



## **BOARD FINANCE COMMITTEE MEETING AGENDA**

An **in-person meeting**. No online or phone participation option.

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

**February 6, 2025**  
**Thursday, 4:30 – 5:30 p.m.**

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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](mailto: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.

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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](http://www.RedwoodEnergy.org).

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**1. ROLL CALL.** Committee Members: Scott Bauer, Michael Gerace, Skip Jorgensen, Jason Ramos, Frank Wilson. Staff: Director of Business Planning & Finance Lori Biondini; Executive Director Elizabeth Burks, Deputy 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 14, 2024, Board Finance Subcommittee meeting.

### **4. NEW BUSINESS**

A. Committee Chair Selection

Appoint an RCEA Finance Committee Chair, and a Vice Chair if desired, to serve a one-year term ending February 28, 2026.

## **5. OLD BUSINESS**

### A. Fiscal Year 2024-25 Draft Budget Adjustment

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

## **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 22, 2025, RCEA Board of Directors meeting – Draft fiscal year 2025-2026 Budget Review and discussion.

B. May or June 2025, Board Finance Committee meeting – Draft fiscal year 2025-2026 Budget Revision (if needed, date to be determined)

## **9. ADJOURNMENT.**



## **BOARD FINANCE COMMITTEE** **DRAFT MEETING MINUTES**

**Wednesday, May 14, 2024**  
**2 p.m.**

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Notice of this meeting was posted on May 10, 2024. Interim Executive Director Eileen Verbeck called a regular meeting of the RCEA Board Finance Committee to order on the above date at 2:02 p.m. COMMITTEE MEMBERS PRESENT: Scott Bauer, Skip Jorgensen, Frank Wilson. ABSENT: Sarah Schaefer. STAFF PRESENT: Business Planning & Finance Director Lori Biondini; Power Resources Director Richard Engel; Interim Executive Director Eileen Verbeck; Board Clerk Lori Taketa.

### **ORAL COMMUNICATIONS**

Interim 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: Bauer, Jorgensen: Approve Minutes of May 15, 2023, Board Finance Committee Meeting.**

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

### **NEW BUSINESS – Committee Chair Selection**

No public comment was received on this agenda item.

**M/S: Jorgensen, Wilson: Appoint Scott Bauer to serve as RCEA Finance Committee Chair to serve a one-year term ending on the first regular Board of Directors meeting of 2025.**

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

### **OLD BUSINESS – A. RCEA Fiscal Year 2024-2025 Draft Budget**

Interim Executive Director Verbeck, Power Resources Director Engel and Business Development and Finance Director Biondini presented the preliminary budget for fiscal year 2024-2025 and provided information on state-required energy procurement.

The proposed budget maintains RCEA's 0.5% rate discount from PG&E's electricity generation rate, uses The Energy Authority's May 7, 2024, financial projections that include, most consequentially, implementation of the California Public Utilities Commission's new

slice-of-day resource adequacy procurement requirements. Currently, RCEA has \$23 million cash on hand (i.e. reserves). The Board's launch period goal was to achieve and maintain \$35 million in reserves which would allow RCEA to decrease energy transaction expenses.

Staff presented two budget scenarios: 1) maintaining the Board's 100% renewable and carbon-free by 2025 energy procurement goal, and 2) reducing goals to meet California's Renewables Portfolio Standard requirements, the minimum lawful green energy procurement. According to RCEA's financial model, meeting Board goals would result in a projected net revenue of -\$5.8 million in 2025, with this trajectory depleting the current cash reserves in about three years. Adopting state targets would yield projected positive net revenue of \$3.4 million for the year, and less impactful negative net revenues through 2027. Both scenarios included these cost-cutting measures:

- Freezing four unfilled staff positions
- Postponing and seeking external funding for new office building design work
- Postponing the Board-requested classification and compensation study
- Cutting total departmental budgets for FY 2024-25 by \$2.3 million.

The Energy Authority would sell energy products RCEA has procured above the state Renewables Portfolio Standard to offset revenue shortfalls. Staff reviewed agency efforts to seek program grant funding to replace ratepayer funds that historically paid for 70% of RCEA's customer programs. These external funds were not received this year because of the Rural Regional Energy Network's delayed launch.

The committee members proposed cutting the customer program budget by no more than 50%, prioritizing programs that further greenhouse gas reductions. The committee discussed Humboldt Sawmill Company's portfolio contributions, the cost to replace HSC's energy products and the current economy's effect on HSC's financial condition. Committee members expressed concern about selling renewable certificates in excess of state requirements and about RCEA having a less clean portfolio than PG&E. The group discussed the possibility of RCEA's insolvency and whether financial survival is compatible with a 100% renewable and carbon-free by 2025 goal given prevailing energy market conditions. Committee members asked that staff present a third option to the Board, where RCEA procures in accordance with the state Renewables Portfolio Standard but does not sell renewable certificates in excess of state standards, and to reassess procurement strategies in six months. There was no public comment on this item.

## **FUTURE MEETING DATES**

Interim Executive Director Verbeck confirmed the following meeting dates:

- Introduce draft budget at Board meeting - May 23, 2024, at 3:30 p.m.
- Finance Committee reviews Board-recommended budget changes in May or June 2024. (If needed.)

Chair Bauer adjourned the meeting at 3:31 p.m.

Lori Taketa  
Clerk of the Board



**STAFF REPORT**  
**Agenda Item # 4 - A**

AGENDA DATE:	February 6, 2025
TO:	Board Finance Committee
PREPARED BY:	Lori Taketa, Clerk of the Board
SUBJECT:	Committee Chair Selection

**BACKGROUND**

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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 were appointed to 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 Michael Gerace, Skip Jorgensen, Jason Ramos, Frank Wilson and Chair Scott Bauer, were appointed to serve on this standing committee at the Board's January 23, 2025, meeting.

Staff recommends the committee members appoint a chair, and a vice chair if desired, to call meetings as needed.

Staff also recommend adjusting the committee and committee leadership service terms to end on February 28, 2026, to facilitate scheduling a mid-year budget adjustment committee meeting, should one become necessary next year.

**STAFF RECOMMENDATION**

Appoint an RCEA Finance Subcommittee Chair, and a Vice Chair if desired, to serve a one-year term ending February 28, 2026.

**ATTACHMENT**

None.

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**STAFF REPORT**  
**Agenda Item # 5 - A**

AGENDA DATE:	February 6, 2025
TO:	Board of Directors Finance Committee
PREPARED BY:	Lori Biondini, Business Development & Finance Director Elizabeth Burks, Executive Director Eileen Verbeck, Deputy Executive Director
SUBJECT:	Fiscal Year 2024-25 Draft Budget Adjustment

**SUMMARY**

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

**STAFF RECOMMENDATION**

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

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# **Fiscal Year 2024-25 Mid-Year Budget Update**

# Adopted FY 24-25 Budget Measures

- Procurement of renewable energy set to State-mandated goals for calendar year 2025. RCEA's adopted goal was 100% renewable and carbon free (estimated savings of \$4M)
- Froze vacant positions (\$467,235)
- Postponed architectural design of new building (\$1.2M)
- Decreased customer rebate and incentive budget (\$170,000)
- Reduced communication and outreach budget (\$45,585)
- Postponed third-party compensation and classification review (\$50,000 - \$75,000)

# Summary

	Adopted Budget	Proposed Update
Revenue	\$70.3M	\$95.4M
Expenses	\$72.1M	\$81.4M
<b>Projected Net Revenue/ Addition to Cash Reserves</b>	<b>-\$1.8M</b>	<b>\$13.9M</b>

# Northern Rural Energy Network (NREN)

- Additional revenue and expense of \$7.1M
- Expenses include personnel, database development, marketing and outreach expense, customer rebates, and pass-through program funding to NREN partners
- Offsets \$931,982 of adopted budget expense

# Reinstatement of 2024-25 Budget Measures

- Reinstatement of travel and training budget
- Unfreeze current vacant positions
- Reinstatement of communication and outreach budget
- Fund compensation and classification study
- Increase electric vehicle rebates by \$50,000
- Fund audits and financial software
- Fund IT hardware replacements and software

# Revenue Adjustments

	Adopted FY 24-25 Budget	Proposed FY 24-25 Mid-year Adjustment
Electricity Sales	\$70.6M	\$82.9M
Grants and Contracts	\$1.8M	\$9M
Program Related Service Fees (EV charging use, FIT application fees)	\$50,000	\$5.9M <i>(this includes \$5.8M in collected delay damages from the Sandrini Power Purchase Agreement)</i>

# Expense Adjustments

	Adopted FY 24-25 Budget	Proposed FY 24-25 Mid-year Adjustment
Wholesale Power Supply	\$61M	\$64.7M
Personnel	\$5.2M	\$5.3M
Facilities and Operations	\$978,375	\$1.1M
Communication and Outreach	\$114,900	\$276,200
Professional and Program Services	\$4.4M	\$8.8M
Incentives and Rebates	\$230,000	\$965,605
Non-Operating Costs	\$129,000	\$129,000

# Electricity Sales & Power Supply

- Updated revenue and expense based on financial modeling from January 31, 2025.
- Retail rate discount remains at 0.5% below PG&E rates.
- Revenue is \$12.3M more than expected
- Power supply expense \$3.7M more than expected.
- Sandrini construction delay damages received \$5.8M
- RCEA sold hydropower in the equivalent of the nuclear allocation (\$300,000)



# Procurement of Renewable Energy

Based on a positive financial outlook, staff revisited the current energy procurement strategy. Staff is requesting the Finance Committee recommend one of the following:

1. Stay with current procurement strategy of meeting State RPS goals-  
Sell length. + \$4M, 47% Renewable & Carbon-Free
2. Keep current RPS-eligible procured energy in portfolio and do not  
sell length. \$0, 75% Renewable & Carbon-Free
3. Reinstate Procurement Goals. - \$1.6M in expense, 100%  
Renewable & Carbon-Free

# Net Revenue Summary

- The adopted budget anticipated a reduction of the reserve fund of **\$1.8M**
- The proposed mid-year adjustment estimates net revenue of **\$13.9M**
- Reserve Policy – 180 days cash on hand (\$36.2M based on proposed budget adjustment)
- As of February 4, the cash balance is \$33.1M.

## **Next Steps:**

- Conduct analysis on basing rates on cost of service.
- Use of Reserves – Once goal of 180 days cash on hand is reached and maintained for 12 months, the Board can make decision on utilizing funds.