



BOARD FINANCE SUBCOMMITTEE MEETING AGENDA

NOTE: This is an in-person meeting with no online or phone participation.

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

May 14, 2024
Tuesday, 2 - 3 p.m.

In compliance with the Americans with Disabilities Act, any member of the public needing special accommodation to participate in this meeting should call (707) 269-1700 or email LTaketa@redwoodenergy.org as soon as possible. Advance notice 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, including those received less than 72 hours prior to the RCEA Board meeting, will be made available to the public at www.RedwoodEnergy.org.

- 1. ROLL CALL.** Committee Members: Scott Bauer, Skip Jorgensen, Sarah Schaefer, Frank Wilson. Staff: Director of Business Planning & Finance Lori Biondini; Interim Executive Director Eileen Verbeck.

- 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 May 15, 2023, 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 2025.

- 5. OLD BUSINESS**
 - A. Fiscal Year 2024-25 Draft Budget

Provide guidance and input to staff on draft fiscal year 2024 - 2025 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.

A. May 23, 2024, RCEA Board of Directors meeting – Draft Budget Review and discussion.

B. May or June 2024, Board Finance Subcommittee meeting – Draft Budget Revision (if needed, date to be determined)

9. ADJOURNMENT.



BOARD FINANCE SUBCOMMITTEE **DRAFT MEETING MINUTES**

Wednesday, May 15, 2023
4 p.m.

Notice of this meeting was posted on May 12, 2023. Deputy Executive Director Eileen Verbeck called a regular meeting of the RCEA Board Finance Subcommittee to order on the above date at 4:02 p.m. COMMITTEE MEMBERS PRESENT: Scott Bauer, Sarah Schaefer, Frank Wilson. ABSENT: Skip Jorgensen. STAFF PRESENT: Director of Business Planning & Finance Lori Biondini; Executive Director Matthew Marshall; Human Resources & Workforce Development Manager Kristy Siino; Deputy Executive Director Eileen Verbeck; Clerk of the Board Lori Taketa.

ORAL COMMUNICATIONS

Deputy Executive Director Verbeck confirmed that no member of the public was in attendance and no written comment was received, then closed the public comment period.

APPROVAL OF MINUTES

No member of the public commented on the draft minutes.

M/S: Schaefer, Wilson: Approve Minutes of May 16, 2022, Board Finance Subcommittee Meeting.

The motion passed with a unanimous voice vote. Ayes: Bauer, Schaefer, Wilson. Noes: None. Absent: Jorgensen. Abstentions: None.

NEW BUSINESS – Subcommittee Chair Selection
No public comment was received on this agenda item.

M/S: Wilson, Bauer: Appoint Sarah Schaefer to serve as RCEA Finance Subcommittee Chair for a one-year term ending on the first regular Board of Directors meeting of 2024.

The motion passed with a unanimous voice vote. Ayes: Bauer, Schaefer, Wilson. Noes: None. Absent: Jorgensen. Abstentions: None.

OLD BUSINESS – A. RCEA Fiscal Year 2022-2023 Q1 - Q3 Budget Report (Information only)

Business Development and Finance Director Biondini reported that the mid-year budget adjustment brought the actual revenues and expenses closer to projected amounts. Expenses such as upcoming environmental attribute payments, the required power content label mailing, and the cost of leasing new office space will likely cause net income to fall slightly short of the projected amount at year's end. No further budget adjustments were

recommended. The group discussed the public's confusion about solar customer billing changes and RCEA charges on their electricity bill. There was no public comment on this item.

OLD BUSINESS - B. Draft Salary and Benefit Update

Deputy Executive Director Verbeck described proposed salary and benefit adjustment proposals based on staff input, and their budget impacts. The group discussed the impacts of remote work on RCEA's staff recruitment and retention, and benefits of adjusting salaries before they lag behind COLA increases.

The Directors recommended increasing staff salaries by 14%, adding a 401(a) employer retirement contribution plan, contributing \$4K to all staff's 457(b) retirement plans and matching employee plan contributions up to 7%, adding flat rate longevity incentives and adding Juneteenth as a paid holiday. There was no public comment on this item.

OLD BUSINESS - C. Draft Fiscal Year 2023-2024 Budget

Executive Director Marshall, Deputy Executive Director Verbeck and Business Planning and Finance Director Biondini presented the draft 2023-2024 fiscal year budget. Rural Regional Energy Network funds were included as revenue. Most of the funds will pass through RCEA as the statewide energy efficiency program's administrator. The draft budget expenses include make-up procurement to cover the Sandrini Solar project delays to April 2024, statewide RuralREN outreach efforts, new RCEA office building property acquisition and additional staff positions, some of which are needed for RuralREN work. The draft budget assumes RCEA maintains the 0.5% retail rate discount from PG&E rates and adds \$9.8 million toward the agency's reserve goal of \$35 million. The group reviewed the agency's path to reaching its five-year reserve goal of between \$10 and 35 million dollars, including the pandemic period dip which nearly depleted reserves and the slow recovery to just above the minimum goal amount. Since 2017, RCEA saved Humboldt County ratepayers \$6.2 million on their electricity bills. There were no public comments on this agenda item.

OLD BUSINESS - D. Update on RCEA's Banking Account at First Republic Bank (Information only)

Business Planning and Finance Director Biondini reported that JP Morgan Chase acquired First Republic Bank. There were no public comments on this agenda item.

FUTURE MEETING DATES

Deputy Executive Director Verbeck confirmed the following meeting dates:

- Introduce draft budget at Board meeting - May 25, 2023, at 3:30 p.m.
- Finance Subcommittee reviews Board-recommended budget changes - June 13, 2023, at 5 p.m. (If needed.)
- Final budget review/approval at Board meeting - June 22, 2023, at 3:30 p.m.

Chair Schaefer adjourned the meeting at 5:07 p.m.

Lori Taketa
Clerk of the Board



STAFF REPORT
Agenda Item # 4

AGENDA DATE:	May 14, 2024
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 on January 28, 2019, “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.

Directors Scott Bauer, Skip Jorgensen, Frank Wilson, and Chair Sarah Schaefer volunteered to serve on this standing subcommittee at the Board’s January 24, 2024, meeting.

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 2025.

ATTACHMENT

None.



STAFF REPORT
Agenda Item # 5

AGENDA DATE:	May 14, 2024
TO:	Board of Directors Finance Subcommittee
PREPARED BY:	Lori Biondini, Business Development & Finance Director Eileen Verbeck, Interim Executive Director
SUBJECT:	Fiscal Year 2024-25 Preliminary Draft Budget

SUMMARY

Staff will provide a presentation on the preliminary draft budget at the meeting.

STAFF RECOMMENDATION

Provide guidance and input to staff on draft fiscal year 2024-2025 budget.

Fiscal Year 2024-25 Preliminary Draft Budget Overview

Background

- As of January 2024, RCEA has provided \$7.6M in cumulative rate payer savings. Proposed budget reflects 0.5% retail rate discount from PG&E rates.
- Calculated energy revenue and expense based on financial model from May 7, 2024.
- Based on expected decreases in PG&E rates and increased costs due to implementing Slice of Day Resource Adequacy purchasing, RCEA is expecting a negative net revenue for the next couple fiscal years.
- Current cash on hand is about \$23M.

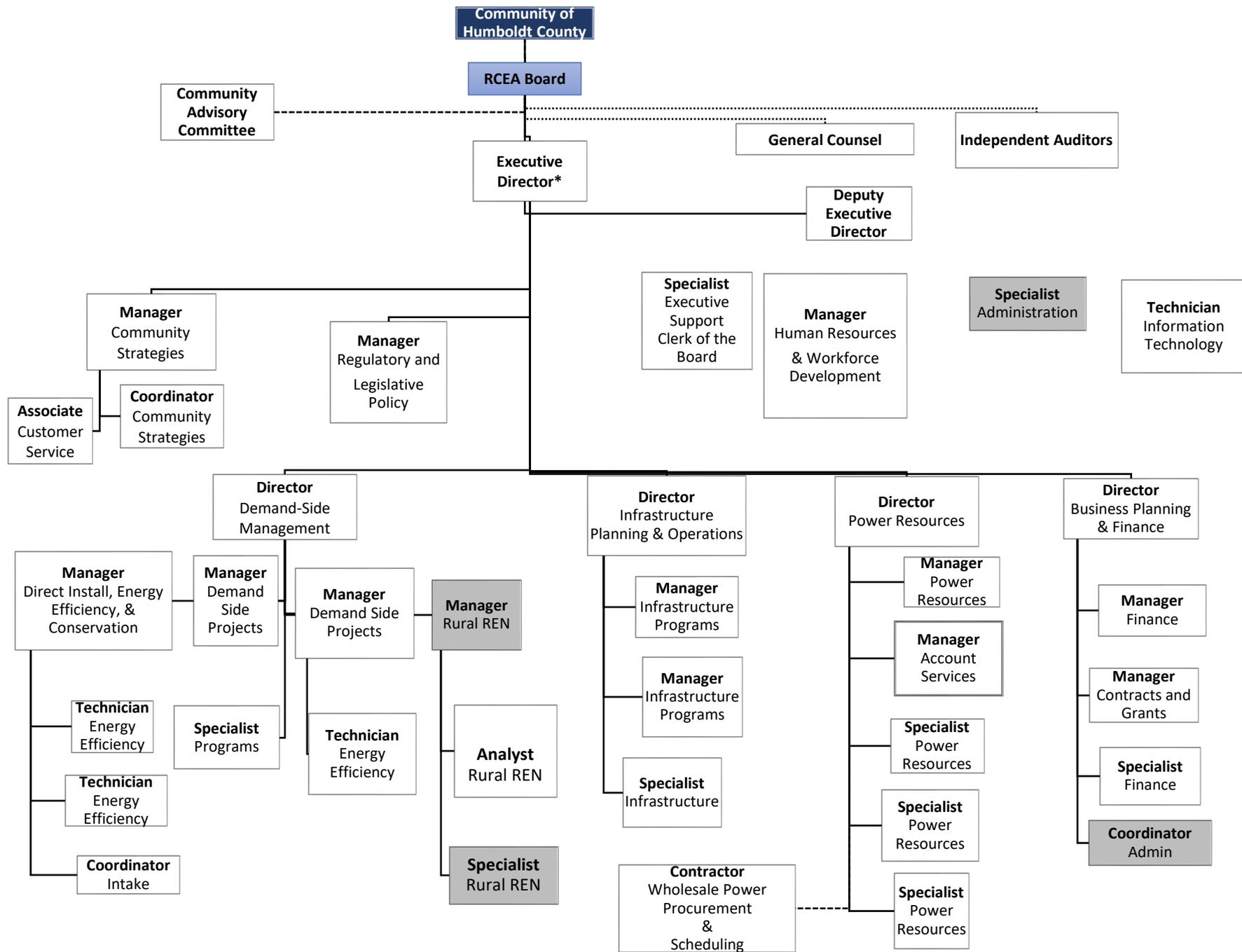
Highlights: Energy Sales & Supply

Assumptions:

- Model A includes meeting the current renewable energy targets through short-term procurement pathways.
- Model B includes reducing voluntary procurement of renewable and carbon free energy to only meet state goals instead of RCEA Board adopted goals.
- Both Models include energy from the Sandrini Solar project coming on-line in October 2024.

Highlights: Personnel

- Includes freezing Finance Coordinator, Admin Specialist, Rural REN Manager and Rural REN Specialist vacancies.
- Accounts for 3-month vacancy in ED position.
- Includes maintaining the Analyst position in DSM. This position will seek out external program funding.
- Maintains all existing staff.
- Accounts for estimated increases of insurance and benefit costs.



Preliminary Bottom-line

	Current Budget	A FY24-25 Preliminary Draft	B FY24-25 Draft with Reduction in Environmental Goals
Revenue	\$86.5M	\$70.3M	\$70.3M
Expenses	\$76.4M	\$76.1M	\$66.9M
Net Revenue	\$10.1M*	-\$5.8M	\$3.4M**

*Current budget net revenue does not reflect actuals.

**Includes selling some renewable energy already procured.

Projected Net Revenue

	FY 25	FY 26	FY 27	Total
Model A – Board Adopted renewable & carbon-free targets	-\$5.8M	-\$7M	-\$7.7M	-\$20.5M
Model B – State Renewables Portfolio Standard (RPS) target	\$3.4M*	-\$166K*	-\$2.8M	-\$434K

*Includes selling some renewable energy already procured.

Revenue

	Current Budget	A FY24-25 Preliminary Draft	B FY24-25 Draft with Reduction in Environmental Goals
Electricity Sales	\$85.3M	\$68.5M	\$68.5M
Grants and Contracts	\$1M	\$1.78M	\$1.78M
Program Related Service Fees (EV charging use, FIT application fees)	\$121,900	\$60,000	\$60,000

Expenses

	Current Budget	A FY24-25 Preliminary Draft	B FY24-25 Draft with Reduction in Environmental Goals
Wholesale Power Supply	\$65.4M	\$65M	\$55.9M
Personnel	\$5.1M	\$5.2M	\$5.2M
Facilities and Operations	\$1.5M	\$934,766	\$934,766
Communication and Outreach	\$160,485	\$114,900	\$114,900
Professional and Program Services	\$3.3M	\$3.9M	\$3.9M
Program Expenses	\$290,014	\$302,714	\$302,714
Incentives and Rebates	\$402,575	\$150,000	\$150,000
Non-Operating Costs	\$129,500	\$129,000	\$129,000

Changes/Highlights: **Other**

Reduced overall Department requests by \$2.3M including:

- Funds were removed for Building Design (\$1.2M based on quotes).
- Program budget for incentives/rebates was reduced by \$330,000.

Incentive and Rebate Budget

Residential Incentive and Rebates by Program	Average Per Customer Rebate	Number of Customers Served	Total Request
Equipment rebates*	300	267	\$80,000
Heat Pump Rebates**	1000	80	\$80,000
Residential Kits	75	533	\$40,000
NBT Battery Storage Incentive (low income)	3500	10	\$35,000
NBT Battery Storage Incentive	2500	40	\$100,000
Misc Programs (tool lending/ induction stove)	250	20	\$5,000
Electric Vehicle	2250	27	\$60,000
Electric Bike	615	98	\$60,000
Total		1074	\$460,000

**This fiscal year to date we have issued 145 equipment rebates for a total of \$28,340*

***This fiscal year to date we have issued 106 heat pump rebates for a total of \$112,000*

Incentive and Rebate Budget Cuts

Residential Incentive and Rebates by Program	Proposed Reduction		Total Request
	Average Per Customer Rebate	Number of Customers Served	
Equipment rebates	300	67	\$20,000
Heat Pump Rebates	1000	30	\$30,000
Residential Kits	75	100	\$7,500
NBT Battery Storage Incentive (low income)	3500	5	\$17,500
NBT Battery Storage Incentive	2500	10	\$25,000
Misc Programs (tool lending/ induction stove)	250	0	\$0
Electric Vehicle	2250	13	\$30,000
Electric Bike	615	33	\$20,000
Total		304	\$150,000

Progress on Building Cash on Hand/ Reserves



Rural REN Implications FY 2024-2025

- We are still awaiting a decision from CPUC on our Rural REN.
- All Rural REN funds haven been taken out.
- If awarded, a portion of the revenue will offset current personnel and programmatic costs being funded by CCE-DSM General budget.
- If not awarded staff will either:
 - Reapply for Rural REN with a smaller geographic region or
 - Apply for CPUC energy efficiency funds through the Elect to Administer or Apply to Administer programs.

Summary of Grant Funding Pursuits

- DOE Renew America Schools – Potential \$300,000 in the next year to fund staff time to develop a strategic plan. Phase 2 and 3 would be \$8M to \$15M for fund energy improvement projects at local schools.
- DOE TERAS Grant – Microgrid development with Tribal Partners. A total of \$6M to RCEA to fund staff and consultants over 5 years.
- PG&E Resilience Hubs - \$100,000 toward design of resilience hub (Food for People).
- Funding to offset overages for CEC EV network project.

Board Direction to Staff

- Should staff present the reduction in renewable portfolio and carbon free voluntary procurement to the Board.
- Should staff further reduce program offerings (including a reduction in full-time and part-time staff).
- Should staff present rate options to the Board including alleviating the discount and/or cost of service rates.

Board Direction to Staff

- **Draft budget presented to Board May 23**
- **Determine date of next Finance Subcommittee prior to June 27
Board meeting for additional review/input**
- Final proposed budget presented to Board June 27