|------|------|
| Load | | | | | | | | | | |
| Retail Load | 428 | 698 | 705 | 716 | 719 | 727 | 734 | 745 | 749 | 756 |
| Wholesale Load | 448 | 731 | 738 | 750 | 753 | 761 | 768 | 780 | 784 | 792 |
| Supply | | | | | | | | | | |
| System Power | 90 | 146 | 148 | 150 | 151 | 152 | 154 | 156 | 157 | 158 |
| Local Renewables | 26 | 116 | 116 | 116 | 116 | 116 | 116 | 116 | 116 | 116 |
| Large-scale Hydro | 179 | 292 | 294 | 285 | 276 | 269 | 262 | 256 | 247 | 215 |
| In-state Renewables | 65 | 43 | 56 | 69 | 80 | 92 | 103 | 116 | 128 | 140 |
| Out-of-state Renewables | 89 | 133 | 125 | 129 | 130 | 132 | 133 | 135 | 136 | 162 |
| Net Position | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

Supply Requirements

The starting point for RCEA's resource plan is a projection of participating customers and associated electric consumption. Projected electric consumption is evaluated on an hourly basis, and matched with resources best suited to serving the aggregate of hourly demands or the Program's "load profile."

Load Forecast Methodology

To forecast future electricity consumption, weather normalization was applied to two years of historical monthly load data, and the resulting weather-adjusted data was extended forward with a presumed 1% per year net (i.e., taking into account energy efficiency and rooftop generation) load growth. PG&E default load profiles were applied by customer class to determine hourly consumption amounts. Finally, distribution losses were applied to determine the wholesale procurement requirements.

Roll-Out Schedule

RCEA began serving its first customers May 1st, 2017 and offered service to all customers by May 31st, 2017. Eligible customers are provided the opportunity to opt-out of the program per the requirements of the law enabling CCA formation.

Customer Participation Rates

Customers will be automatically enrolled in RCEA's electricity Program unless they opt-out during the customer notification process conducted during the 60-day period prior to enrollment and continuing through the 60-day period following commencement of service. RCEA anticipates an overall customer participation rate of approximately 93% of PG&E bundled service customers, based on actual opt-out rates for RCEA's current customers.

Customer Forecast

Once enrollment is complete RCEA expects to have approximately 63,000 customers. Total customer accounts by rate class are shown in Table 3 below.

Table 3: Expected RCEA Customer Enrollments by Rate Class in January 2018

| <i>Expected Enrollments</i> | |
|------------------------------------|---------------|
| Customer Class | Jan-18 |
| Residential | 37,443 |
| Low Income Res | 16,377 |
| Agriculture | 644 |
| Small Commercial | 6,925 |
| Med Commercial | 374 |
| Large Commercial + Industrial | 370 |
| Street Lighting | 1,397 |
| Total | 63,531 |

The forecast of service accounts (customers) served by RCEA for each of the next ten years is shown in Table 4 below, which reflects an estimated annual growth of 1%.

Sales Forecast

The forecast of annual kWh sales needed to serve RCEA's retail customers is shown in Table 5 below. Note that this forecast has decreased from the original forecast despite an increase in customers. This difference is due to a double counting of the load of low income residential customers in the initial Implementation Plan. This error has been corrected for this revised Implementation Plan.

Redwood Coast Energy Authority
Community Choice Aggregation Implementation Plan (First Revised and Updated)

Table 4: Total Projected Service Accounts by Rate Class

| Service Accounts by Rate Class | | | | | | | | |
|---------------------------------------|-------------|------------------------|-------------|------------------|-------------------|-------------------------------|-----------------|---------------|
| Year | Residential | Low Income Residential | Agriculture | Small Commercial | Medium Commercial | Large Commercial + Industrial | Street Lighting | Total |
| 2018 | 37,443 | 16,377 | 644 | 6,925 | 374 | 370 | 1,397 | 63,531 |
| 2019 | 37,818 | 16,541 | 650 | 6,994 | 378 | 374 | 1,411 | 64,166 |
| 2020 | 38,196 | 16,707 | 657 | 7,064 | 381 | 378 | 1,425 | 64,808 |
| 2021 | 38,578 | 16,874 | 664 | 7,135 | 385 | 382 | 1,439 | 65,456 |
| 2022 | 38,964 | 17,042 | 670 | 7,206 | 389 | 385 | 1,454 | 66,110 |
| 2023 | 39,353 | 17,213 | 677 | 7,278 | 393 | 389 | 1,468 | 66,771 |
| 2024 | 39,747 | 17,385 | 684 | 7,351 | 397 | 393 | 1,483 | 67,439 |
| 2025 | 40,144 | 17,559 | 690 | 7,424 | 401 | 397 | 1,498 | 68,113 |
| 2026 | 40,546 | 17,734 | 697 | 7,499 | 405 | 401 | 1,513 | 68,795 |

Table 5: Projected Energy Sales 2017-2026 in MWh

| Year | Residential | Low Income Residential | Agriculture | Small Commercial | Med Commercial | Large Commercial + Industrial | Street Lighting | Total |
|------|-------------|------------------------|-------------|------------------|----------------|-------------------------------|-----------------|----------------|
| 2017 | 173,920 | 57,656 | 20,079 | 63,015 | 33,222 | 78,278 | 2,132 | 428,302 |
| 2018 | 286,622 | 95,077 | 30,669 | 103,185 | 53,328 | 125,862 | 3,459 | 698,203 |
| 2019 | 289,489 | 96,028 | 30,976 | 104,217 | 53,862 | 127,121 | 3,494 | 705,185 |
| 2020 | 293,958 | 97,511 | 31,435 | 105,818 | 54,682 | 129,062 | 3,547 | 716,012 |
| 2021 | 295,307 | 97,958 | 31,598 | 106,312 | 54,944 | 129,676 | 3,564 | 719,359 |
| 2022 | 298,260 | 98,938 | 31,914 | 107,375 | 55,494 | 130,973 | 3,600 | 726,553 |
| 2023 | 301,243 | 99,927 | 32,233 | 108,449 | 56,049 | 132,282 | 3,636 | 733,819 |
| 2024 | 305,894 | 101,470 | 32,712 | 110,114 | 56,902 | 134,302 | 3,691 | 745,085 |
| 2025 | 307,298 | 101,936 | 32,881 | 110,628 | 57,175 | 134,941 | 3,709 | 748,568 |
| 2026 | 310,371 | 102,955 | 33,210 | 111,735 | 57,747 | 136,291 | 3,746 | 756,054 |

Capacity Requirements

RCEA is required to procure or self-provide sufficient generation capacity to meet the resource adequacy (RA) obligations as set forth by CAISO and the CPUC. The obligation is to demonstrate ownership of a combination of system-wide capacity from any generator within, or dynamically connected to the CAISO footprint; local capacity within specific local reliability areas (LRAs) within the same default load aggregation point (DLAP) which in RCEA's case is the PG&E DLAP; and flexible capacity to meet morning and evening ramps due to load ramping up and variable energy resources ramping down.

The amounts of the obligations in each category are determined by the California Energy Commission (CEC) based on load forecasts provided by each load serving entity (LSE) as well as information about any renewable resources which are under contract for the coming year. The amount of total capacity required (system plus local) is based on an individual LSE's (in this case RCEA) coincident peak demand with CAISO as a whole. The amount is 115% of the coincident peak demand on a monthly basis. The local RA fraction is a pro-rata share of the total local capacity requirement within the PG&E service territory. RCEA must show it has procured 90% of its RA obligations for the year prior to the start of the year, and the remainder prior to the beginning of each month.

RCEA's resource adequacy filings will take place in October of each year, according to the schedule established by the California Energy Commission for evaluating statewide resource adequacy based on resource plans filed by all LSEs in the state. The forward resource adequacy requirements for the initial two years are shown in Table 6. It is assumed that the Local Requirement will be approximately 40% of the total, and Flex will be 20% of the System + Local Requirement.

Table 6: Total System plus Local Resource Adequacy Capacity Requirement Forecast in MW

| Month | 2017 | 2018 |
|-------|------|------|
| Jan | | 126 |
| Feb | | 122 |
| Mar | | 125 |
| Apr | | 121 |
| May | 108 | 123 |
| Jun | 98 | 132 |
| Jul | 130 | 133 |
| Aug | 127 | 130 |
| Sep | 131 | 134 |
| Oct | 125 | 128 |
| Nov | 127 | 128 |
| Dec | 130 | 131 |

Local capacity requirements are a function of the PG&E area resource adequacy requirements and RCEA's projected peak demand. RCEA will need to work with the CPUC's Energy Division and potentially the staff at the California Energy Commission to obtain the data necessary to calculate RCEA's monthly local capacity requirement. A preliminary estimate of RCEA's annual local capacity requirement is contained in Table 7.

Table 7: System, Local and Flex Capacity Requirements - Annual Max in MW

| | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|-----------------|------|------|------|------|------|------|------|------|------|------|
| Avg System Peak | 82 | 129 | 130 | 132 | 133 | 134 | 136 | 137 | 138 | 140 |
| Avg System RA | 50 | 82 | 82 | 83 | 84 | 85 | 86 | 87 | 88 | 88 |
| Avg Local RA | 41 | 67 | 67 | 68 | 69 | 70 | 70 | 71 | 72 | 72 |
| Avg Flex RA | 18 | 30 | 30 | 30 | 31 | 31 | 31 | 32 | 32 | 32 |

Renewable Portfolio Standards Energy Requirements

RPS Requirements

As a CCA, RCEA is required by law and ensuing CPUC regulations to procure a minimum percentage of its retail electricity sales from qualified renewable energy resources. The same standards and rules governing RPS compliance that are applicable to the distribution utilities apply equally to all CCAs.

For the purposes of meeting the RPS, what qualifies a resource as renewable varies by the resource's location and type of contract. Resources which have their first point of interconnection, or are delivered directly to the California grid (Balancing Authorities within California) and are contracted for by the LSE as energy bundled with their renewable energy credits (RECs) qualify as Portfolio Content Category 1 (PCC1) resources. Resources which sell energy and RECs together, but are not necessarily connected to the California grid and not delivered simultaneously (i.e. the energy may be "shaped" into flat blocks of power) qualify as PCC2 resources. RECs sold independently of the energy produced qualify as PCC3 resources.

In the third RPS compliance period, which begins in 2017 and runs through 2020, LSEs are required to procure 75% of their overall RPS-compliant supply from PCC1 resources, no more than 10% from PCC3 resources, and the remainder can be from PCC2 resources. The total RPS percentage of the LSE's energy supply must be 27% in 2017, and increase linearly to 33% in 2020. Beyond 2020, the CEC and CPUC will set RPS requirements to enforce SB 350, which mandates a 50% RPS by 2030. The RCEA resource plan assumes that the RPS will ramp up linearly between 2020 and 2030 and that the requirements on portfolio content categories will remain the same.

RCEA's Renewable Energy Goals

RCEA intends to pursue a more aggressive renewable supply portfolio than that required by statute. This includes exceeding both the RPS mandate and PG&E's forecast for overall renewable portfolio percentage and using only PCC1 and PCC2 qualified renewables to meet the mandate. The basic RCEA retail offering will meet these objectives. There is, in addition, a 100% renewable option available at a premium rate.

RCEA plans to exceed PG&E's renewable supply percentage in its first year of operation and throughout the first ten years of operation. RCEA will therefore significantly exceed the minimum RPS requirements as shown in Table 8 so long as it can, as currently expected, remain cost competitive with PG&E's generation supply costs.

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Table 8: RCEA Renewable Portfolio Standard Compliance and Targets

| RCE Forecasts | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|--------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Retail Load (MWh) | 428,302 | 698,203 | 705,185 | 716,012 | 719,359 | 726,553 | 733,819 | 745,085 | 748,568 | 756,054 |
| RPS % Target | 27% | 29% | 31% | 33% | 35% | 36% | 38% | 40% | 42% | 43% |
| PG&E % Forecast | 32% | 33% | 35% | 37% | 38% | 40% | 41% | 42% | 44% | 45% |
| Program % Target | 40% | 40% | 40% | 42% | 43% | 45% | 46% | 47% | 49% | 50% |
| Program MWh Target | 171,321 | 279,281 | 283,484 | 300,725 | 311,483 | 324,043 | 336,823 | 351,680 | 363,056 | 376,515 |

Resources

RCEA plans to procure supply through a variety of resources. RCEA's strategic vision is to procure and develop local renewable resources. RCEA issued a request for offers (RFO) to procure output from local biomass generators for a portion of its supply needs at start-up. In addition, over time RCEA would like to procure from existing, local small hydro generators, develop local solar capacity, and potentially develop local wind supply.

RCEA has contracted with a third party service provider, TEA, to act as its agent in procuring power, capacity and renewable energy credits through the wholesale market. The arrangement provides flexibility such that RCEA can incorporate contracted or new resources into the supply mix as they are procured. RCEA will be transacting using the service provider's contracts with generation marketers and will therefore be able to spread transactions out amongst different counterparties and over time. This will reduce the portfolio risk over time as RCEA's supply costs will tend to smooth out fluctuations in market prices.

RCEA's resource plan anticipates the development of a solar PV generation resource within the PG&E service area planned to be online by the end of 2018. The plan calls for development of 15 MW of solar resources, in addition to the biomass generation. Altogether, RCEA expects to meet approximately 20% of RCEA's annual electricity requirements from these resources within the first several years of operation. The amount and type of local renewable supply will depend upon RCEA's financial position and the availability and price of resources. The remainder of the renewable energy supply is anticipated to come from power purchases from third party renewable energy developers.

Purchased power

RCEA will make extensive use of power markets to meet supply needs on an ongoing basis in order to retain rate competitiveness with PG&E. A substantial portion of PG&E's supply portfolio consists of short-term power and gas contracts procured from wholesale markets. RCEA will need to follow a similar practice with respect to its power supply costs to mitigate the risks of having more expensive supply than PG&E. As RCEA's proportion of renewable supply grows it can continue to maintain supply cost flexibility by having some of its contracts be index-based contracts, where the energy price varies with market prices. This residual exposure to market prices can then be systematically hedged using similar techniques to those discussed below.

Over-the-counter power markets such as the Intercontinental Exchange (ICE) provide a transparent platform upon which to procure power in standardized contracts with very low transaction costs. RCEA plans to procure peak and off-peak power in annual, quarterly or monthly blocks in a systematic way to mitigate the risk of buying large percentages of supply when the market happens to be expensive. This smoothing, or dollar-cost-averaging of supply costs, is a standard best practice for utilities (as well as other participants in wholesale markets) to manage their price risk. RCEA will make use of stochastic price and load models to measure the levels of risk and the effectiveness of various hedging transactions on reducing the risk.

RCEA will also be able to procure power through CAISO in the Day-Ahead, Fifteen Minute, and 5 Minute Markets. These are also low cost ways to procure power and can seamlessly provide supply shaping to match load shaping on hourly and sub-hourly granularity. RCEA will plan to use the CAISO market to handle their hourly shaping needs and to contribute to the dollar-cost-averaging approach to risk mitigation.

In collaboration with TEA, RCEA has developed a strategy for procuring power based upon a variety of considerations including:

- Quantity and cost of procured local renewable supply;
- PG&E's rates and procurement practices;
- Stochastically measured risk metrics and risk tolerances;
- Plans for layering in local renewable supply over time;
- Credit availability.

Renewable Resources

RCEA has a goal of supporting and developing local renewable resources. Additional local supply supports RCEA's objective of greater electrical security given limited transmission access to the larger CAISO grid. Spending money on local supply also supports RCEA's objective of supporting the local economy. However, there are some obstacles to procuring local renewable supply. The biomass generators that already exist in Humboldt County are relatively expensive to run. Solar generation is less efficient in Humboldt County, compared to other California locations, due to lower insolation levels. Other forms of local generation – small scale hydro and new wind development – also are expensive relative to market prices.

Therefore RCEA proposes to procure local renewable power as financial circumstances allow, and supplement with non-local, less expensive renewables available on a short-term bilateral basis. This may include utility-scale solar, wind, geothermal or other forms of renewable supply. RCEA's wholesale services adviser (TEA), will solicit Category 1 and 2 power and RECs from marketers as needed to meet RCEA's RPS obligations and renewable percentage objectives described earlier. RCEA will make use of the wholesale service advisor's enabling agreements – with Western System Power Pool, Edison Electric Institute, and International Swaps and Derivatives Association (WSPP, EEI and ISDA) – to transact with marketers on a short-term basis. As more local renewables are contracted, the need for short-term renewable supply will diminish. Planned mechanisms for procurement of local renewable energy include feed-in tariffs for renewable energy systems with capacity less than 1 MW and with minimal on-site loads, and net metering arrangements similar to those offered by PG&E for solar systems under 1 MW that principally serve on-site load².

Energy Efficiency

California electric distribution utilities (investor owned utilities and municipal utilities) are required by law to include a separate line item on customer bills containing a surcharge to fund Public Purpose Programs supported by the Public Goods Charge (PGC). PGC funded programs include energy efficiency, renewable energy, low-income, and research and development programs. The PGC surcharge is non-bypassable, subject to payment regardless of whether the serving distribution utility provides the energy commodity. Therefore, customers purchasing energy from a private Energy Service Provider (ESP) or a CCA must pay the PGC and may participate in PGC funded programs. Additionally, under CCA, enabling legislation³ permits CCAs to apply to administer cost-effective energy efficiency programs. All electric utilities in the state include energy efficiency programs in

² Net metered rooftop solar supply will increase the overall renewable supply in Humboldt County but will not count towards meeting RCEA's RPS obligations.

³AB 117, Chapter 838, Chaptered September 24, 2002, adding Section 381.1 to Public Utilities Code

their resource portfolios, and annual budgets for these programs are approximately \$700 million. Energy efficiency programs provide a least-cost resource and enhance customer service.

RCEA is already focusing on energy efficiency in Humboldt County. RCEA currently receives funding through PG&E to implement energy efficiency programs, and its Board is committed further efficiency efforts in the county. RCEA plans to continue its current efficiency work post-CCA implementation, and develop additional efficiency programs that enhance, but do not duplicate, existing programs in its overall integrated demand side management strategies.

Demand Response

Demand response programs provide incentives to customers to reduce demand upon request by the load serving entity (i.e., RCEA), reducing the amount of generation capacity that must be maintained as infrequently-used reserves. Demand response programs can be cost effective alternatives to capacity otherwise needed to comply with the resource adequacy requirements. The programs also provide rate benefits to customers who have the flexibility to reduce or shift consumption for relatively short periods of time when generation capacity is most scarce. Like energy efficiency, demand response can be a win/win proposition, providing economic benefits to the electric supplier and customer service benefits to the customer.

RCEA is interested in exploring the potential for Demand Response (DR) within its service area. However, it is not clear at present how much potential there may be for effective demand response. Other CCAs have initiated some prototype DR projects, but have not found opportunities for large scale DR deployment to date. Two newly-emerging areas of demand response are electric vehicle and heat pumps with thermal storage combined with smart grid or timer control. RCEA will explore the potential for fuel switching as a form of demand response.

PG&E offers a number of demand response programs to its customers such as the Base Interruptible Program, the Demand Bidding Program, the Optional Binding Mandatory Curtailment Plan, and access to some DR aggregator programs. These may be available to RCEA's customers as well. Some existing CCAs provide access to these programs, while others do not. RCEA will explore options for including demand response programs into its overall integrated demand side management strategies.

Distributed Generation

RCEA is strongly supportive of developing local renewable generation. One significant element of that objective is to incentivize the development of distributed generation, primarily rooftop and small-scale solar PV. RCEA has implemented Net Energy Metering (NEM) and plans to implement a Feed-in-Tariff (FIT) rate schedules which will be more remunerative than the comparable PG&E schedules to encourage local residents, businesses and developers to install more solar generation within the RCEA service area. RCEA's resource plan calls for several MWs of both NEM and FIT capacity to be developed within the first several years of operation.

Impact of Resource Plan on Greenhouse Gas Emissions

RCEA plans to reduce CO₂ emissions from its supply portfolio relative to PG&E's forecasted emissions rates. Table 9 shows the projected CO₂ emissions rates in lbs/MWh for PG&E and RCEA over the 2017-2026 time period. RCEA plans to achieve emissions reductions through having a substantial part of their supply portfolio be non-fossil-fuel resources. This will consist of RPS-eligible renewable supply as well as other non-fossil-fuel supply such as large hydro generation.

Table 9: Projected PG&E and CCA CO₂ Emissions Rates in lbs/MWh

| RCEA Forecasts | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|---------------------|------|------|------|------|------|------|------|------|------|------|
| PG&E Emissions Rate | 59% | 61% | 63% | 65% | 67% | 68% | 70% | 72% | 74% | 75% |
| RCE Emissions Rate | 80% | 80% | 80% | 80% | 80% | 80% | 80% | 80% | 80% | 80% |

Chapter 7: Financial Plan for Ongoing Program Operation

This section examines the monthly cash flows expected during the next few years of the Program.

Description of Cash Flow Analysis

This Cash Flow Analysis estimates the level of working capital that would be required until RCEA begins to collect retail revenues. With a program start date of May 1, 2017 regular monthly revenues would not be realized until July 2017. The Cash Flow Analysis has been updated to include the enrollment of the new Program customers.

Cost of CCA Program Operations

The first category of the Cash Flow Analysis is the cost of Program operations. To estimate the overall costs associated with operations, the following components were taken into consideration:

- Electricity Procurement
- Resource Adequacy and Renewable Energy Credit Requirements
- Exit Fees
- Staffing Requirements
- Contractor Costs
- 3rd Party Wholesale Services and Data Management Fees
- Billing Costs
- Franchise Fees
- CAISO Charges (Uplift, etc.)

RCEA has arranged for services contracts with a power manager and a data management provider. These contracts were arranged to supply financing to RCEA until the Program realizes positive cash flow. RCEA will not be billed for these services until revenues start to accrue. Therefore, RCEA will not require any additional financing for those services through that period.

Revenues from CCA Program Operations

The Cash Flow Analysis also provides estimates for revenues generated from electricity sales to customers. In determining the level of revenues, the Cash Flow Analysis assumes that RCEA's Program provides a discount of 2.7% from the existing distribution utility generation rate for each customer class. Based on this assumed discount, Table 10 provides a comparison of the projected blended distribution utility rate and RCEA's blended electric rate over the CCA Program Implementation period. Costs shown are per MWh.

Table 10: RCEA and PG&E Blended Rate Forecast for 2017

| <u>2017 Blended Rates</u> | |
|------------------------------------|------------------|
| RCEA Generation | \$ 68.41 |
| PG&E PCIA + Franchise Fee | \$ 25.82 |
| PG&E Transmission and Distribution | \$ 87.00 |
| Other Regulatory | \$ 17.41 |
| Total CCA Customer | \$ 198.64 |
| PG&E Generation | \$ 96.83 |
| PG&E Transmission and Distribution | \$ 87.00 |
| Other Regulatory | \$ 17.41 |
| Total PG&E Bundled | \$ 201.24 |
| <u>Percentage Discounts</u> | |
| Of Total Rate | -1.3% |
| Of Generation Rate (incl PCIA) | -2.7% |

Cash Flow Analysis Results

The results of the Cash Flow Analysis provide an estimate of the level of working capital required for RCEA to move through the implementation period and complete enrollment of customers in the newly participating jurisdiction. This estimated level of working capital is determined by examining the monthly cumulative net cash flows (Revenues from CCA Operations minus Cost of CCA Operations) based on assumptions for payment of costs by RCEA, along with an assumption for when customer payments will be received. This identifies, on a monthly basis, what level of cash flow is available in terms of a surplus or deficit. With regard to the assumptions related to payments streams, the Cash Flow Analysis assumes that customers will make payments within 60 days of the service month, and that RCEA will make payments to suppliers within 30 days of the service month.

Because RCEA has arranged for services contracts, including procurement, which include financing for the period between when costs are incurred and revenues are received, RCEA's working capital requirements are greatly reduced. In addition, as a currently operating energy efficiency organization, RCEA has already accounted for much of its overhead in terms of internal staff, operations, and rent. Therefore, RCEA's additional financing needs are limited to any incremental resources needed to meet staffing costs. RCEA has arranged for a loan of \$700,000 to cover additional staff, as well as part-time support from existing administration and operations staff to manage startup activities, and to cover General Counsel and consultant costs. RCEA has a general fund reserve balance that could be drawn down to cover these costs, but all of RCEA's current

funding is on a reimbursable basis. Therefore having a healthy general fund balance and/or line of credit is necessary to manage cash-flow for daily operations.

In terms of reviewing the results of the Cash Flow Analysis, it is important to note that from a feasibility standpoint, the Program continues to be viable, meaning that the Program is feasible while providing cost savings to customers when compared to the costs for electricity those same customers pay under the incumbent distribution utility. The feasibility of the Program during the implementation period is summarized further below.

CCA Program Implementation Pro Forma

In addition to developing a Cash Flow Analysis that estimates the level of working capital required to get RCEA through full Program implementation, a summary analysis has been prepared that evaluates the feasibility of the Program during the implementation period. The difference between the Cash Flow Analysis and the Program Implementation Feasibility Analysis ("Feasibility Analysis") is that the Feasibility Analysis does not include a lag associated with payment streams. In essence, costs and revenues are reflected in the month in which service is provided. All other items, such as costs associated with Program operations and rates charged to customers, remain the same.

The results of the Feasibility Analysis are in Table 11. Over the entire implementation period, while providing a 1.5% electricity savings to customers estimated at over \$31 million, the Analysis demonstrates that the Program will generate an estimated positive cash flow of approximately \$40 million. This amount is subject to change depending upon market prices, PG&E rates, and other factors. Surplus revenues will form the basis of a rate-stabilization or reserve fund. They may also be used for the development and implementation of renewable energy projects, energy efficiency programs, and/or low-income assistance programs.

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Table 11: RCEA Pro-Forma from Feasibility Analysis in 2016\$. Net Programs Revenues is the Total Revenues minus Total Operations Costs

| | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|------------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Retail Revenues (2016\$) | | | | | | | | | | |
| Electric Sales Revenue | 29,300,577 | 46,426,935 | 48,708,641 | 50,900,387 | 53,772,775 | 56,358,847 | 59,513,135 | 62,954,516 | 65,865,151 | 69,561,108 |
| Uncollectible Accounts | -87,902 | -139,281 | -146,126 | -152,701 | -161,318 | -169,077 | -178,539 | -188,864 | -197,595 | -208,683 |
| Total Revenues | 29,212,675 | 46,287,654 | 48,562,515 | 50,747,686 | 53,611,457 | 56,189,770 | 59,334,595 | 62,765,653 | 65,667,555 | 69,352,425 |
| Cost of Operations (2016\$) | | | | | | | | | | |
| Staffing & Consulting | 1,333,333 | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 |
| Wholesale Services | 376,664 | 576,296 | 593,585 | 611,392 | 629,734 | 648,626 | 668,085 | 688,127 | 708,771 | 730,034 |
| Data Management Services | 706,886 | 1,082,563 | 1,093,388 | 1,104,322 | 1,115,365 | 1,126,519 | 1,137,784 | 1,149,162 | 1,160,654 | 1,172,260 |
| IOU Fees | 361,448 | 404,400 | 412,528 | 420,820 | 429,278 | 437,907 | 446,709 | 455,688 | 464,847 | 474,190 |
| Energy Programs | 133,333 | 400,000 | 600,000 | 800,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| Debt Services | 105,679 | 158,518 | 158,518 | 158,518 | 158,518 | 52,839 | 0 | 0 | 0 | 0 |
| Energy Procurement | 22,064,937 | 36,384,183 | 36,208,804 | 37,915,352 | 39,428,511 | 39,898,449 | 41,378,485 | 42,967,799 | 44,287,236 | 45,998,320 |
| Total Operations Costs | 25,082,280 | 41,005,960 | 41,066,824 | 43,010,405 | 44,761,407 | 45,164,341 | 46,631,062 | 48,260,776 | 49,621,507 | 51,374,805 |
| Net Program Revenues | 4,130,395 | 5,281,695 | 7,495,691 | 7,737,282 | 8,850,050 | 11,025,430 | 12,703,533 | 14,504,877 | 16,046,048 | 17,977,620 |

RCEA Financings

Implementation Financing

As previously mentioned, due to the majority of up front financial needs being built into the structure of RCEA's services contracts, RCEA needed minimal direct financing requirements during implementation to pay for any incremental resources. This funding came from a line of credit from the Headwaters Fund (a local community fund) administered by RREDC. Financing for power purchases as well as outsourced services is included in the costs for those services. The funding has a payback over the course of the contracts which each extend five years, and are accounted for in the service charges.

Local Renewable Resource Project Financing

RCEA issued Request for Offers (RFO) for local biomass generation as its first purchase of resource-specific generation. It has currently contracted with Humboldt Redwood Company for 12 MW of generation for a supply term of five years. Humboldt Redwood Company has not required any collateral or other initial funding. Any additional renewable generation development in the first several years of operations is expected to be funded out of operating revenues and/or accumulated reserves. The most likely early resource development efforts will be focused on relatively small scale solar PV developments.

Chapter 8: Ratesetting

Introduction

This chapter describes the initial policies for RCEA in setting its rates for electric aggregation services. These include policies regarding rate design, objectives, and due process in setting Program rates. This section also presents a comparison of preliminary Program rates to the distribution utility rates projected to be in effect at Program initiation. Final Program rates will be approved by the Board of Directors and included in the initial customer opt-out notices.

By adopting this Implementation Plan, the RCEA's Board of Directors approved the rate policies and procedures contained herein to be effective at Program initiation. The Board of Directors retains authority to modify Program policies from time to time at its discretion.

Rate Policies

RCEA will establish rates sufficient to recover all costs related to operation of the Program, including any reserves that may be required as a condition of financing, and other discretionary reserve funds that may be approved by the Board of Directors. The initial goal has been set to build a discretionary reserve between \$8 and \$30 million over the first five years of operation, depending on market conditions. As a general policy, rate discounts relative to PG&E will be uniform for all customer classes throughout the service area of the Program, comprised of the jurisdictional boundaries of RCEA's CCA Members.

RCEA intends to allocate approximately 5% of its available budget to rate savings. This is estimated to translate into a targeted total customer rate savings of \$2 million per year on average over the first five years of operation, or \$10 million in cumulative rate savings over this period.

The primary objective of the ratesetting plan is to set rates that achieve the following:

- Rate competitiveness
- Rate stability
- Equity among customers
- Customer understanding
- Revenue sufficiency

Each of these objectives is described below.

Rate Competitiveness

RCEA's goal is to offer competitive rates for the electric services it provides to participating customers. The goal is for the rates RCEA customers pay to be at or below the equivalent generation rates offered by PG&E. The financial projections included in this Implementation Plan indicate that this target is achievable on a long term basis due, in part, to RCEA's access to low cost generation sources. Competitive rates will be critical to attracting and retaining key customers.

Rate Stability

RCEA will offer stable rates by hedging its supply costs over multiple time horizons. Rate stability considerations may mean that rates at any point in time may offer somewhat greater or lesser savings than the general rate targets set for the Program. Although RCEA's rates will be stabilized through execution of appropriate price hedging strategies, the distribution utility's rates can fluctuate significantly year-to-year based on energy market conditions such as natural gas prices, the utility's hedging strategies, and hydro-electric conditions; and from rate impacts caused by periodic additions of generation to utility rate base.

Equity among Customer Classes

RCEA's policy is to provide rate benefits to all customer classes relative to the rates that would otherwise be paid to the local distribution utility. Rate differences among customer classes will reflect the rates charged by the local distribution utility as well as differences in the costs of providing service to each class. Rate benefits may also vary among customers within the major customer class categories, depending upon the specific rate designs adopted by the Board of Directors.

Customer Understanding

The goal of customer understanding involves rate designs that are relatively straightforward so that customers can readily understand how their bills are calculated. This not only helps minimize customer confusion and dissatisfaction but will also result in fewer billing inquiries to RCEA's customer service call center. Customer understanding also requires rate structures to make sense (i.e., there should not be differences in rates that are not justified by costs or by other policies such as providing incentives for conservation).

Revenue Sufficiency

RCEA's rates must collect sufficient revenue from participating customers to fully fund the Program's annual budget. Rates will be set to collect the adopted budget based on a forecast of electric sales for the budget year. Rates will be adjusted as necessary to maintain the ability to fully recover Program costs.

Rate Design

RCEA's rate designs generally mirror the structure of PG&E's generation rates so that similar rate benefits can be provided to the CCA Program customers. For example, RCEA rates for customer classes that include peak demand charges and other charges that vary based on the time period during which the energy or peak demand is consumed (time-of-use rates) will generally match the rate structures from PG&E's standard rates to avoid the possibility that customers would see significantly different bill impacts as a result of changes in rate structures when beginning service in the Program. RCEA may also introduce new rate options for customers, such as rates designed to encourage economic expansion or business retention within RCEA's service area.

The proposed rate design approach will apply an equal percentage discount to the otherwise applicable rate for all of the various rate schedules offered by PG&E. All customers, including low income residential customers receiving low income discounts, would receive the same rate benefit on a percentage basis.

The "equal benefits" rate design will facilitate easy rate comparisons and provide for a smooth transition of customers from bundled service to Program service. RCEA's Board of Directors has the discretion to modify its rate design policies, and it is likely that over time RCEA's rates will become less tied to those offered by PG&E.

Low-income customers who stay with the CCA Program will still be eligible for the California Alternative Rate for Energy (CARE) plan through PG&E. This program is funded by all customers through either the public purpose program charge or the investor owned utilities (IOUs) distribution rates and would not impose additional costs on Program customers. However, RCEA may create additional programs to benefit low income customers.

Net Energy Metering

Customers with on-site generation eligible for net metering from PG&E are eligible for a net metering rate from RCEA. Net energy metering allows for customers with certain qualified distributed generation to be billed on the basis of their net energy consumption. RCEA's net metering tariff applies to the generation component of the bill, and the PG&E net energy metering tariff would apply to the utility's portion of the bill. RCEA plays customers for excess power produced from net metered generation systems in accordance with the rate design adopted by the RCEA Board.

Rate Impacts

Based on projected costs for the first year of service, RCEA's initial load-weighted average rate is expected to be 7 cents/kWh. This is below projected PG&E generation rates, including the impact of the PCIA charge which RCEA customers will also have to pay.

RCEA's rates include all costs expected to be incurred by RCEA related to the Program, including power supply costs, operations and administration costs, reserves, and billing and metering fees charged by PG&E to RCEA. Program rates are designed to be at or below PG&E rates.

Disclosure and Due Process in Setting Rates and Allocating Costs among Participants

Program rates are adopted by the Board of Directors following the establishment of the first year's operating budget prior to initiating the customer notification process, which occurs in January of every year. Subsequently, RCEA will prepare an annual budget and corresponding customer rates and submit these as an application for a change in rates to the Board of Directors. The rates must be

approved at a public meeting of RCEA no sooner than sixty days following submission of the proposed rates, during which affected customers will be able to provide comment on the proposed rate changes.

Within forty-five days after submitting an application to increase any rate, RCEA will furnish notice of its application to its customers affected by the proposed increase, either by mailing such notice postage prepaid to such customers or by including such notice with the regular bill for charges transmitted to such customers. The notice will state the amount of the proposed increase expressed in both dollar and percentage terms, a brief statement of the reasons the increase is required or sought, and the mailing address of RCEA to which any customer inquiries relative to the proposed increase, including a request by the customer to receive notice of the date, time, and place of any hearing on the application, may be directed.

Chapter 9: Customer Rights and Responsibilities

This chapter discusses customer rights, including the right to opt-out of the CCA Program, as well as obligations customers undertake upon agreement to enroll in the CCA Program. All customers that do not opt-out within 60 days of enrollment in the Program (after having received the fourth opt-out notice) will have agreed to become full status Program participants and must adhere to the obligations set forth below, as may be modified and expanded by the Board of Directors from time to time.

By adopting this Implementation Plan, RCEA's Board of Directors approved the customer rights and responsibilities policies contained herein to be effective at Program initiation. The Board of Directors retains authority to modify Program policies from time to time at its discretion.

Customer Opt-Out Rights, Notices and Process

Opt-Out Notices

At the initiation of any mass customer enrollment, a total of four notices will be provided to customers describing the Program, informing them of their opt-out rights to remain with utility bundled generation service, and containing a simple mechanism for exercising their opt-out rights. The first notice will be mailed to customers approximately sixty to ninety days prior to the date of automatic enrollment. A second notice will be sent approximately thirty days later. Customers who do not affirmatively opt-out within this period shall be automatically enrolled in the Program.

Following automatic enrollment, a third opt-out notice will be included with the final bill containing utility generation charges, and a fourth and final opt-out notice will be included with the first bill containing Program charges. Customers who opt out will be obligated to pay RCEA's charges for electric services provided during the time the customer took service from the program, but will otherwise not be subject to any penalty or transfer fee from RCEA.

RCEA will use its own mailing service for opt-out notices to increase the likelihood that customers will read the enrollment notices. Customers may opt out by notifying RCEA using the Program's designated telephone-based or internet opt out processing service. Customers that contact PG&E to opt out will be transferred to the Program's call center to complete the opt-out process. Consistent with CPUC regulations, notices returned as undelivered mail will be treated as failure to opt-out and the customer will be automatically enrolled.

Termination Fee

Customers that are automatically enrolled in the Program can elect to transfer back to the incumbent utility without penalty. RCEA will not charge any fee to customers returning to bundled service from PG&E. Customers electing to terminate service will be transferred to PG&E on their next regularly scheduled meter read date if the termination notice is received a minimum of fifteen days prior to that date. Customers who voluntarily transfer back to PG&E will also be liable for the nominal reentry fees imposed by PG&E as set forth in the applicable PG&E CCA tariffs. Such customers will also be required to remain on bundled utility service for a period of one year, as described in PG&E's CCA tariffs.

Customer Confidentiality

RCEA will maintain confidentiality of individual customer data. Confidential data includes individual customers' name, service address, billing address, telephone number, account number and electricity consumption. Aggregate data that does not compromise confidentiality of individual customers may be released at the discretion of RCEA or as required by law or regulation.

Responsibility for Payment

Pursuant to CPUC regulations, electricity service will not be shut off for failure to pay RCEA's bill. In most circumstances, customers will be returned to utility service for failure to pay bills in full and customer deposits will be withheld in the case of unpaid bills. Late-payment notices will be sent to overdue customers; if payment is not received after an additional period of time as stated in the notices, service will be transferred to the utility on the next regular meter read date, unless alternative payment arrangements have been made. Consistent with the CCA tariffs, Rule 23, service will not be discontinued to a residential customer for a disputed amount if that customer has filed a complaint with the CPUC and that customer has paid the disputed amount into an escrow account.

Customers will be obligated to pay RCEA charges for services provided through the date of transfers, including any applicable Termination Fees. RCEA will have an enforceable collection mechanism to support its credit and will attempt to negotiate collection arrangements with the distribution utility that will satisfy RCEA's credit requirements. RCEA may petition the Commission to obtain shut-off rights for a customer's non-payment of Program charges, if a satisfactory collections agreement cannot be negotiated with PG&E.

Customer Deposits

Customers may be required to post a deposit equal to two months' estimated bills for RCEA's charges to obtain service from RCEA under certain circumstances. A deposit would be required for an applicant who previously has been a customer of PG&E or RCEA and whose electric service has been discontinued by PG&E or RCEA during the last twelve months of that prior service because of nonpayment of bills. Such customers may be required to reestablish credit by depositing the prescribed amount. Additionally a customer who fails to pay bills before they become past due as defined in PG&E Electric Rule 11 (Discontinuance and Restoration of Service), and who further fails to pay such bills within five days after presentation of a discontinuance of service notice for nonpayment of bills, may be required to pay said bills and re-establish credit by depositing the prescribed amount. This rule will apply regardless of whether or not service has been discontinued for such nonpayment. Failure to post deposit as required would cause the account service transfer request to be rejected, and the account would remain with PG&E.

Chapter 10: Procurement Process

Introduction

This chapter describes RCEA's initial procurement policies and the key third party service agreements by which RCEA will obtain operational services for the CCA Program.

By adopting this Implementation Plan, RCEA's Board of Directors approved the general procurement policies contained herein to be effective at Program initiation. The Board of Directors retains authority to modify Program policies from time to time at its discretion.

Procurement Methods

RCEA has entered into and will continue to enter into agreements for a variety of services needed to support Program development, operation, and management. RCEA will generally utilize competitive procurement methods for services but may also utilize direct procurement or sole source procurement, depending on the nature of the services to be procured. Direct procurement, or sole source procurement, is the purchase of goods or services without competition when multiple sources of supply are available. Sole source procurement is generally to be performed only in the case of emergency or when a competitive process would be an idle act.

RCEA utilized a competitive solicitation process to enter into agreements with entities providing electrical services for the Program. Agreements with entities that provide professional legal or consulting services, and agreements pertaining to unique or time sensitive opportunities, may be entered into on a direct procurement or sole source basis at the discretion of RCEA's Executive Director or Board of Directors.

The Executive Director will report quarterly to the Board of Directors a summary of the actions taken with respect to the delegated procurement authority.

Authority for terminating agreements will generally mirror the authority for entering into the agreements.

Key Contracts

Electric Supply Contract

RCEA conducted an open RFP process through which it has contracted with The Energy Authority (TEA) to provide wholesale power services including assistance with procurement, risk management and to act as its CAISO Scheduling Coordinator. TEA is a not-for-profit energy services company which is owned by and works exclusively for municipal and state agencies. TEA has over 50 customers for its services across the United States. TEA specializes in wholesale procurement in the forward, cash and real-time markets, both in bilateral and regional transmission organization (RTO)-based markets. TEA also provides risk management, valuation and other analytic and middle-office services.

TEA will serve as RCEA's agent by procuring energy, capacity and renewable energy credits in the over-the-counter markets from energy marketers and other utilities. TEA will use its own contracts to secure these products via multiple provider solicitations and by utilizing the InterContinental Exchange for standardized power contracts. TEA will then pass through the costs of these contracts to RCEA with no additional mark-up.

TEA will also help RCEA with competitive solicitations for local renewable generation, though RCEA will contract with those generators directly. TEA will also act as the Scheduling Coordinator for RCEA with CAISO. TEA will pass through CAISO charges and credits directly to RCEA.

Lastly, TEA will assist RCEA in managing its portfolio. TEA will provide analytical expertise to help RCEA manage its financial prospects, including stochastically driven metrics to understand its risks of, for example, not meeting budget or having to raise rates.

Data Management Contract

A data manager will provide retail customer services including billing and other account services. Recognizing that some qualified wholesale energy suppliers do not typically conduct retail customer services whereas others (i.e., direct access providers) do, the data management contract is separate from the electric supply contract. A single contractor, Calpine Energy Solutions, will perform all of the data management functions. The data manager is responsible for the following services:

- Data exchange with PG&E
- Technical testing
- Customer information system
- Customer call center
- Billing administration/retail settlements
- Reporting and audits of utility billing

Utilizing a third party for account services eliminates a significant expense associated with implementing a customer information system. Such systems can cost from five to ten million dollars to implement and take significant time to deploy. A longer term contract is appropriate for this service because of the time and expense that would be required to migrate data to a new system. Separation of the account services contract from the energy supply contract gives RCEA greater flexibility to change energy suppliers, if desired, without facing an expensive data migration issue.

RCEA has selected Calpine Energy Solutions to provide its data management services through the same competitive solicitation as was used to select TEA as its wholesale services provider. Calpine has been selected as the data management services provider for every other currently operating CCA in the state of California.

Chapter 11: Contingency Plan for Program Termination

Introduction

This chapter describes the process to be followed in the case of Program termination. In the unexpected event that RCEA would terminate the Program and return customers to PG&E service, the proposed process is designed to minimize the impacts on its customers and on PG&E. The termination plan follows the requirements set forth in PG&E's tariff Rule 23 governing services to CCAs.

Termination by RCEA

There is no planned Program termination date. In the unanticipated event the Board of Directors decides to terminate the Program and any applicable restrictions on such termination have been satisfied, notice will be provided to customers six months in advance that they will be transferred

back to PG&E. A second notice will be provided the last sixty days in advance of the transfer. The notice will describe the applicable distribution utility bundled service requirements for returning customers then in effect, such as any transitional or bundled portfolio service rules.

At least one-year advance notice will be provided to PG&E and the CPUC before transferring customers, and RCEA will coordinate the customer transfer process to minimize impacts on customers and ensure no disruption in service. Once the customer notice period is complete, customers will be transferred *en masse* on the date of their regularly scheduled meter read date.

RCEA will maintain funds held in reserve to pay for potential transaction fees charged to the Program for switching customers back to distribution utility service. Reserves will be maintained against the fees imposed for processing customer transfers. The Public Utilities Code requires demonstration of insurance or posting of a bond sufficient to cover re-entry fees imposed on customers that are involuntarily returned to distribution utility service under certain circumstances. The cost of re-entry fees is the responsibility of the energy services provider or the Community Choice Aggregator, except in the case of a customer returned for default or because its contract has expired. RCEA will self-insure against the risk of customer reentry fees.

Termination by Members

As stated in article 5.6 of the JPA Agreement:

Members may withdraw at any time by providing written notice from the governing body of such Member to the Board; provided, that no Member may withdraw if withdrawal would adversely affect a bond or other indebtedness issued by the RCEA, except upon a two-thirds (2/3) vote of the full Board. Withdrawal shall be effective upon receipt by the Board of said notice or upon said vote of the Board if required. The withdrawing Member shall continue to be financially responsible for its share of financial obligations and liabilities incurred prior to the effective date of withdrawal. Upon such withdrawal, no withdrawing Member shall be entitled to any distribution or withdrawal of property or funds except as may be agreed to by the Board; however such Member may be entitled to participate in a pro-rated return of surplus money and other surplus personal property upon the dissolution of the RCEA based on factors as determined by the Board such as but not limited to the Member's length of time of participation with and contribution to the RCEA.

As a consequence of a CCA Member's withdrawal from the Program, customers within the CCA Member's jurisdiction will be returned to PG&E bundled service at their regularly scheduled meter read date prior to the effective date of the CCA Member's withdrawal from the Program, following the 60-day notice period described above.

In accordance with the distribution utility tariffs, RCEA will execute a revised service agreement or specialized service agreement, as appropriate, with the distribution utility to coordinate the removal of the withdrawing CCA Member from the CCA Program.

Appendix A Resolutions Adopting Implementation Plan and Statement of Intent

Begins on the following page

Appendix B RCEA Amended Joint Powers Agreement

Begins on the following page



REDWOOD COAST Energy Authority

STAFF REPORT

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| AGENDA DATE: | July 17, 2017 |
| TO: | Board of Directors |
| PREPARED BY: | Lou Jacobson, Director of Demand Side Management |
| SUBJECT: | Energy Watch Contractor Participation |

BACKGROUND

The Demand Side Management (DSM) team has an internal goal of increasing contractor participation in the Energy Watch program. Additional contractor participation will increase the capacity of our Regional Energy Efficiency Direct Install program to provide energy and cost savings to Humboldt County businesses, residents and local government agencies. Staff determined that a simplified entry point to participate will increase the likelihood that additional contractors will engage with our program.

The historic point of entry followed a contracting path. Contractors had to respond to a Request for Proposals (RFP) to participate. Selected contractors were then asked to enter into a Vendor Services Contract that set both unit pricing for energy upgrades and specific programmatic terms and conditions. This agreement allowed RCEA to assign projects through a round robin process and disburse incentives directly to the contractor. However, program feedback over time suggested that the point of entry, unit pricing, project assignments and contracting were limiting participation. In response, staff developed three solutions:

- A simpler RFQ process that is more broadly applicable to all of RCEA's efforts including but not limited to the Community Choice Energy, alternative transportation, Energy Watch and Proposition 39 programs,
- Engineer's cost quotes opposed to unit pricing and,
- Competitive project bidding.

Staff laid the foundation to execute the identified solutions. The RFQ has been released and five electricians and two Energy Service Companies (ESCOs) have been qualified. In addition, alterations have been made to the program to reflect the change from a round robin process to the issuance of an invitation for bids and the movement away from unit pricing to engineer's cost quotes that can more accurately keep pace with changes to material costing. Lastly, staff will be moving away from a Vendor Services Contract to a simplified process where the Energy Watch contractor will agree to specific programmatic Terms and Conditions. Staff will continue to evaluate program policies, processes and procedures to minimize the opportunity costs associated with both contractor and ratepayer participation in our various efforts.

STAFF RECOMMENDATION:

N/A – informational only