

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 6

TO: Valley Clean Energy Alliance Board of Directors

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SUBJECT: VCEA Implementation Update

DATE: April 11, 2017

BACKGROUND & DISCUSSION: The following program implementation related topics are addressed in this report:

- A. Multi service RFP selection process update.
- B. CEO search update.
- C. Banking and Credit Services RFP update.

A. Multi service RFP selection process update

On December 5, 2016, the City released an RFP seeking proposals in three service categories to support the launch and operation of VCEA. Nine proposals were received by VCEA with multiple responses in each of the three categories (Technical/Energy Services, Community Outreach, and Data/Call Center Management). On January 17, 2017 the Board appointed a three member subcommittee of the newly formed VCEA Advisory Committee to work with VCEA staff on the review and evaluation of RFP responses. The proposals are currently being reviewed and evaluated by VCEA staff and Subcommittee members Braun, Kristov, and Springer.

Interviews have been conducted in the Technical/Energy Services category and interviews are being scheduled in the remaining two categories. With the hiring of the CEO scheduled for May, the Subcommittee and staff agree it would be beneficial to have the CEO participate in final recommendations to the Board. In researching the potential impact of delaying approval of additional vendor contracts to wait for the new CEO to come on board, staff consulted LEAN Energy and the current timeline. In short, the latest that VCEA can approve additional vendor contracts is at its June Board meeting. This is because it will take 2-3 months to develop and approve the Implementation Plan which will then take an additional 3 months to certify. It is essential that VCEA have a certified plan in place by November in order to move forward with the utility service agreement, execution of power contracts, rate setting and customer noticing commencing in January. While approving VCEA

vendor contracts in June without negatively affecting the April 2018 is feasible, it is worth noting that it will absorb any slack in the timeline created by shifting from an October 2017 to April 2018 launch.

Based on the revised program launch schedule approved by the VCEA Board at its February meeting, staff believe action on the full slate of vendors by the Board at its June would be consistent with a Spring 2018 program launch. Staff is seeking confirmation that this approach is acceptable to the Board.

B. CEO Search

The pool of CEO applicants has been narrowed through initial screening and interviews. Evaluation of the final group of candidates is being conducted by a panel of VCEA Board Members, Yolo County and City staff, external CCA experts and a VCEA Advisory Committee member. Selection of a CEO is currently scheduled for the May 9, 2017 VCEA Board meeting.

C. Banking and Credit Services

At the Board's direction, staff released an RFP for VCEA banking and credit services on March 29, 2017, ending on April 27, 2017. The RFP can be accessed on the County web site at (file # PPWSRFPMC1702): <http://www.yolocounty.org/general-government/general-government-departments/auditor-controller-treasurer-tax-collector/purchasing/current-advertised-bids>

The following key components are included in the RFP:

- 1) Requesting a line of credit (LOC) for up to approximately \$7,000,000 which uses the estimated amount in the CCE technical study and incorporates anticipated costs associated with Woodland participating and contingency funds; this LOC will cover additional pre-revenue costs, credit for power contracts, and working capital for early operations;
- 2) Stated preference to do business with a bank that has headquarter and/or branch operations within Yolo County;
- 3) Credit terms are requested with and without guaranty requirements; it is likely that a guaranty will be required for at least the pre-revenue portion of credit drawn down;
- 4) Lender is asked to provide capitalization limits and must be a member of the Federal Reserve System or Federal Deposit Insurance Corporation; and,
- 5) Credit and banking services may be awarded to a single or multiple financial institutions depending on operational and credit capacity and terms offered.

It is anticipated that the evaluation, selection and credit negotiations will be complete and presented to the VCEA Board for consideration in June.