



Redwood Coast Energy Authority
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BOARD FINANCE SUBCOMMITTEE MEETING AGENDA

June 10, 2020 - Wednesday, 2 - 3:30 p.m.

COVID-19 NOTICE

RCEA OFFICES WILL NOT BE OPEN TO THE PUBLIC FOR THIS MEETING

Pursuant to the Governor's Executive Order [N-29-20](#) of March 17, 2020, and the Humboldt County Health Officer's March 30, 2020, [Shelter-in-Place Order](#), the Board of Directors Finance Subcommittee meeting will not be convened in a physical location. Subcommittee members will participate in the meeting via an online Zoom video conference.

To listen to the meeting by phone, call (669) 900-6833 or (253) 215-8782. Enter webinar ID: 881 0422 2719. **To watch the meeting online**, join the Zoom webinar at <https://us02web.zoom.us/j/88104222719>.

You may submit **written public comment** before and during the meeting by email to PublicComment@redwoodenergy.org. Please identify the agenda item number in the **subject line**. Comments received before the agenda item is heard will be read into the record, with a maximum allowance of approximately 500 words per comment, subject to the Chair's discretion. Comments received after the agenda item is heard and before the meeting's end will be included in the meeting record but not read aloud during the meeting.

To make a comment during the public comment periods, raise your hand in the online Zoom webinar, or press star (*) 9 on your phone to raise your hand. You will continue to hear the meeting while you wait. When it is your turn to speak, a staff member will unmute your phone or computer. You will have 3 minutes to speak, subject to the Chair's discretion.

While downloading the Zoom application may provide a better meeting experience, Zoom does **not** need to be installed on your computer in order for you to participate and provide comments. After clicking the webinar link above, click "start from your browser." To download free Zoom software before the meeting, go to <https://zoom.us/download>.

In compliance with the Americans with Disabilities Act, any member of the public needing special accommodation to participate in this meeting or access the meeting materials should email Ltaketa@redwoodenergy.org or call (707) 269-1700 at least 3 business days before the meeting. Advance notification enables RCEA staff to make their best effort to reasonably accommodate access to this meeting while maintaining public safety.

Pursuant to Government Code section 54957.5, all writings or documents relating to any item on this agenda which have been provided to a majority of the Board Finance Subcommittee members, including those received less than 72 hours prior to the meeting, will be made available to the public at www.redwoodenergy.org.

1. **ROLL CALL.** Committee Members: Chris Curran, Michael Winkler, Sheri Woo.
Staff: Lori Biondini, Director of Business Planning & Finance; Matthew Marshall,
Executive Director.
2. **ORAL AND WRITTEN COMMUNICATIONS.** This item is provided for the public to
address the Finance Subcommittee on matters not on the agenda. At the conclusion of all public
statements, the Finance Subcommittee may respond. Any request that requires Finance Subcommittee
action will be set by the Subcommittee to a future agenda or referred to staff.
3. **APPROVAL OF MINUTES.**
 - A. Approve Minutes of June 12, 2019, Board Finance Subcommittee Meeting.
4. **NEW BUSINESS.**
 - A. Subcommittee Chair Selection

Appoint an RCEA Finance Subcommittee Chair to serve a one-year term ending on
the first regular Board of Directors meeting of 2021.
5. **OLD BUSINESS.**
 - A. Draft RCEA Fiscal Year 2020-2021 Budget

Provide guidance and input to staff on draft fiscal year 2020-2021 budget.
6. **COMMITTEE AND STAFF COMMUNICATIONS.** All communications shall be limited to
RCEA business and shall not request or lead to action by the Subcommittee at this meeting.
7. **FUTURE AGENDA ITEMS.** Any request that requires Subcommittee action will be set by the
Subcommittee for a future agenda or referred to staff.
8. **FUTURE MEETING DATES.**
9. **ADJOURNMENT.**



BOARD FINANCE SUBCOMMITTEE **DRAFT MEETING MINUTES**

Redwood Coast Energy Authority Office
633 Third Street, Eureka, CA 95501

June 12, 2019
Wednesday, 3:00-4:30 p.m.

Acting Executive Director Dana Boudreau called a regular meeting of the Redwood Coast Energy Authority Board Finance Subcommittee to order on the above date at 3:04 p.m. Notice of this meeting was posted on June 7, 2019. PRESENT: Summer Daugherty, Chair Michael Winkler, Sheri Woo. ABSENT: None. STAFF PRESENT: Business Planning and Finance Director Lori Biondini; Acting Executive Director Dana Boudreau; Power Resources Director Richard Engel; The Energy Authority Client Services Specialist Jaclyn Harr (participated by phone and internet); Clerk of the Board Lori Taketa.

ORAL COMMUNICATIONS

Acting Executive Director Boudreau invited public comment. No member of the public was in attendance. Director Boudreau closed public comment.

APPROVAL OF MINUTES

Chair Winkler arrived at 3:05 p.m.

Director Boudreau noted that no member of the public was present to comment.

M/S: Daugherty, Woo: Approve Minutes of May 8, 2019, Board Finance Subcommittee Meeting.

The motion passed on a unanimous voice vote. Ayes: Daugherty, Winkler, Woo. Noes: None. Abstentions: None.

OLD BUSINESS - Review Fiscal Year 2019-2020 Budget (Information only)

Business Planning and Finance Director Lori Biondini reported on the fiscal year 2019-2020 budget revision based on Board requests from the May 23, 2019, meeting. The revised budget incorporates improved electrical load forecasting by The Energy Authority, which resulted in reduced wholesale power costs and a corresponding decrease in electricity sales revenue. The Subcommittee reviewed the agency program budgets and discussed presenting the budget based on the Board-approved 1% rate discount relative to PG&E's electricity rates at the June Board meeting and the priority of providing customer rate savings while building the agency's reserves and providing customer programs. The Subcommittee requested expanded program budgets be presented to the full Board, a Board discussion of budgeting for Board member agency business-related travel and parameters for such travel,

and the importance of public messaging on how RCEA's rates put money back into the community in the form of customer services.

The Energy Authority Client Services Specialist Jaclyn Harr presented information on RCEA's Community Choice Energy portfolio based on power source and power source cost, and explained current energy market conditions affecting power procurement costs. Ms. Harr reviewed samples of CAISO's weekly activity statement and TEA's daily reports.

Director Boudreau noted that no member of the public was present to comment.

COMMITTEE AND STAFF COMMUNICATIONS

Staff Director Biondini reported that RCEA internal administrative policy requires that three quotes be obtained for expenditures over \$500, that three bids were solicited and considered when searching for the agency's current auditor. Staff will repeat the bid solicitation process in three years and agency legal counsel will be consulted about whether joint powers authorities are required to change auditors every three years.

FUTURE MEETING DATES

Chair Winkler will call another Finance Subcommittee meeting after PG&E announces its new rates if the change is large enough to trigger an RCEA budget adjustment.

ADJOURNMENT

Acting Executive Director Boudreau adjourned the meeting at 4:51 p.m.

Respectfully Submitted,

Lori Taketa
Clerk of the Board



REDWOOD COAST Energy Authority

STAFF REPORT Agenda Item # 4 - A

AGENDA DATE:	June 10, 2020
TO:	Board Finance Subcommittee
PREPARED BY:	Lori Taketa, Clerk of the Board
SUBJECT:	Subcommittee Chair Selection

BACKGROUND

The RCEA Board of Directors created the standing Finance Subcommittee at its January 28, 2019, meeting “to meet as needed to work with staff and advise the Board of Directors on matters relating to audit, finance and budget.” Subcommittee members serve one-year terms ending on the first regular Board meeting of each year. Discussion prior to the subcommittee’s creation focused on the directors’ expressed desire to increase organizational transparency and Board member understanding of the agency’s finances.

Staff recommends the Subcommittee members appoint a chair to call meetings as needed.

STAFF RECOMMENDATION

Appoint an RCEA Finance Subcommittee Chair to serve a one-year term ending on the first regular Board of Directors meeting of 2021.

ATTACHMENT

None.

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STAFF REPORT
Agenda Item # 5 - A

AGENDA DATE:	June 10, 2020
TO:	Board of Directors
PREPARED BY:	Matthew Marshall, Executive Director Lori Biondini, Business Planning & Finance Director
SUBJECT:	Fiscal Year 2020-22 Preliminary Draft Budget

SUMMARY

The staff report and preliminary draft budget presented at the May Board of Directors meeting are listed below and attached. Staff is working to refine and update the draft budget and will present the revised draft budget and a detailed breakdown by program at the Committee meeting. The revised draft budget will be posted on RCEA website in advance of the meeting as soon as it is available.

Attached is a preliminary draft of the FY20-21 RCEA annual budget. The current COVID-19 pandemic creates significant uncertainty around numerous major budget elements, including customer energy usage, wholesale power market prices, and the ability to implement customer programs and capital improvement projects. Staff is working closely with The Energy Authority to update forecasts on an ongoing basis as new information becomes available. Staff has tried to use conservative assumptions throughout the budget to hedge against the high degree of uncertainty created by current circumstances. Some notable elements of the budget include:

REVENUES

- **Government Agencies:** Includes approximately \$632,200 in RCEA-administered CPUC funding for energy efficiency programs (pending CPUC approval), as well as \$185,000 in state funding for upgrades to RCEA's EV charging station networks.
- **Non-government Agencies:** Includes approximately \$1,339,000 in pass-through CA Energy Commission grant funding from HSU Sponsored Programs Foundation for the Airport Microgrid project, and about \$217,000 from the new PG&E local government energy efficiency program partnership contract.
- **Electricity Sales:** RCEA's largest source of revenue by far, this line item has a significant degree of uncertainty due to both regulatory/PG&E-rate uncertainty as well as the evolving impacts of COVID-19. The budget contains a conservative forecast, representing a significant ongoing reduction in customer load (commensurate with the more negative "high-impact" scenario presented in the April Board meeting's quarterly risk management report) as well as a significant increase in customer non-payments.

EXPENSES

- **Wholesale power supply:** The unknown duration and magnitude of COVID-19 impacts on wholesale power markets causes an increased degree of uncertainty with forward-looking power cost forecasts. The budget incorporates the cost-reduction strategies presented at the April Board meeting (maintaining a 1% generation discount and selling Humboldt

Redwood Company PCC1 renewable energy credits), which will result in a projected 2020 power mix of approximately 32% RPS-eligible renewables, 38% hydropower, and 30% system power.

For 2021, the forecast assumes a return to RCEA's standard, more ambitious power content performance targets (~44% RPS renewables, ~36% hydropower, and ~20% systems power). RCEA currently has some flexibility in its 2021 wholesale power procurement position, and so there will be an opportunity to consider additional cost-savings measures in the second half of the fiscal year should the need arise.

- **Personnel:** The draft budget represents a slight reduction from the current year's budget due to a reduction in the number of limited-term intern positions. (There were several long-standing vacancies in the current year that have resulted in the current year's staffing costs trending well under budget.)
- **Facilities and Operations:** This line item includes over \$6 million in facilities capital development, predominantly the construction of the Airport Microgrid. The timeline for construction of the microgrid has been pushed back due to COVID-19 impacts, but the current schedule still aims to complete construction in the 2020-21 fiscal year (some costs originally expected to fall in the current year have been pushed out past June). This budget line item also includes approximately \$115,000 for RCEA's share of annual CalCCA funding/dues, and \$150,000 for development and first-year costs of new database and IT solutions for the management of RCEA customer programs.
- **Incentives and Rebates:** This includes \$136,000 in customer incentives funded through the RCEA-administered CPUC efficiency program funding, as well as CCE-funded customer program rebates. The draft budget includes a roll-over of \$280,000 in unspent CCE-funded customer program budget allocations from FY19-20, along with a proposed \$185,000 of additional funding to continue and/or expand the programs approved in 2019, for a total of \$465,000 in FY20-21 customer program funding (note that this amount does not include "soft-costs" for CCE-funded programs, including RCEA staff time associated with administering these programs and the associated programmatic services provided to customers by RCEA staff).
- **Debt Proceeds:** The USDA has had ongoing delays with the processing of RCEA's loan for the non-grant funded costs of the Airport Microgrid (these delays appear to potentially be advantageous, as USDA interest rates have been significantly lowered in recent months). However, their process is nearing completion and the loan should be in place before construction begins this year.

In the current fiscal year RCEA incurred about \$1.4 million in costs that were paid out of general funds but that are intended to be rolled into the approximately \$6 million loan financing. The \$6 million in loan funding is being matched by \$5 million in CA Energy Commission grant funding (through HSU), so the ultimate asset value of the microgrid to RCEA will exceed the out-of-pocket (financed) costs invested in the project.

The draft budget does not currently include costs or financing associated with the planned purchase and renovation of a new RCEA office; when estimates for the RCEA office budget are further developed they will be presented to the Board for consideration/approval.

The final proposed budget will incorporate Finance Subcommittee input from this meeting and will be presented to the full Board at the June meeting.

STAFF RECOMMENDATION

Provide guidance and input to staff on draft fiscal year 2020-2021 budget.

ATTACHMENT

1. Preliminary Draft Fiscal Year 2020-21 RCEA Budget

Redwood Coast Energy Authority
Preliminary Draft
Fiscal Year 2020-21 Budget

	Jul '19 - Mar 20	FY19-20 Budget	Preliminary Draft FY20-21 Budget
Ordinary Income/Expense			
Income			
5 REVENUE EARNED			
Total 5000 · Revenue - government agencies	\$ 84,267	\$ 125,000	\$ 857,300
Total 5100 · Revenue - program related sales	\$ 17,308	\$ 16,000	\$ 13,500
Total 5400 · Revenue-nongovernment agencies	\$ 873,338	\$ 2,576,300	\$ 1,556,600
5500 · Revenue - Electricity Sales			
Total 5510 · Electricity Sales	\$ 39,701,539	\$ 53,805,981	\$ 43,931,400
5580 · Uncollectable Accounts	\$ (119,122)	\$ (323,016)	\$ (880,000)
Total 5500 · Revenue - Electricity Sales	\$ 39,582,417	\$ 53,482,965	\$ 43,051,400
Total 5 REVENUE EARNED	\$ 40,557,330	\$ 56,200,265	\$ 45,478,800
Total Income	\$ 40,557,330	\$ 56,200,265	\$ 45,478,800
Expense			
Total 6 WHOLESALE POWER SUPPLY	\$ 31,607,013	\$ 42,295,190	\$ 36,445,000
Total 7 PERSONNEL EXPENSES	\$ 1,734,261	\$ 3,026,492	\$ 2,963,200
Total 8.1 FACILITIES AND OPERATIONS	\$ 1,769,674	\$ 4,539,920	\$ 6,578,650
Total 8.2 COMMUNICATIONS AND OUTREACH	\$ 90,334	\$ 115,000	\$ 110,650
Total 8.3 TRAVEL AND MEETINGS	\$ 38,640	\$ 68,000	\$ 18,000
8.4 PROFESSIONAL & PROGRAM SRVS			
8400 · Regulatory	\$ 163,945	\$ 184,000	\$ 120,000
8410 · Contracts - Program Related Ser	\$ 88,466	\$ 435,000	\$ 382,500
8420 · Accounting	\$ 7,546	\$ 68,950	\$ 75,000
8430 · Legal	\$ 108,174	\$ 125,000	\$ 125,000
8450 · Wholesale Services - TEA	\$ 449,553	\$ 602,401	\$ 620,500
8460 · Procurement Credit - TEA	\$ 509,786	\$ 753,809	\$ 650,500
8470 · Data Management - Calpine	\$ 659,685	\$ 882,348	\$ 913,450
Total 8.4 PROFESSIONAL & PROGRAM SRVS	\$ 1,987,155	\$ 3,051,508	\$ 2,886,950
Total 8.5 PROGRAM EXPENSES	\$ 480,434	\$ 555,786	\$ 625,850
Total 8.6 INCENTIVES & REBATES	\$ 248,108	\$ 881,500	\$ 546,000
Total 9 NON OPERATING COSTS	\$ 48,246	\$ 169,518	\$ 35,500
Total Expense	\$ 38,003,865	\$ 54,702,914	\$ 50,209,800
Net Ordinary Income	\$ 2,553,465	\$ 1,497,351	\$ (4,731,000)
Other Income/Expense			
Debt Proceeds - USDA Microgrid Loan	\$ -	\$ 2,730,300	\$ 6,000,000
Net Other Income	\$ -	\$ 2,730,300	\$ 6,000,000
Net Income	\$ 2,553,465	\$ 4,227,651	\$ 1,269,000

Draft Redwood Coast Energy Authoirty Fiscal Year 2020-2021 Budget

6-10-20

Account	COMMUNITY CHOICE ENERGY (CCE) - POWER RESOURCES				DEMAND-SIDE MANAGEMENT (DSM)				TRANSPORTATION			STRATEGIC PLANNING	GENERAL & ADMINISTRATIVE	DRAFT Fiscal Year 2020-2021 Budget	
	Core Power Resources	Airport Solar Microgrid	Redwood Coast Offshore Wind	TOTAL Power Resources	Core DSM Services and Programs (CCE)	PG&E Local Government Partnership Program	RCEA-Administered CPUC Efficiency Program	TOTAL DSM	Electric Transporation General (CCE)	Public EV Charging Network	TOTAL Transportation				
Income															
5 REVENUE EARNED															
Total 5000 · Revenue - government agencies	-	-	-	-	-	-	623,217	623,217	-	74,000	74,000	40,100	-	737,317	
Total 5100 · Revenue - program related sales	-	-	-	-	-	-	-	-	-	9,000	9,000	-	-	9,000	
Total 5400 · Revenue-nongovernment agencies	-	1,339,500	-	1,339,500	-	217,100	-	217,100	-	-	-	-	-	1,556,600	
5500 · Revenue - Electricity Sales				-										-	
5510 · Electricity Sales	42,646,500	-	-	42,646,500	-	-	-	-	-	-	-	-	-	42,646,500	
5512 · NEM Rebates	(30,000)	-	-	(30,000)	-	-	-	-	-	-	-	-	-	(30,000)	
5580 · Uncollectable Accounts	(853,000)	-	-	(853,000)	-	-	-	-	-	-	-	-	-	(853,000)	
Total 5500 · Revenue - Electricity Sales	41,763,500	-	-	41,763,500	-	-	-	-	-	-	-	-	-	41,763,500	
Total 5 REVENUE EARNED	41,763,500	1,339,500	-	43,103,000	-	217,100	623,217	840,317	-	83,000	83,000	40,100	-	44,066,417	
9500 DEBT PROCEEDS															
	-	6,000,000	-	6,000,000	-	-	-	-	-	-	-	-	-	6,000,000	
Total Income	41,763,500	7,339,500	-	49,103,000	-	217,100	623,217	840,317	-	83,000	83,000	40,100	-	50,066,417	
Expense															
Total 6 WHOLESALE POWER SUPPLY	36,074,000	-	-	36,074,000	-	-	-	-	-	-	-	-	-	36,074,000	
Total 7 PERSONNEL EXPENSES	694,631	40,000	35,000	769,631	810,333	117,842	260,959	1,189,134	186,944	-	186,944	51,187	641,748	2,838,644	
Total 8.1 FACILITIES AND OPERATIONS	100,000	5,891,500	-	5,991,500	156,000	-	-	156,000	-	161,000	161,000	-	297,984	6,606,484	
Total 8.2 COMMUNICATIONS AND OUTREACH	90,050	-	-	90,050	2,150	5,000	4,100	11,250	2,500	-	2,500	-	10,200	114,000	
Total 8.3 TRAVEL AND MEETINGS	5,700	-	2,000	7,700	2,850	3,200	2,800	8,850	500	-	500	-	1,400	18,450	
8.4 PROFESSIONAL & PROGRAM SRVS															
8400 · Regulatory	100,000	-	-	100,000	10,000	-	10,000	20,000	-	-	-	-	-	120,000	
8410 · Contracts - Program Related Ser	250,000	-	45,000	295,000	30,000	12,000	35,000	77,000	2,000	-	2,000	32,000	-	406,000	
8420 · Accounting	-	-	-	-	-	-	-	-	-	-	-	-	75,000	75,000	
8430 · Legal	62,000	-	18,000	80,000	10,000	-	-	10,000	-	-	-	-	35,000	125,000	
8450 · Wholesale Services - TEA	620,500	-	-	620,500	-	-	-	-	-	-	-	-	-	620,500	
8460 · Procurement Credit - TEA	650,500	-	-	650,500	-	-	-	-	-	-	-	-	-	650,500	
8470 · Data Management - Calpine	913,450	-	-	913,450	-	-	-	-	-	-	-	-	-	913,450	
Total 8.4 PROFESSIONAL & PROGRAM SRVS	2,596,450	-	63,000	2,659,450	50,000	12,000	45,000	107,000	2,000	-	2,000	32,000	110,000	2,910,450	
Total 8.5 PROGRAM EXPENSES	618,500	-	-	618,500	1,200	500	1,000	2,700	6,350	-	6,350	-	-	627,550	
Total 8.6 INCENTIVES & REBATES	-	-	-	-	306,000	-	136,000	442,000	159,000	-	159,000	-	-	601,000	
Total 9 NON OPERATING COSTS	-	-	-	-	-	-	-	-	-	-	-	-	35,500	35,500	
Total Expense	40,179,331	5,931,500	100,000	46,210,831	1,328,533	138,542	449,859	1,916,934	357,294	161,000	518,294	83,187	1,096,832	49,826,078	
Net Income	1,584,169	1,408,000	(100,000)	2,892,169	(1,328,533)	78,558	173,358	(1,076,617)	(357,294)	(78,000)	(435,294)	(43,087)	(1,096,832)	240,339	

Fiscal Year 2020-21 Draft Budget

6-10-2020

**These slides were presented at the meeting
as part of the staff report.**

Key Factors Affecting the Budget

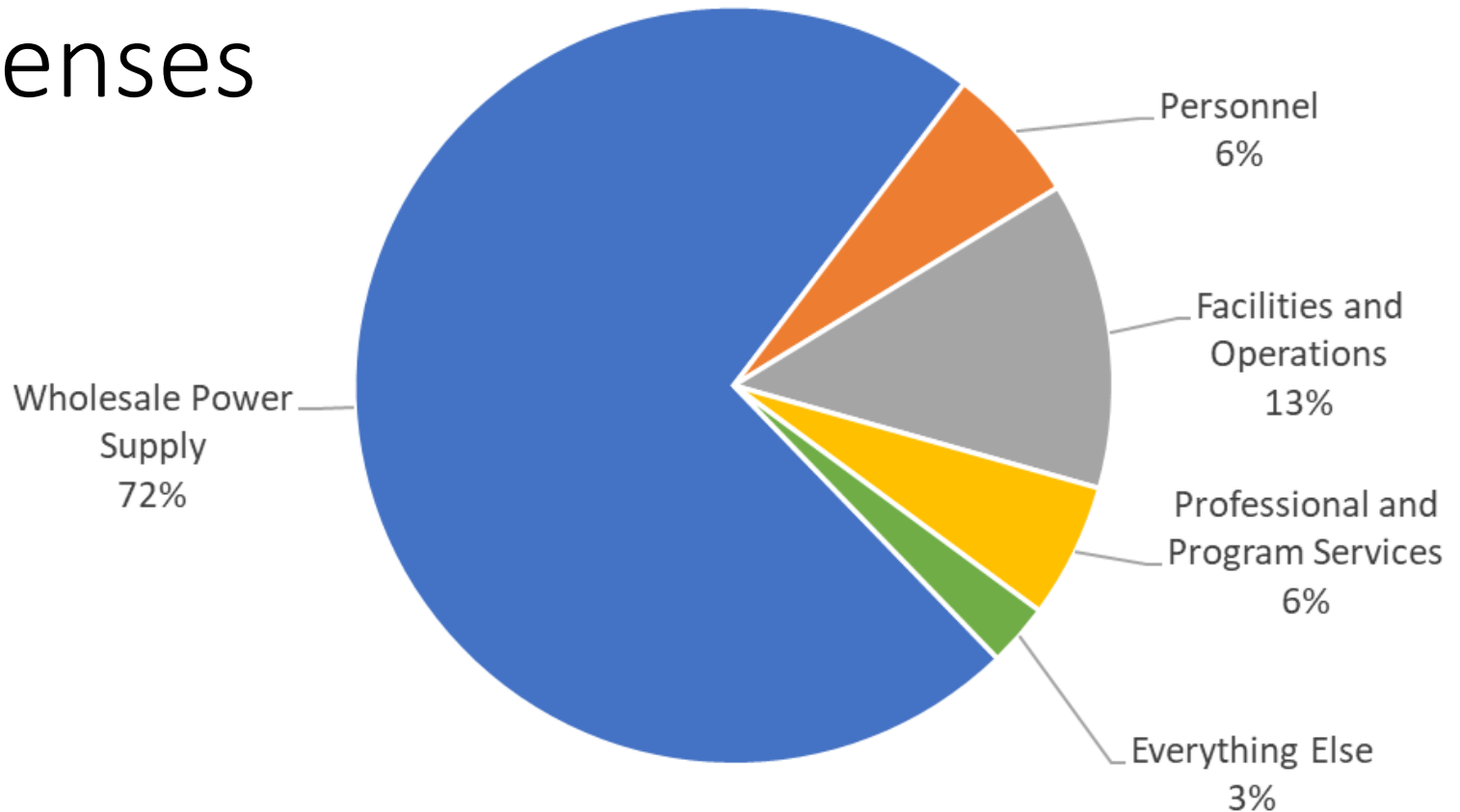
- Main budget driver is the community choice energy program -- electricity sales revenue and wholesale power supply costs
- COVID-19, impacts expected to include:
 - Reduced customer loads
 - Customer bill payment delays, non-payment
 - Wholesale power prices
 - *Energy efficiency customer programs*
- Airport microgrid project final construction and associated USDA financing and State grant funding
- Maintaining customer programs and continuing to evolve them beyond just efficiency

Revenue



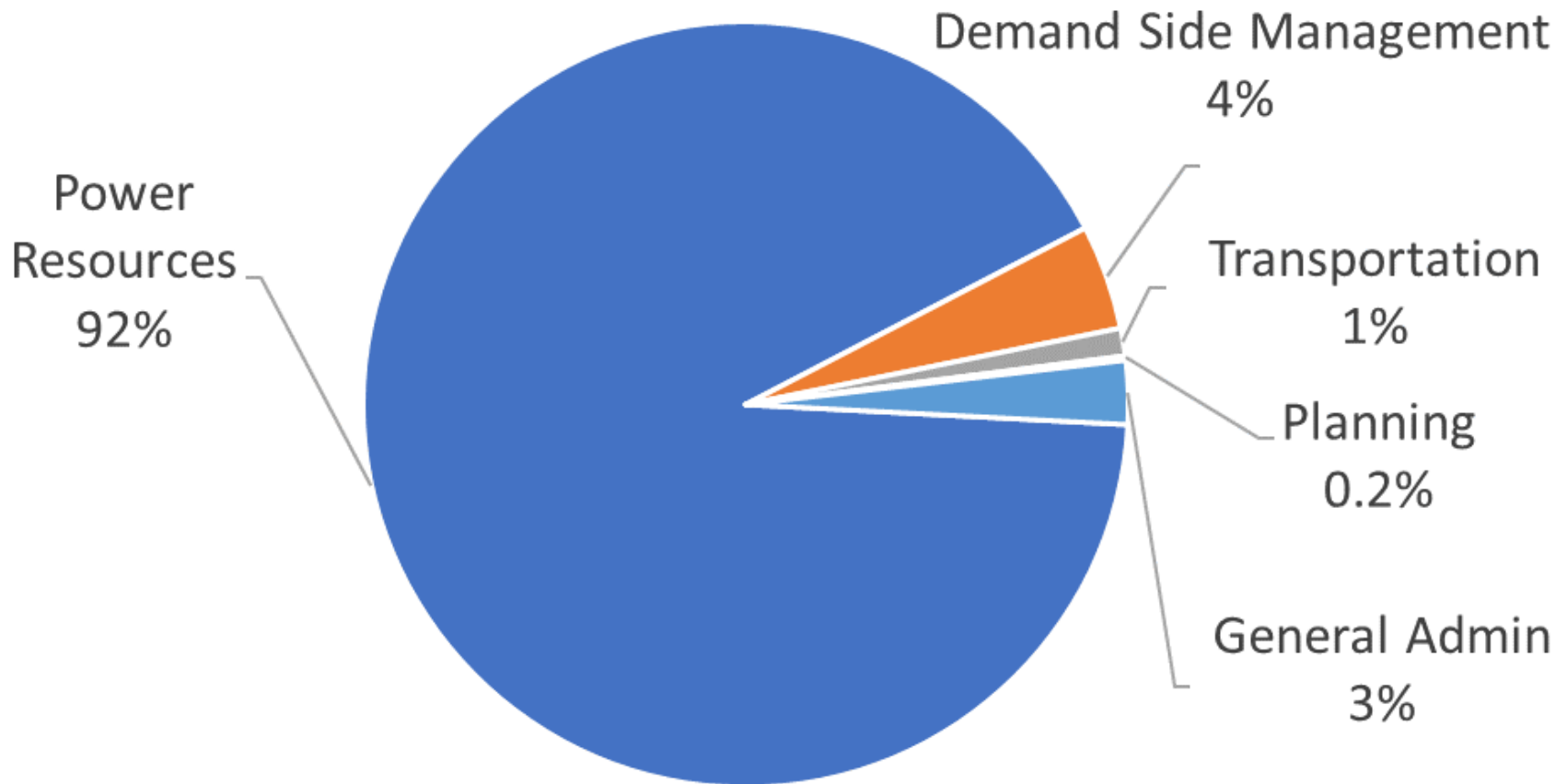
- **Gov agencies:** RCEA-administered efficiency program funding, State EV-charging station upgrade funding
- **Non-gov:** HSU sponsored program Foundation pass-through microgrid grant funding, PG&E efficiency contract
- Additional other income not included above: \$6million in microgrid USDA loan financing debt proceeds

Expenses

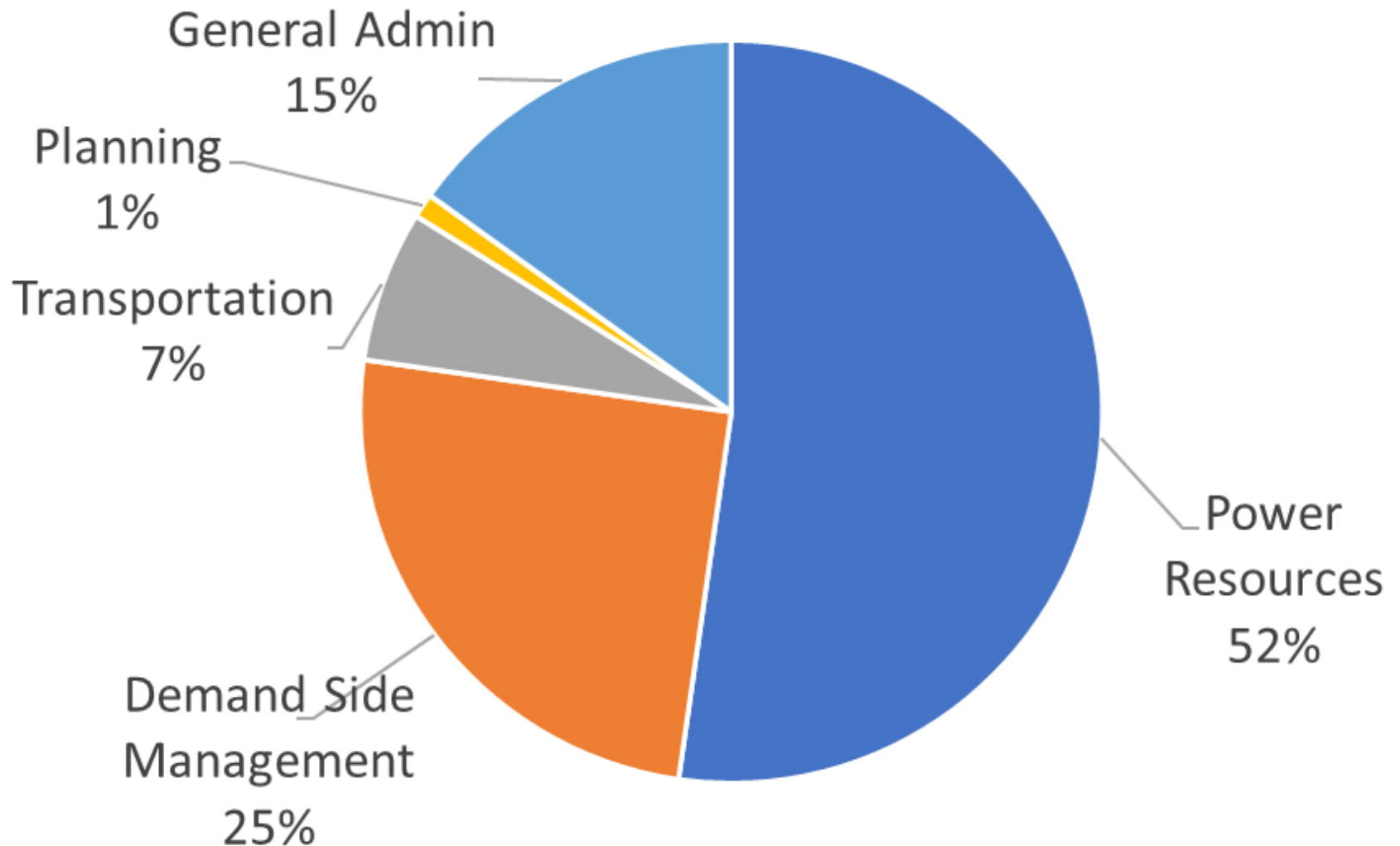


- **Facilities and Operations:** includes capital facility development -- microgrid construction and EV charging station investments
- **Wholesale Power:** includes 2020 cost-saving measures, assumes return to regular power portfolio content objectives in 2021
- **“Everything else” includes:** communications/outreach, travel, program expenses, incentives and rebates, and non-operating costs

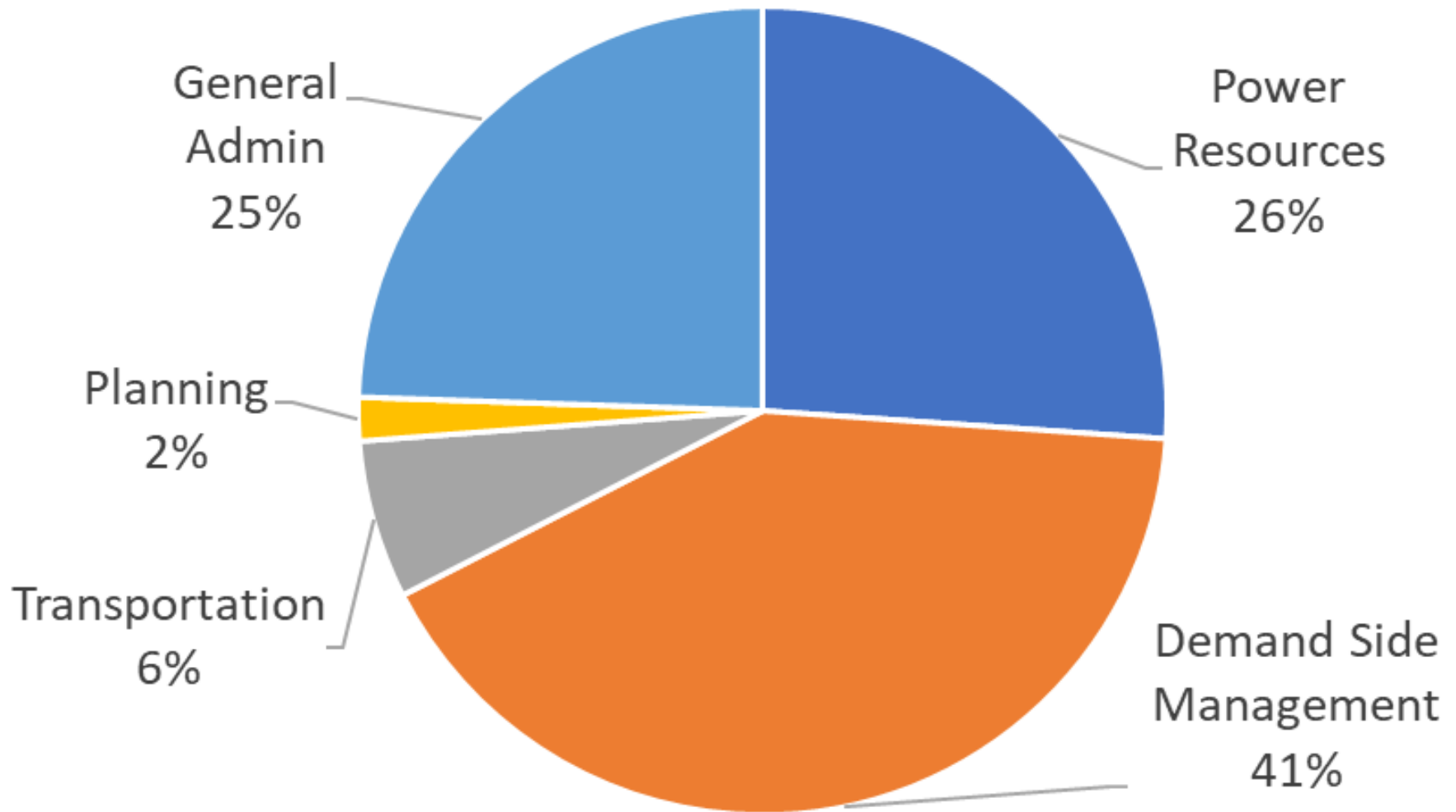
Expenses by Program Area



Expenses by Program, -power supply



Personnel Budget by Program



Power Resources Projects

Airport Microgrid

- \$1.3 million in FY20-21 grant funding
- \$6 million USDA loan funding -- about \$1.4million in project costs incurred in FY19-20 that will be rolled into the loan

Offshore wind

- \$100K budgeted; timeline of activity dependent on BOEM and currently uncertain

Small, run-of-river hydro power assessment

- \$200K budgeted (consulting services); this is a unaddressed item in the Board's CCE-Program Guidelines

Customer Programs

- Demand side management – evolving focus to more integrated services, including distributed generation (historically focused almost exclusively on efficiency)
- Efficiency still strongly support by new CPUC funding and PG&E contract
- Transportation electrification remains small but important program area

Proposed CCE-funded Incentive Programs (draft)

Mobile Home Solar	50,000
Public Agency Technical Assist.	55,000
Heat Pumps	50,000
Grocery Refrigeration	16,000
Green Your Grow	35,000
EV Charging	74,000

Roll forward from FY19-20	280,000
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Residential kits	50,000
Heat pumps	50,000
EV charging/E-bikes	85,000

Addition to roll-forward	185,000
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Total FY20-21	465,000
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COVID-19 impacts

Electricity sales revenue and wholesale power costs both significantly reduced from current year

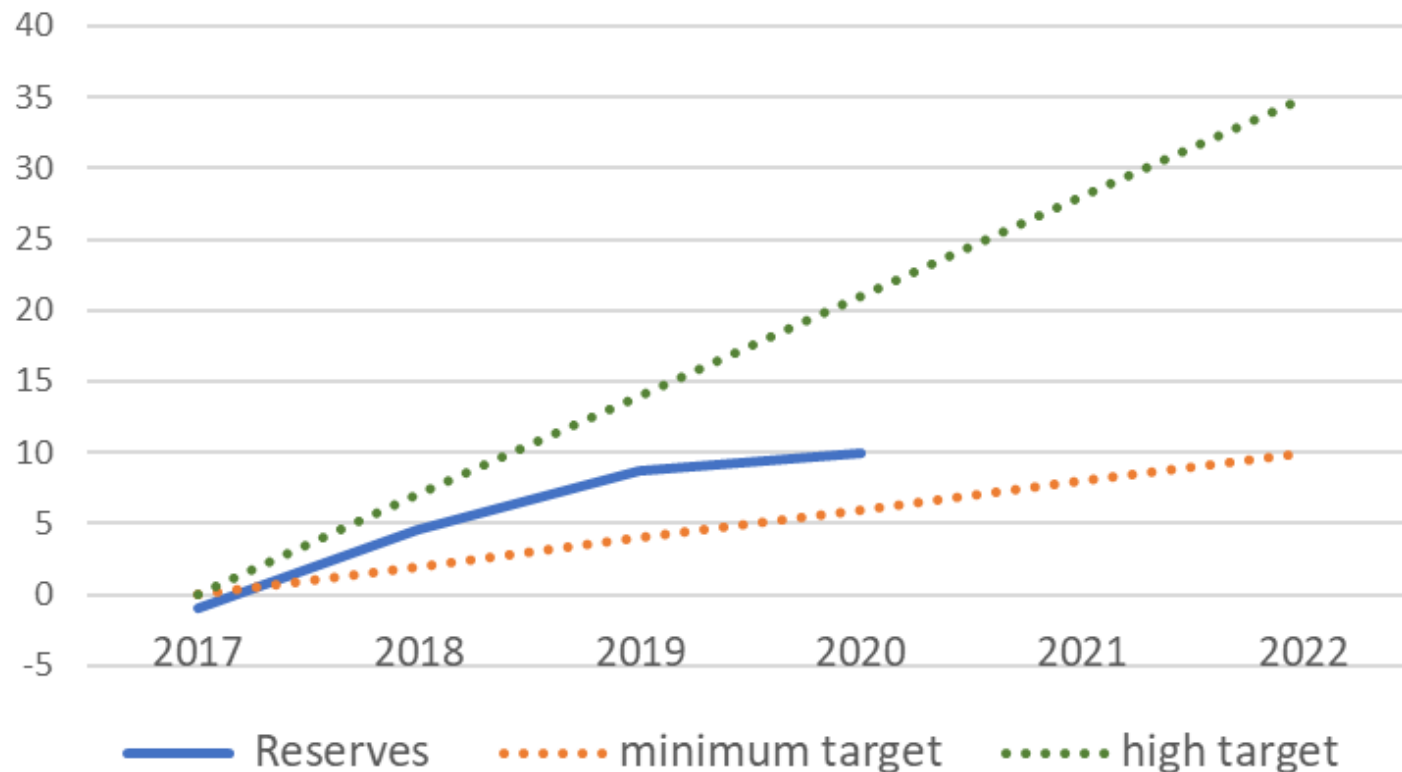
- Significant uncertainty around the ultimate scale and duration of COVID-19 impacts
- Budget based on conservative(negative) assumptions – assumes April-June load impacts persist through June 2021.
- Flexibility of some 2021 power procurement decisions provides ability to adapt to changing circumstances

Reserves Targets

- As of April reserves at ~\$9.9 million

Board-adopted targets for 2022:

- \$10 million minimum; \$35 million if feasible



Office Building Project (not incorporated into budget)

- Potential site current list price \$995,000
- @ ~\$1.5million total purchase/remodel cost:
annual expense = to current lease
- High estimate \$5.1 million (\$150/sq ft remodel of entire building including basement) and no tenants for extra ~16,000 sq ft: about \$200,000/yr above current lease