



**REGULAR MEETING of the Audit and Finance Committee of the  
Peninsula Clean Energy Authority (PCEA)  
Monday, June 10, 2019**

Peninsula Clean Energy, 2075 Woodside Road,  
Redwood City, CA 94061  
10:00 a.m.

Supplemental Agenda Packet items. Please find attached:

- Item No. 3 Recommend Approval by the Board of the revised spending budget for FY2018-2019 to authorize total spending on Operating Expenses in an amount not to exceed \$210,000,000 Memo and Resolution
- Item No. 4 Recommend Approval by the Board of the FY2019-2020 Budget Memo and Resolution



**PENINSULA CLEAN ENERGY  
JPA Board Correspondence**

**DATE:** June 5, 2019  
**COMMITTEE MEETING DATE:** June 10, 2019  
**SPECIAL NOTICE/HEARING:** None  
**VOTE REQUIRED:** Majority Vote

**TO:** Honorable Peninsula Clean Energy Authority Audit & Finance Committee  
**FROM:** Andy Stern, Chief Financial Office  
**SUBJECT:** Revised Spending Plan for FY2018-2019

**RECOMMENDATION:**

Recommend approval of the Revised Spending Plan for Fiscal Year 2018-2019.

**BACKGROUND:**

As of the end of April 2019, PCE's financial statements show spending relative to the budget that was approved by the Board in June 2018. As of the end of April 2019, Staff prepared a forecast of spending by Operating Expense category for the full fiscal year ending June 30, 2019.

Per the most recent forecast, Staff expect that total Operating Expenses will exceed the budget by approximately \$13.8 million. That variance is the result of the Cost of Electricity being over budget by approximately \$18.5 million. Although several other budget categories are expected to exceed the budgeted level, the total of all other expenses (excluding Cost of Electricity) is expected to be \$4.7 million below budget. The most recent forecast is shown below:

FY 2018-2019 Budget & Projections	FY 2019 Approved Budget	FY 2019 YTD Actual through April 2019	FY 2019 Forecasted FY2019	Variance Fav/(Unf) vs. FY18/19 Budget
<b>OPERATING EXPENSES</b>				
Cost of electricity	176,147,894	144,423,150	194,615,302	(18,467,407)
Personnel	4,492,745	2,238,319	3,085,587	1,407,158
Data Manager	3,758,400	2,824,229	3,766,150	(7,750)
Service Fees - PG&E	1,260,000	928,120	1,237,921	22,079
Professional Services	1,432,511	445,652	596,564	835,947
Legal	1,146,600	1,022,777	1,366,348	(219,748)
Communications and Outreach	1,010,600	601,272	793,905	216,695
General and Administrative	1,227,200	780,568	1,069,026	158,174
Community Energy Programs	3,200,000	398,451	911,100	2,288,900
Depreciation	42,000	54,289	72,910	(30,910)
<b>Total Operating Expenses</b>	<b>193,717,950</b>	<b>153,716,826</b>	<b>207,514,812</b>	<b>(13,796,862)</b>

**DISCUSSION:**

Per standard government budget management practice as it relates to Budget administration, Board approval represents an authorization to spend. Although Staff has a reasonable expectation that the actual end of year results will be at or near the totals as described in the column titled “Forecasted FY2019” (see table below). Due to the overages in the Operating Expenses categories listed in the table below, Staff are seeking Board approval to increase spending in each Operating Expense category in order to authorize a sufficient amount to meet the current end of year forecast.

Additionally, to allow for the possibility that forecasts are not exact, a small contingency amount has been allotted in each category. The total revised budget request of \$210,000,000 is \$16,282,250 above the originally approved budget level.

The amounts shown in the column on the far right of the table “FY 2019: Revised Spending” reflect the revised spending amounts for which Staff is seeking a recommendation of approval from the Audit and Finance Committee.

FY 2018-2019 Budget & Projections	FY 2019 Approved Budget	FY 2019 YTD Actual through April 2019	FY 2019 Forecasted FY2019	Variance Fav/(Unf) vs. FY18/19 Budget	FY 2019 Revised Spending
<b>OPERATING EXPENSES</b>					
Cost of electricity	176,147,894	144,423,150	194,615,302	(18,467,407)	196,500,000
Personnel	4,492,745	2,238,319	3,085,587	1,407,158	3,200,000
Data Manager	3,758,400	2,824,229	3,766,150	(7,750)	3,900,000
Service Fees - PG&E	1,260,000	928,120	1,237,921	22,079	1,270,000
Professional Services	1,432,511	445,652	596,564	835,947	650,000
Legal	1,146,600	1,022,777	1,366,348	(219,748)	1,450,000
Communications and Outreach	1,010,600	601,272	793,905	216,695	850,000
General and Administrative	1,227,200	780,568	1,069,026	158,174	1,100,000
Community Energy Programs	3,200,000	398,451	911,100	2,288,900	1,000,000
Depreciation	42,000	54,289	72,910	(30,910)	80,000
<b>Total Operating Expenses</b>	<b>193,717,950</b>	<b>153,716,826</b>	<b>207,514,812</b>	<b>(13,796,862)</b>	<b>210,000,000</b>

**RESOLUTION NO. \_\_\_\_\_**

**PENINSULA CLEAN ENERGY AUTHORITY, COUNTY OF SAN MATEO, STATE OF  
CALIFORNIA**

**\* \* \* \* \***

**RESOLUTION RECOMMENDING THAT THE BOARD OF DIRECTORS ADOPT THE  
REVISED SPENDING BUDGET FOR FY2018-2019 TO AUTHORIZE TOTAL  
SPENDING ON OPERATING EXPENSES IN AN AMOUNT NOT TO EXCEED  
\$210,000,000, AN AMOUNT THAT IS \$16,282,050 ABOVE THE ORIGINALLY  
APPROVED FY2018-2019 BUDGET.**

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**RESOLVED**, by the Audit and Finance Committee of Peninsula Clean Energy Authority of the County of San Mateo, State of California, that

**WHEREAS**, PCEA was formed on February 29, 2016; and

**WHEREAS**, the Board of PCE approved the full year FY2018-2019 budget at its meeting on June 28, 2018; and

**WHEREAS**, the Audit and Finance Committee of PCEA reviewed FY2018-2019 detailed financial statements through March 2019 with variances compared to budget and a forecast of the full FY2018-2019 year-end financial statements at its meeting on May 13, 2019; and

**WHEREAS**, Staff has provided an updated year-end forecast for review by the Audit and Finance Committee of PCEA with actual performance through April 2019 on June 10, 2019; and

**WHEREAS**, Staff expects that the Operating Expenses subcategory of Cost of Electricity and 3 other subcategories will exceed the previously approved budgeted amounts.

**NOW, THEREFORE, IT IS HEREBY RESOLVED** that the Audit and Finance Committee recommend that the Board of PCEA adopt the revised spending budget for FY2018-2019 to authorize total spending on Operating Expenses in an amount not to exceed \$210,000,000, an amount that is \$16,282,050 above the originally approved FY2018-2019 budget.

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**PENINSULA CLEAN ENERGY  
JPA Board Correspondence**

**DATE:** June 5, 2019  
**COMMITTEE MEETING DATE:** June 10, 2019  
**SPECIAL NOTICE/HEARING:** None  
**VOTE REQUIRED:** Majority Vote

**TO:** Honorable Peninsula Clean Energy Authority Audit and Finance Committee

**FROM:** Andy Stern, Chief Financial Officer

**SUBJECT:** Final Draft Fiscal Year 2019-2020 Budget and 5-year Projections

**RECOMMENDATION:**

Recommend Approval of the Final Draft Fiscal Year 2018-2019 Budget and 5-year Projections.

**BACKGROUND:**

On May 13, 2019 and May 23, 2019, staff presented the draft Fiscal Year 2019-2020 budget to the Audit & Finance Committee and Board of Directors, respectively.

**DISCUSSION:**

Fiscal Year 2020 (July 1, 2019 through June 30, 2020) budget presentation and details will be provided for review. The bottom-up approach included discussions with the department heads to develop their portions of the budget. The draft budget has been updated to reflect additional refinement of select revenue and expense categories.

**ATTACHMENTS:**

The final version of the proposed Fiscal Year 2019-2020 Budget and 5-year Projections will be distributed during the meeting.

**RESOLUTION NO. \_\_\_\_\_**

**PENINSULA CLEAN ENERGY AUTHORITY, COUNTY OF SAN MATEO, STATE OF  
CALIFORNIA**

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**RESOLUTION RECOMMENDING THAT THE BOARD OF DIRECTORS ADOPT THE  
FY2019-2020 BUDGET**

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**RESOLVED**, by the Audit and Finance Committee of Peninsula Clean Energy Authority of the County of San Mateo, State of California, that

**WHEREAS**, PCEA was formed on February 29, 2016; and

**WHEREAS**, the Audit and Finance Committee of PCEA has reviewed a draft budget for the Fiscal Year 2019-2020 on May 13, 2019 and provided comments and direction to Staff for modifications; and

**WHEREAS**, the Board of PCEA has reviewed a revised draft budget for the Fiscal Year 2019-2020 on May 23, 2019 and provided comments and direction to Staff for modifications; and

**WHEREAS**, the Audit and Finance Committee of PCEA has reviewed an updated final version of the budget for the Fiscal Year 2019-2020 on June 10, 2019

**NOW, THEREFORE, IT IS HEREBY RESOLVED** that the Audit and Finance Committee recommends that the PCEA Board of Directors approve the FY2019-2020 Budget.

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