AGENDA
BOARD OF DIRECTORS REGULAR MEETING
THURSDAY, APRIL 2, 2020
8:45 A.M.

[**GOVERNOR'S EXECUTIVE ORDER N-25-20****]**
[**GOVERNOR'S EXECUTIVE ORDER N-29-20****]**
RE CORONAVIRUS COVID-19

DUE TO THE PROVISIONS OF THE GOVERNOR'S EXECUTIVE ORDERS N-25-20 AND N-29-20 WHICH SUSPEND CERTAIN REQUIREMENTS OF THE BROWN ACT, AND THE ORDER OF THE HEALTH OFFICER OF THE COUNTY OF SONOMA TO SHELTER IN PLACE TO MINIMIZE THE SPREAD OF COVID-19, MEMBERS OF THE BOARD OF DIRECTORS WILL BE PARTICIPATING BY TELECONFERENCE INTO THE BOARD OF DIRECTORS MEETING FOR APRIL 2, 2020.

Members of the public who wish to listen to the Board of Director's meeting may do so via the following teleconference call-in number and meeting ID code:

- Telephone number: 1 (669) 900-9128
- Meeting ID: 618 893 311

PLEASE NOTE: The Sonoma Clean Power Business Office is closed, and this meeting will be conducted entirely by teleconference.

We ask that should you want to submit public comment that you do so by email before the item is discussed by the Board. Please state the agenda item number that you are commenting on and limit written comments to three hundred (300) words. Comments can be sent to **meetings@sonomacleanpower.org**. Written comments received prior to the meeting and/or the agenda item you wish to comment on will be read into the record.

I. CALL TO ORDER

II. BOARD OF DIRECTORS CONSENT CALENDAR

1. Approve March 5, 2020 SCPA Board of Directors Draft Meeting Minutes (Action) - pg. 5

2. Adopt a New Commercial Electric Vehicle Rate Structure and Rates for the Remainder of the 2019/2020 Fiscal Year (Action) - pg. 11

3. Approve and Delegate Authority to the CEO to Execute Second Amendment to Contract with TLCD Architecture (Action) - pg. 19

4. Approve and Delegate Authority to the CEO to Negotiate, Execute, and Amend a Professional Services Agreement for the Advanced Energy Build Program with TRC Engineers, Inc. (Action) - pg. 27

III. BOARD OF DIRECTORS REGULAR CALENDAR

5. Receive Internal Operations and Monthly Financial Report and Provide Direction as Appropriate (Discussion) - pg. 51

6. Receive Legislative and Regulatory Update and Provide Direction as Appropriate (Discussion) - pg. 77

7. Adopt a Resolution to Award the Construction Contract for the Sonoma Clean Power Headquarters Project to the Low Bidder, Midstate Construction Corporation, in the Amount of $9,405,000; Waive Immaterial Bidding Irregularities; Reject Bid Protest from C. Overaa & Co.; Find the Project to be Exempt from CEQA; Authorize the CEO to Execute a Construction Contract and Change Orders; and Make Certain Findings Relating to these Actions (Action) - pg. 87

8. Review and Provide Input on the Annual Budget, Customer Rate Setting Strategy for Fiscal Year 2020-2021, Approve the Establishment of a Customer Bill Stabilization Fund, and Approval of a Revision to Financial Policy B2 Regarding Contributions to Reserves (Discussion/Action) - pg. 127

IV. PUBLIC COMMENT ON MATTERS NOT LISTED ON THE AGENDA

(Comments are restricted to matters within the Board’s jurisdiction. Please limit written comments to three hundred (300) words.)

V. BOARD MEMBER ANNOUNCEMENTS

VI. ADJOURN

DISABLED ACCOMMODATION: If you have a disability which requires an accommodation or an alternative format, please contact the Clerk of the Board at (707) 890-8491, as soon as possible to ensure arrangements for accommodation.

COMMONLY USED ACRONYMS AND TERMS

AER	Advanced Energy Rebuild (A program that helps homeowners affected by the October 2017 firestorms rebuild energy efficient, sustainable homes).
CAC	Community Advisory Committee
CAISO	California Independent Systems Operator
CAM	Cost Allocation Mechanism
CCA	Community Choice Aggregation
CEC	California Energy Commission
CleanStart	SCP's default service
CPUC	California Public Utility Commission
DER	Distributed Energy Resource
ERRA	Energy Resource Recovery Account
EverGreen	SCP's 100% renewable, 100% local energy service
Geothermal	A locally-available, low-carbon baseload renewable resource
GHG	Greenhouse gas
GRC	General Rate Case
IOU	Investor Owned Utility (e.g., PG&E)
IRP	Integrated Resource Plan
JPA	Joint Powers Authority
LSE	Load Serving Entity
MW	Megawatt (Power = how fast energy is being used at one moment)
MWh	Megawatt-hour (Energy = how much energy is used over time)
NEM	Net Energy Metering
NetGreen	SCP's net energy metering program
PCIA	Power Charge Indifference Adjustment (*This fee is intended to ensure that customers who switch to SCP pay for certain costs related to energy commitments made by PG&E prior to their switch.)*
ProFIT	SCP's "Feed in Tariff" program for larger local renewable energy producers
PSPS	Public Safety Power Shutoff - a term used when it may be necessary for PG&E to turn off electricity for public safety when gusty winds and dry conditions, combined with a heightened fire risk, are forecasted
PV	Photovoltaics for making electric energy from sunlight
RA	Resource Adequacy – a required form of capacity for compliance
REC	Renewable Energy Credit – process used to track renewable energy for compliance in California.
SCP	Sonoma Clean Power
TOU	Time of Use, used to refer to rates that differ by time of day and by season

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DRAFT MEETING MINUTES
BOARD OF DIRECTORS REGULAR MEETING
THURSDAY, MARCH 5, 2020
8:45 A.M.

50 Santa Rosa Avenue, Fifth Floor, Santa Rosa, California

I. CALL TO ORDER

Chair Slayter called the meeting to order at 8:45 am.

Board members present: Chair Slayter, Vice Chair Bagby, and Directors Belforte, Gjerde, King, Landman, Okrepkie, Tibbetts, and Torrez

Staff present: Geof Syphers, Chief Executive Officer; Michael Koszalka, Chief Operating Officer; Stephanie Reynolds, Director of Internal Operations; and Harriet Steiner, Special Counsel

II. BOARD OF DIRECTORS CONSENT CALENDAR

1. Approve February 6, 2020 SCPA Board of Directors Draft Meeting Minutes

   Public comment: None

   Motion to Approve February 6, 2020 SCPA Board of Directors Meeting Minutes by Director Landman

   Second: Director Tibbetts

   Motion passed: 9-0-0

III. BOARD OF DIRECTORS REGULAR CALENDAR

2. Receive Internal Operations and Provide Direction as Appropriate

   Director of Internal Operations Stephanie Reynolds introduced the item by noting that SCP staff is developing contingency plans to operate in the case of a public health emergency related to the COVID-19 virus; CEO Syphers advised the Board the SCP is considering various options such as delegating authority to the CEO on a short-term and time-limited basis for ensuring continuity of business should the Board not be able to convene. Director Reynolds then gave an overview of current participation rates, upcoming public events that staff is participating in, a recent workshop in Mendocino County for business owners, and bill forgiveness for customers affected by the Kincade Fire. She detailed an upcoming public workshop that SCP is sponsoring for customers interested in battery storage options. Programs Manager Chad Asay then gave an update on the Advanced Energy Center and progress to date on construction and vendor recruitment. Director

Reynolds noted that January and February financial reports will be brought to the Board at their next meeting.

Public comment: Deborah Tavares spoke on matters related to grant funding for the Advanced Energy Center.

3. Receive Legislative and Regulatory Updates and Provide Direction as Appropriate

   Director of Regulatory Affairs Neal Reardon spoke about a recent CPUC decision that credited SCP customers approximately $3.1 million from PG&E for renewable energy that was generated in the past and banked, as opposed to being used immediately. He noted the upcoming May 1st increase in the Power Charge Indifference Adjustment ("PCIA") fee, which is expected to be $38.6 million with an overall cost to ratepayers in 2020 of $103 million. CEO Syphers noted that staff will be bringing rate proposals to the Board at upcoming meetings to reduce a sudden and significant increase in customer bills due to the PCIA fee. Director Reardon then spoke on PG&E's proposed Distributed Generation Microgrid Services program; CEO Syphers shared his concerns with PG&E's proposed program as it does not address core issues with grid reliability & safety and relies solely on fossil-fuel generation resources.

   SCP Lobbyist Katherine Brandenburg reported on recent events at the State Legislature and noted that she is reviewing over 100 pieces of legislation which may impact CCAs and SCP in some way and she will provide recommendations to the Board on these bills at a later date. CEO Syphers noted that CalCCA is sponsoring a bill (AB 3014) on a central reliability authority for procuring capacity resources. He then detailed a proposed bond bill (SB 45) for wildfire & drought prevention, safe drinking water, and flood protection, along with funding for microgrids, distributed generation & storage, home backup systems, and community resiliency centers. The final bill he noted is that CalCCA moved to support SB 378 which would require Investor Owned Utilities (IOUs) to regularly report on the condition of their equipment, maintenance logs, cost recovery for Public Safety Power Shutoff (PSPS) events, increased notification to local governments for PSPS events, and fines should IOUs not conform with reporting requirements.

   Public comment:

   Deborah Tavares spoke on matters related to nuclear energy and the reliability of renewable energy sources.

   Ben Peters spoke on nuclear energy and promoting local capacity resources.

4. Approve Budget for Self-Generation Incentive Program (SGIP) Assistance Program and Delegate Authority to the CEO to Negotiate, Execute, and Amend a Professional Services Agreement for SGIP Assistance Processing

COO Koszalka introduced the item by identifying barriers to the SGIP program, which include an onerous application process and the length of time required to receive a rebate. Programs Manager Carolyn Glanton gave the Board an overview of the proposed program which would provide technical assistance with processing applications and an upfront payment to customers for the anticipated rebate amount. The program will be open to SCP residential & government customers and provide funding for battery installations under 30 kW. Under the program, the customer will sign an agreement that will assign the SGIP rebate to SCP and the process will resemble a revolving loan fund.

Public comment:

Deborah Tavares asked when program documentation will become available.

Ben Peters asked how the program will benefit SCP and encouraged extending to commercial customers.

Ken Wells noted the Community Advisory Committee's support of this item.

Chair Slayter asked about integration into the GridSavvy program; Programs Manager Glanton noted that under the agreement the batteries will be able to integrate with GridSavvy.

Motion to Approve Budget for Self-Generation Incentive Program (SGIP) Assistance Program and Delegate Authority to the CEO to Negotiate, Execute, and Amend a Professional Services Agreement for SGIP Assistance Processing by Director King

Second: Director Belforte

Motion passed: 9-0-0

5. Presentation on PG&E Substation Generator Proposal and Approve Letter of Support for Fort Bragg Microgrid

   CEO Syphers introduced the item by detailing the City of Ft. Bragg's proposed renewable microgrid project, which the City is bringing forward as an alternative to PG&E's Substation Generator Proposal to ensure continuity of key city services during PSPS events. CEO Syphers highlighted how the City has no natural gas infrastructure at the coast but does have legacy utility infrastructure that connects their hospital, fire station, and police station from a now-defunct generation facility. He detailed the City's proposal which would use battery storage, coupled with solar photovoltaic, to maintain essential services during PSPS events or other outages. He then stated that there is broad local support for this project, thus prompting his request that the Board provide a letter of support. He then noted how this project could serve as a model for other municipalities.

   Public comment:

   Deborah Tavares spoke about cities signing climate emergency proclamations which preclude them from using fossil fuels, and impacts to residents during power outages.

Ben Peters asked how cities can be added to PG&E's list for potential sites and his support for Ft. Bragg's microgrid proposal.

Motion to Approve Letter of Support for Fort Bragg Microgrid by Director King

Second: Director Tibbetts

Motion passed: 9-0-0

Director Belforte left at approximately 10:29 am

6. Presentation of Lake County Feasibility Study and Provide Direction as Appropriate

CEO Syphers introduced the item by noting that extending service to Lake County is not recommended at this time. This determination is largely based on a high cost of service due to the PCIA fee. Although he is not encouraging Board approval of service, he wants to continue to advocate on behalf of Lake County at the legislative level and suggests revisiting extending service once the PCIA fee decreases. Lake County Deputy County Administrator Matthew Rothstein thanked the Board and staff for their efforts and reiterated Lake County's interest in maintaining a partnership moving forward.

Public comment: Deborah Tavares spoke about impacts to services in rural areas such as Lake County.

Vice Chair Bagby noted her support for ultimately extending service to Lake County when economic conditions improve and advocating on behalf of the County on the state level. Director Gjerde noted his support for considering generation resources in Lake County should there be an opportunity to do so. Director Okrepkie stated that he would like to see advocacy on behalf of Lake County in-lieu of extending service at this time. Director Tibbetts affirmed support for advocacy and asked at what point rates could be competitive; CEO Syphers stated that once PCIA is reduced by a 1/3rd, it warrants revisiting this topic. Director Landman noted his support for tabling this item until the PCIA fee is reduced to a point where extending service becomes financially viable. Director King supported advocacy efforts and looking at future opportunities to extend service. Chair Slayter noted his support for the recommendations in the staff report for this item.

CEO Syphers recounted Board direction for this item, which included an annual update to the Board on extending service, evaluating Lake County's interest once Diablo Canyon closes or when PCIA is 2/3rds of 2020 levels, continued advocacy and support for Lake County at the legislative level, and potential development opportunities for renewable energy projects; Director Tibbetts requested that direction provided to staff be memorialized by a vote of the Board.

Motion to direct staff to provide an annual update to the Board on extending service, evaluating Lake County's interest once Diablo Canyon closes or when PCIA is 2/3rds of 2020 levels, continued advocacy and support for Lake

County at the legislative level, and potential development opportunities for renewable energy projects by Director Tibbetts

Second: Director Landman

Motion passed: 8-0-0

IV. PUBLIC COMMENT ON MATTERS NOT LISTED ON THE AGENDA

None

V. BOARD MEMBER ANNOUNCEMENTS

None

VI. ADJOURN

Chair Slayter adjourned the meeting at 11:02am.

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Staff Report – Item 02

To: Sonoma Clean Power Authority Board of Directors

From: Erica Torgerson, Director of Customer Service
Rebecca Simonson, Power Services Manager

Issue: Adopt a New Commercial Electric Vehicle Rate Structure and Rates for the Remainder of the 2019/2020 Fiscal Year

Date: April 2, 2020

Requested Action:

Adopt and approve a new Commercial Electric Vehicle (CEV) rate class and corresponding rates effective May 1, 2020. The rates will be set at the same level as PG&E including PCIA and Franchise Fee per SCP's March 1, 2020 rate change.

Background:

On March 23rd, this item went before the Community Advisory Committee and it was unanimously voted to recommend approval and adoption by the Board of Directors.

On November 5, 2018, PG&E filed Application 18-11-003 seeking approval of its new commercial rates for load serving electric vehicle service equipment (EVSE) and the creation of a new class of customers choosing to take service on the rate. Decision 19-10-055 (Decision) approved PG&E's Application on October 24, 2019.

Prior to this Decision commercial and multi-family accounts with dedicated EV charging had to be on a commercial (business) rate (e.g. A-6, B-10). The proposed CEV rate class eliminates demand charges, instead using a monthly subscription pricing model to enable:

- More affordable charging
- Simpler pricing structures

- Improved certainty and budgeting

On December 24, 2019 the California Public Utilities Commission ("CPUC") approved a plan by PG&E to implement CEV rate in two phases. Phase 1 is scheduled to be available to customers May 1, 2020 and includes the fundamental components of a rate including rate enrollment via PG&E call centers and standard billing. Phase 2 will be deployed October 1, 2020 and includes a wider array of features and functionality such as online rate enrollment, solar (Net Energy Metering) billing, implementation of overage fee grace periods, subscription overage fees, as well as overage fee notifications by text/email.

All customers on the CEV rate will have an extended grace period from the Phase 1 deployment on May 1, 2020 through the end of the 2020 calendar year. In addition, an online tool will be made available for current and prospective customers which provides cost estimates based on kWh and kW usage and other EV related factors.

Context for New Commercial EV Rate Filling:

Regulatory and policy alignment:

- Electric charging costs can be a barrier for adoption of EVs and growth of charging infrastructure – especially for fleets and fast charging.
- Rate designs that simplify and lower cost barriers for EV charging can support State policy initiatives to accelerate adoption of clean vehicles and reduce climate and air pollutants.
- PG&E's CEV rate proposal aligns with CPUC Rate Design Principles and The Senate Bill 350 Guidance Ruling.
- Few utilities outside of California have designed rates for commercial EV charging – particularly for fast charging or EV fleets.

Designing a new commercial EV rate class:

- To create rates for commercial EV charging, PG&E created a new rate class specific to these customers. This allows PG&E to design rates around EV load shapes and better fit rates to cost of service for EV charging.
- Existing commercial & industrial rates are generally designed around building and industrial facility load shapes, which don't align well with EV charging.
- Creating a new commercial EV rate class allows PG&E to transparently track and understand costs to serve these new customer types and aligns with PG&E's Modern Rate Architecture framework.

The proposed EV rates will benefit all customers:

PG&E does not anticipate that the creation of CEV rates will create any cost-shift among customers because the majority of the CEV load will be new load from shifting away from fossil fuels. Revenues from CEV rates are additional to previously approved forecasts, and any costs collected above marginal costs put downward pressure on all PG&E customers' rates. PG&E plans to track costs and revenues from this new customer class through the 2023 GRC, and if needed, propose any changes in that rate case, factoring the market, customer and policy conditions at that time.

Rate Structure:

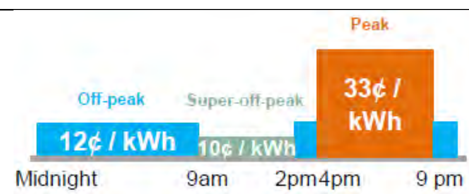
Under the existing rate structure, high-power public EV chargers that are on business electric rates can incur demand charges, a cost included on commercial customer bills that are calculated based on the peak electricity usage of a customer during a billing period. Planning around and managing these demand charges pose unique and significant challenges to EV charging projects.

The new CEV rate structure replaces demand charges with new subscription pricing, which allows customers to choose the amount of power they need for their charging stations, similar to choosing a data plan for a cell-phone bill. This subscription charge is much lower than current demand charges, and allows customers to have simpler, more consistent monthly costs.

PG&E designed two rates specifically for fleets, fast charging, workplaces, and multifamily dwellings creating a new rate class for Commercial EV (CEV) charging. Assuming approval, SCP will match this new rate class.

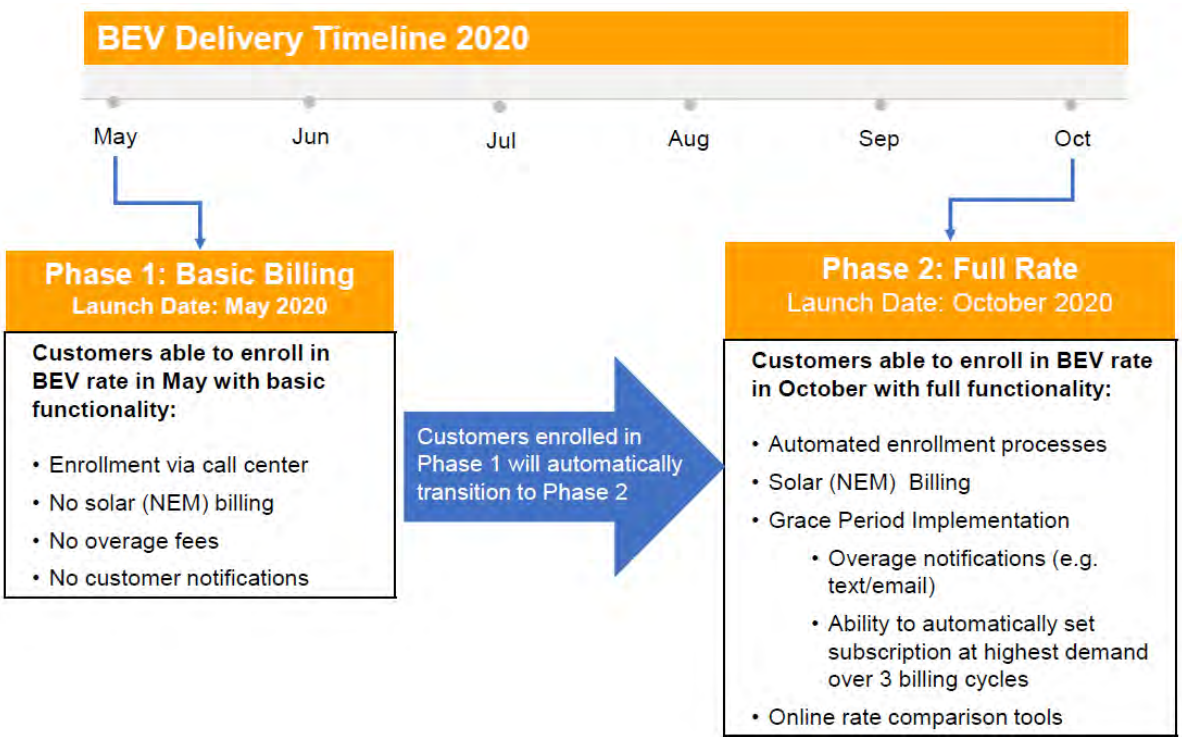
Commercial Electric Vehicle (CEV) Rate Class	
BEV1 – Low Use	**BEV2 – High Use**
▪ Charging installments up to 100 kW (e.g. smaller workplaces and multi-family) ▪ Secondary voltage service only	▪ Charging installments over 100 kW (e.g. fleets, fast charging, and larger sites) ▪ Options for secondary and primary voltage service.

How it Works:

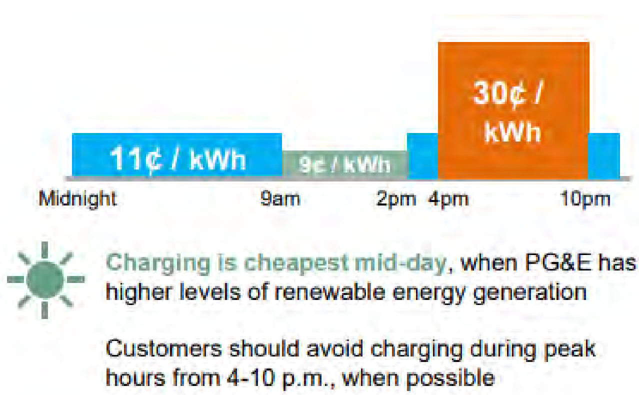
1) Customers choose subscription level, based on charging needs: ▪ BEV1: 10kw blocks ▪ BEV2: 50kW blocks	**Subscription Charge:**	<u>BEV2-High Use</u> $95.56 / 50 kW connected charging (Illustrative) <u>BEV1-Low Use</u> $12.41 / 10 kW connected charging (Illustrative) Customers that want to manage charging loads can opt for a lower subscription level
2) Subscription charge remains consistent month to-month ▪ 3 Month Overage Fee Grace Period (new enrollment and change in connected load) ▪ Subscription Auto Adjustment on 4th Billing Period	**Overage Fee:**	If site charging power exceeds subscription, several Customer Communications are triggered (text or email). An Overage Fee will take effect after the subscribed kW limit is reached. Each kW over the subscription will be charged at double the rate of 1kW of Subscription.
3) Energy usage is billed based on time-of-day pricing: ▪ Peak, Off Peak, SOP ▪ No Seasonality	**Energy Charge:**	 (BEV2-High Use ~ Illustrative) Charging is cheapest mid-day, when there are higher levels of renewable energy generation. Customers should avoid charging during peak hours from 4-10 p.m., when possible
Values above represent BEV2-High Use, secondary voltage rates. All rate values in this presentation are bundled, preliminary, and should be considered directional only. Customers are required to have MV90 Meter or SmartMeter AND have to be individually metered from existing buildings and facilities to be eligible for the rate.		

PG&E Implementation Timeline:
Below is PG&E's timeline for the delivery of BEV1 and BEV2. Due to the IT updates needed to fully implement the new rate class, PG&E will implement the rate class in two phases.

Phase 1 will launch on May 1, 2020 with basic features described below, while the fully functional Phase 2 is scheduled for October 1, 2020. Once fully operational, customers will be able to enroll in BEV1 or BEV2 online, complete rate comparisons, and sign up for text or email alerts.



Rate Structure:

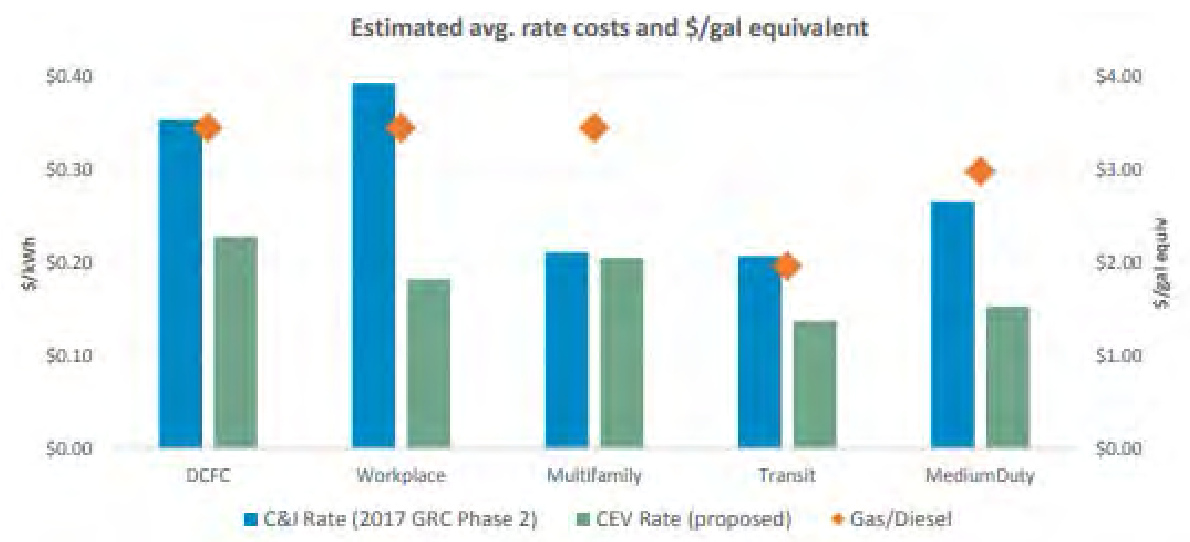


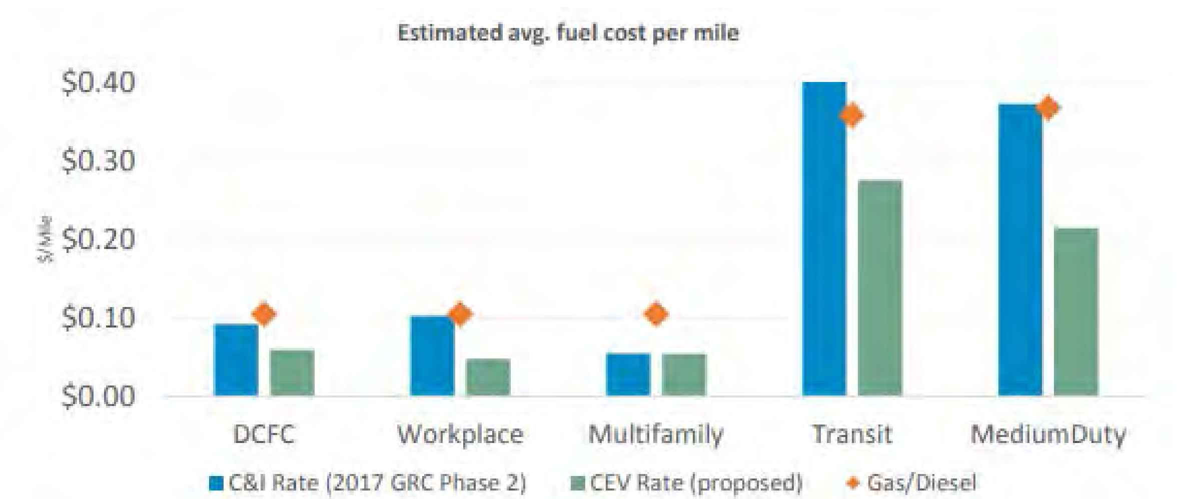
Super Off Peak:	9:00 a.m.	-	2:00 p.m.
Off Peak:	2:00 p.m.	-	4:00 p.m. &
	10:00 p.m.	-	9:00 a.m.
Peak:	4:00 p.m.	-	10:00 p.m.

Same time-of-use periods year around.

Summer Period:	June 1	-	September 30
Winter Period:	October 1	-	May 31

Estimated Bill Savings for Sample Site Types*:





* Rates provided are bundled, preliminary, and should be considered illustrative only.

Rates:

PG&E has stated that it intends to file the draft CEV rate tariff sheets in late March with illustrative prices. It is anticipated by staff (based on past experience) the final PG&E prices (retail rates) will not be filed until April 30th, effective May 1st.

Staff Recommendation for SCP in Response to PG&E Rate Changes:

Staff requests the Board of Directors adopt and approve of the new BEV1 and BEV2 rate structures and corresponding rates for SCP customers. Rates will be set to even with PG&E including PCIA and Franchise Fee.

Fiscal Impact:

It is anticipated by staff that the new rates will not have much of a financial impact for SCP for this fiscal year as they do not become fully operational until October 1, 2020. Additionally, most of CEV load will be new load as people shift from fossil fuels to electricity for transportation.

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Sonoma Clean Power

Staff Report – Item 03

To: **Sonoma Clean Power Authority Board of Directors**

From: **Chad Asay, Programs Manager**

Issue: **Approve and Delegate Authority to the CEO to Execute Second Amendment to Contract with TLCD Architecture**

Date: **April 2, 2020**

Requested Board Action:

Staff requests that the SCP Board of Directors ("Board") Delegate Authority to the Chief Executive Officer ("CEO") to execute a second amendment to the contract with TLCD Architecture to add $69,000 to the not-to-exceed amount over the term due to unforeseen engineering and design costs at the Advanced Energy Center ("AEC").

Background:

SCP's initial contract with TLCD Architecture ("TLCD") was approved by the Board on December 6, 2018 to design a complete remodel of the leased, vacant space into a new marketplace and demonstration space. The initial term of the contract was through October 31, 2019.

A first amendment to the TLCD contract to expand the scope to cover additional, unforeseen engineering and design work extended the term to March 1, 2020 and increased the not-to-exceed amount to $633,442.

Discussion:

This is the second amendment to the TLCD contract to expand the scope to cover additional, unforeseen engineering and design work. The second amendment would extend the term to December 31, 2020 and increase the not-to-exceed amount under the contract by $69,300 to increase the total not-to-exceed amount under the contract from $633,442 to $702,742.

TLCD and their engineers spent additional time searching for and preparing building drawings due to a lack of existing documentation for work in the right of way such as; water & sewer lines, fire sprinklers service and street tree relocation. Additionally, TLCD needed to extend our Construction Administration contract duration from 12 weeks of construction to an estimated 33 weeks. While the contractor and team are working to improve the schedule with estimated completion targeted for July 1st 2020, the additional time and scope is required to complete the administration for the job.

Fiscal Impact:

In FY 19/20 SCP budgeted $4.2M dedicated to CEC grant administration, labor and tenant improvements. Additionally, there are $509K in grant funds dedicated to the AEC tenant improvements. SCP will dedicate the full $509,000 in grant funds to the AEC construction project and then makeup for the difference with SCP funds. Even with the additional funds allocated to this contract, no budget adjustment will be needed for this amendment.

Community Advisory Committee Review

The Committee, at their March 23rd meeting, unanimously recommended the Board approve the proposed TLCD contract Second Amendment.

Attachments:

- Second Amendment to the Professional Services Agreement for the Sonoma Clean Power Authority with TLCD Architecture for the Sonoma Clean Power Authority Energy Marketplace

Related Items "On File" with the Clerk of the Board:

- First Amendment to the Professional Services Agreement for the Sonoma Clean Power Authority with TLCD Architecture for the Sonoma Clean Power Authority Energy Marketplace

SECOND AMENDMENT TO THE AMENDED AND RESTATED PROFESSIONAL SERVICES AGREEMENT FOR THE SONOMA CLEAN POWER AUTHORITY WITH TLCD ARCHITECTURE FOR THE SONOMA CLEAN POWER AUTHORITY ENERGY MARKETPLACE

This Second Amendment ("Second Amendment") to the Amended and Restated Professional Services Agreement for the Sonoma Clean Power Authority with TLCD Architecture for the Sonoma Clean Power Authority Energy Marketplace (the "Agreement") is entered into between the Sonoma Clean Power Authority ("SCPA"), a California Joint Powers Authority, and TLCD Architecture a California Corporation ("Consultant") as of April 2, 2020 ("Second Amendment Effective Date"). SCPA and Consultant are, at times individually referred to herein as "Party" and collectively as "Parties".

WHEREAS, the Parties entered into the Agreement dated December 6th, 2018 ("Original Agreement") for Consultant to provide engineering, architectural, design and other related support services for SCP's renovation of a commercial building located at 741 4th Street, Santa Rosa CA. The building will serve as SCP's Energy Marketplace and include a showcase of zero-carbon technologies, and energy efficiency measures; and

WHEREAS, the Parties subsequently updated and revised the Original Agreement, entering into a First Amendment to the Agreement (the "First Amendment") dated August 1, 2019, in order to extend the Term of the Agreement to March 1, 2020 and increase the total not-to-exceed amount of the Agreement from $507,779 to $633,442 and to expand the Services provided by Consultant which included (a) address an American with Disabilities Act ("ADA") ramp, (b) and perform work related to a fire sprinkler system, (c) incorporate Solatubes; and;

WHEREAS, SCPA now desires to increase the total not-to-exceed amount under the Agreement by $69,300 to increase the aggregate not-to-exceed amount under the Agreement from $633,442 to $702,742; and

WHEREAS, SCPA now desires to expand and revise the Services provided by Consultant to include the design of construction documents and encroachment permits for work in the right of way (water & sewer lines, fire sprinklers service and street tree relocation), and extend our Construction Administration contract duration from 12 weeks of construction to an estimated 33 weeks; and

WHEREAS, SCPA now desires to extend the term of the Agreement from March 1, 2020 to December 31, 2020; and

WHEREAS, in accordance with section 30.5 all changes to the Agreement must be in writing and signed by all Parties.

NOW, THEREFORE, the Parties agree as follows:

1. The "Appendices Included" list on the cover page of the Agreement is hereby amended as follows:

"APPENDICES INCLUDED:

Appendix A (Scope of Services)
Including:
Appendix A1 (Approved Additional Services)

Appendix B (Compensation Schedule)
Including:
Appendix B1 (Fixed Fees for Base Services)
Appendix B2 (Hourly Rates)

Appendix C (Insurance)
Appendix D (Electric Program Investment Charge (EPIC) Standard Grant Terms and Conditions)"

2. The definition of "Agreement" in Section 1 (Definitions) of the Agreement is hereby amended as follows:

"Agreement This Agreement together with all attachments and appendices and other documents incorporated herein by reference, including, but not limited to, Appendices "A," (including Appendix "A1") "B," (including Appendices "Bl" and "B2") and "C," attached hereto."

3. Appendix A1 (Approved Additional Services) attached to the Second Amendment is hereby added to the Agreement following Appendix A.

4. Section 2 of the Agreement is hereby superseded and replaced as follows:

"2. Term of Agreement

Unless terminated earlier in accordance with sections 13 and 14 of this Agreement, the term of this Agreement ("Term") shall begin on the Effective Date and shall end when all work comprising the Services is deemed performed under this Agreement or no later than December 31, 2020."

5. Section 1.1 in Appendix B of the Agreement is hereby superseded and replaced as follows:

"1.1 Excluding Additional Services only, the amount of compensation to be paid to Consultant for all services under this Agreement shall not exceed seven hundred ~~and~~ two thousand, and seven hundred and forty-two dollars ($702,742) referred to hereafter as the Not-To- Exceed Amount ("NTE"). Total compensation due Consultant shall be the actual amount invoiced based upon the Consultant's hourly billing, which may be less than the NTE amount. Reimbursable Expenses are included in the NTE. The NTE also includes within its scope the scope of all subconsultants and their reimbursables, and shall constitute full compensation for the Services."

6. Appendix B-1 Fixed Fees for Base Services attached to the Agreement is hereby superseded and replaced by Appendix B-1 - Amended Fixed Fees for Base Services attached to this Second Amendment.

7. Except as set forth above, all terms and conditions of the Agreement remain in full force and effect.

By signing below, the signatories warrant that each has authority to execute this Second Amendment on behalf of their respective Parties, and that this Agreement is effective as of the Second Amendment Effective Date.

SONOMA CLEAN POWER AUTHORITY	**TLCD Architecture**
BY: ______________________________ Geof Syphers Chief Executive Officer	BY: ______________________________
	TITLE: ______________________________
DATE: ______________________________	DATE: ______________________________

Appendix A-1
APPROVED ADDITIONAL SERVICES

Consultant agrees to provide and SCPA approves Consultant’s performance of the following work as Additional Services:

A. Brelje & Race Consulting Engineers to provide construction documents and encroachment permits for work in the right of way such as; water & sewer lines, fire sprinklers service and street tree relocation (not-to-exceed amount of $3,300);

B. TLCD Architecture to coordinate with Building Owner’s architect and contractors and the project engineers for water & sewer lines, fire sprinklers service and street tree relocation (not-to-exceed amount of $6,000);

C. TLCD Architecture to extend our Construction Administration contract duration from 12 weeks of construction to an estimated 33 weeks. While the contractor and team are working to improve the schedule with estimated completion targeted for July 1st, 2020, the additional time and scope is required to complete the administration for the job. (not-to-exceed amount of $60,000);

TOTAL NOT-TO-EXCEED AMOUNT FOR ADDITIONAL SERVICES SET FORTH IN APPENDIX A-1: $69,300.

APPENDIX B-1 AMENDED FIXED FEES FOR BASE SERVICES

SCP Advanced Energy Center Fee Worksheet
November 20,2018
Revised July 12, 2019 to include Amendment #1
Revised March 17, 2020 to include Amendment #2

		Programming & S/D	DD	CD/ Permitting/ Bid	CA Services	Commissioning	Allowance	Total	Contract Amend #1	Total	Contract Amend #2	New Total
TLCD	Architectural	$53,500	$23,700	$65,500	$47,600	$0	$0	$190,300	$69,973	$260,273	$66,000	$326,273
TLCD	Furniture	$13,100	$21,000	$15,750	$2,700	$0	$0	$52,550	$0	$52,550		$52,550
B&R	Civil	$3,500	$0	$0	$0	$0	$0	$3,500	$17,440	$20,940	$3,300	$24,240
ZFA	Structural	$2,000	$0	$16,000	$5,000	$0	$0	$23,000	$0	$23,000		$23,000
G&B	Mechanical	$10,000	$13,000	$25,000	$17,000	$0	$0	$65,000	$0	$65,000		$65,000
G&B	Electrical	$9,000	$10,000	$22,000	$13,000	$0	$0	$54,000	$0	$54,000		$54,000
G&B	Lighting	$3,000	$3,000	$6,000	$2,000	$0	$0	$14,000	$0	$14,000		$14,000
Gilleran	Energy	$2,200	$2,200	$1,029	$0	not incld	$0	$5,429	$0	$5,429		$5,429
Cromb	Cost	$3,900	$5,200	$5,900	$0	$0	$0	$15,000	$3,000	$18,000		$18,000
TEECOM	Telecom & A/V	$0	$21,000	$31,000	$23,000	$0	$0	$75,000	$25,000	$100,000		$100,000
Scott AG	Signage	$0	$0	$0	$0	$0	$10,000	$10,000	$10,250	$20,250		$20,250
TOTALS		$100,200	$99,100	$188,179	$110,300	$0	$10,000	$507,779	$125,663	$633,442	$69,300	$702,742

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Staff Report – Item 04

To: Sonoma Clean Power Authority Board of Directors

From: Cordel Stillman, Director of Programs
Scott Salyer, Programs Manager

Issue: Approve and Delegate Authority to the CEO to Negotiate, Execute, and Amend a Professional Services Agreement for the Advanced Energy Build Program with TRC Engineers, Inc.

Date: April 2, 2020

Recommendation:

Recommend that the Board approve and delegate authority to the Chief Executive Officer or his designee to negotiate, execute, and amend a Professional Services Agreement ("PSA") with TRC Engineers, Inc. ("TRC") to implement the Advanced Energy Build program with the attached scope of work (Exhibit A) and Fee Schedule (Exhibit B), with a not-to-exceed budget of $2,816,500.

Background:

With PG&E committing to fund 2020 Sonoma and Mendocino county fire rebuild projects at the same level that they are funding their remaining jurisdictions, Sonoma Clean Power (SCP) has the opportunity to re-allocate our portion of funds that were previously earmarked for Advanced Energy Rebuild incentives to expand this program model to our larger service territory.

In November 2019, staff recommended that unspent funds from the Advanced Energy Rebuild program be reallocated to the new Advanced Energy Build (AEB) program. The AEB program would leverage existing AER program infrastructure to expand the offering to all residential single-family and multi-family new construction within SCP service territory.

Staff provided this body with two program options: one for 200 homes and one for 500 homes. The Community Advisory Committee and Board of Directors selected the option to serve 500 homes and approved staff's recommendation to reallocate AER funds for this purpose.

The approved aggregate not-to-exceed amount for the 500-home Program is $2,816,500, inclusive of $2,250,000 in incentives and $566,500 for third-party program management. The planned incentive structure is shown in the table below.

Program Incentive Option	**Requirements**	**Total Incentive to Customer (Single Family Home)**	**Total Incentive to Customer (Multifamily or ADU)**
Advanced Energy Home (Home using Natural Gas or Propane)	Delta EDR of 1.0, Pre-wiring for future electrification, EV charger	$1,000.00	$500.00
All Electric Home	Delta EDR of 1.0, EV Charger	$3,500.00	$1,750.00
Kicker for Renewable Energy	7.5 kWh battery storage	$1,000.00	$500.00

Discussion:

To facilitate the implementation of Advanced Energy Build, staff now requests that the Board of Directors delegate authority to Sonoma Clean Power's Chief Executive Officer or his designee to negotiate, execute, and amend a Professional Services Agreement ("PSA") with TRC Engineers, Inc. to implement the Advanced Energy Build program with the attached Scope of Work (Exhibit A) and Fee Schedule (Exhibit B), with a not-to-exceed budget of $2,250,000 in incentives and $566,500 for third-party program management.

Under this agreement, TRC's scope of work would include program administration, customer enrollment, assistance with marketing activities, and incentive processing. TRC currently is our administrator for the AER program.

Fiscal Impact:

No additional funds, other than those previously approved by the CAC and BOD are expected to be needed for this program. Therefore, this request is for SCP to continue working with our existing AER contractor, TRC, to establish a new program, AEB, with existing budgeted funding.

AGREEMENT FOR PROFESSIONAL SERVICES

This Agreement for Professional Services ("Agreement"), dated as of ___________ ("Effective Date") is made by and between the Sonoma Clean Power Authority ("SCPA"), a California joint powers authority, and TRC Engineers, Inc, a California corporation ("Consultant" or "TRC") ("Consultant"). SCPA and Consultant may be individually referred to as a "Party" or collectively as "Parties."

1. Scope of Services: Consultant agrees to provide any and all of the services as described in Exhibit A.

2. Performance Standard: Consultant represents that it possesses the necessary training, experience and skill to competently and professionally provide the services described in Exhibit A. If SCPA determines that any of Consultant's work is not in accordance with the level of competency and standard of care normally observed by a person practicing in Consultant's profession, SCPA, in its sole discretion, shall have the right to do any or all of the following:

    a. require Consultant to meet with SCPA to review the quality of Consultant's work and resolve matters of concern;

    b. require Consultant to repeat the work at no additional charge until the work meets the level of competency and standard of care normally observed by a person in Consultant's profession;

    c. terminate this Agreement pursuant to Section 6; or

    d. pursue any and all other remedies at law or in equity.

3. Payment: Consultant shall submit one invoice for each calendar month in which services are performed. Invoices shall be signed by key staff, include copies of receipts for pre-approved reimbursable expenses, and contain the following detail for each billable entry:

    a. Date;

    b. Detailed description of work performed and person(s) involved; and

    c. Time spent in 1/10th hour increments.

    Upon receipt of properly prepared invoicing, SCPA shall pay Consultant within thirty (30) calendar days for services provided in accordance with this Agreement, applying the following rates:

    a. Fees based on the Fee Schedule, as set forth in Exhibit B; and

    b. Reimbursable expenses must be pre-approved by SCPA.

4. NOT TO EXCEED AMOUNT. IN NO EVENT SHALL THE AMOUNT PAYABLE FOR SERVICES PERFORMED DURING THE TERM OF THIS AGREEMENT

EXCEED $2,816,500 DOLLARS. This dollar amount is not a guarantee that SCPA will pay that full amount to Consultant, but is merely a limit of potential SCPA expenditures under the Agreement. This not to exceed amount is inclusive of $566,500 in administrative costs and $2,250,000 in incentives as described in Section 31.

5. Term of the Agreement: The initial term of this Agreement shall be from the Effective Date to March 31, 2021, unless terminated pursuant to Section 6 or amended by a written, executed amendment to the Agreement. Consultant understands and agrees that funding for costs under this Agreement after June 30, 2019 is subject to approval by SCPA's Board of Directors of a budget including such funding, and that SCPA may terminate this Agreement pursuant to Section 6 below if such funding is not approved.

6. Termination:

   a. Notwithstanding any other provision of this Agreement, at any time and without cause, the CEO of SCPA shall have the unequivocal right to terminate this Agreement by giving thirty (30) calendar days written notice to the other Party.

   b. Notwithstanding any other provision of this Agreement, should Consultant fail to perform any of its obligations or violate any of the terms of this Agreement (Termination for Cause), the CEO of SCPA may, upon providing Consultant written notice stating the reason for termination, immediately terminate this Agreement. In the event of termination, Consultant, within fourteen (14) calendar days following the date of termination, shall deliver to SCPA all materials and work product subject to Section 16 and shall submit to SCPA a final invoice for all outstanding payments.

7. Indemnification: Consultant agrees to accept responsibility for loss or damage to any person or entity, including the SCPA, and to indemnify, hold harmless, and release the SCPA, its officers, agents, and employees ("Indemnitees"), from and against any actions, claims, damages, liabilities, disabilities, or expenses, that may be asserted by any person or entity, including Consultant, to the extent directly caused by the negligent, reckless or willful acts of the Consultant or any of its employees in connection with the performance of or obligations under this Agreement. Consultant agrees to provide a complete defense for any claim or action brought against the SCPA based upon a claim relating to Consultant's performance or obligations under this Agreement; however, Consultant shall not be held responsible for defending SCPA, nor any other indemnified party, nor for any costs of such defense, except to the proportional extent arising from the negligent acts, errors, or omissions of Consultant. To the fullest extent permitted under applicable law, Neither Party shall be liable to the other for special, indirect, consequential, punitive, or exemplary damages. This waiver includes, but is not limited to, loss of profit, loss of business, loss of income, loss of reputation or any other consequential damage that either Party may incur from any cause of action including negligence, strict liability, contract breach, and strict or implied breach of warranty. The total liability of Consultant to SCPA

or anyone claiming by, through or under SCPA for all claims of any kind (excluding claims of death or bodily injury) arising out of or in any way related to Consultant's services shall not exceed the limits of insurance as specified in Section 8 of this Agreement.

8. Insurance: Consultant shall maintain and shall require all of its subcontractors, consultants, and other agents to maintain insurance as described below unless such insurance has been expressly waived in writing by SCPA.

a. Workers' Compensation. If Consultant has employees at any time during the term of this Agreement, Workers Compensation insurance with statutory limits as required by the Labor Code of the State of California, and Employers Liability with minimum limits of $1,000,000 per accident; $1,000,000 disease per employee; $1,000,000 disease per policy.

b. Commercial General Liability. Commercial General Liability Insurance with Minimum Limits: $1,000,000 per occurrence; $2,000,000 general aggregate; $2,000,000 products/completed operations aggregate. The required limits may be provided by a combination of General Liability Insurance and Commercial Umbrella Liability Insurance. If Consultant maintains higher limits than the specified minimum limits, SCPA requires and shall be entitled to coverage for the higher limits maintained by Consultant.

i. Any deductible or self-insured retention shall be shown on the Certificate of Insurance. Deductibles or self-insured retention that exceeds $25,000 must be approved in advance by SCPA. Consultant is responsible for any deductible or self-insured retention and shall fund it upon SCPA's written request, regardless of whether Consultant has a claim against the insurance or is named as a party in any action involving SCPA.

ii. SCPA shall be an additional insured for liability arising out of operations by, or on behalf of, the Consultant in the performance of this Agreement.

iii. The insurance provided to the additional insureds shall be primary to, and non-contributory with, any insurance or self-insurance program maintained by them.

iv. The policy shall cover inter-insured suits between the additional insureds and Consultant and include a "separation of insureds" or "severability" clause which treats each insured separately.

c. Automobile Liability. Automobile Liability Insurance with Minimum Limit of $1,000,000 combined single limit per accident. Automobile Insurance shall apply to all owned autos. If Consultant currently owns no autos, Consultant agrees to obtain such insurance should any autos be acquired during the term of this Agreement. Automobile Insurance shall apply to hired and non-owned autos.

d. Professional Liability. Professional Liability/Errors and Omissions Insurance with Minimum Limit of $1,000,000 per claim or per occurrence. Any deductible or self-insured retention shall be shown on the Certificate of Insurance. If the deductible or self-insured retention exceeds $25,000 it must be approved in advance by SCPA. If the insurance is on a Claims-Made basis, the retroactive date shall be no later than the commencement of the work. Coverage applicable to the work performed under this Agreement shall be continued for two (2) years after completion of the work. Such continuation coverage may be provided by one of the following: (1) renewal of the existing policy; (2) an extended reporting period endorsement; or (3) replacement insurance with a retroactive date no later than the commencement of the work under this Agreement.

e. All Policies Requirements.

i. Insurers, other than the California State Compensation Insurance Fund, shall have an A.M. Best's rating of at least A: VII.

ii. The Certificate of Insurance must include the following reference: Sonoma Clean Power Authority.

iii. All required Evidence of Insurance shall be submitted to SCPA within 3 business days of the Effective Date. Consultant agrees to maintain current Evidence of Insurance on file with SCPA for the entire term of this Agreement.

iv. The name and address for Additional Insured endorsements and Certificates of Insurance is: Sonoma Clean Power Authority, Attn: Contract Administration, 50 Santa Rosa Avenue, Fifth Floor, Santa Rosa, CA, 95404.

v. Required Evidence of Insurance shall be submitted for any renewal or replacement of a policy that already exists, at least five (5) business days before expiration or other termination of the existing policy.

vi. Consultant shall provide SCPA written notice if: (A) any of the required insurance policies are terminated; (B) the limits of any of the required policies are reduced; and/or (C) the deductible or self-insured retention is increased.

vii. Upon written request, certified copies of required declaration pages and endorsements must be provided within thirty (30) calendar days.

viii. Consultant's indemnity and other obligations shall not be limited by these insurance requirements.

9. Status of Consultant: Consultant, in performing the services under this Agreement, shall act as an independent contractor and shall control the work

and the manner in which it is performed. At no time shall Consultant work as an agent or employee of SCPA and at no time shall Consultant be entitled to participate in any pension plan, worker's compensation plan, insurance, bonus, or similar benefits SCPA provides its employees. In the event SCPA exercises its right to terminate this Agreement pursuant to Section 6, Consultant expressly agrees that it shall have no recourse or right of appeal under rules, regulations, ordinances, or laws applicable to employees.

10. No Suspension or Debarment: Consultant warrants that it is not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in covered transactions by any state or federal department or agency. Consultant also warrants that it is not suspended or debarred from receiving federal funds as listed in the List of Parties Excluded from Federal Procurement or Non-procurement Programs issued by the General Services Administration.

11. Taxes: Consultant agrees to file federal and state tax returns and pay all applicable taxes on amounts paid pursuant to this Agreement. Consultant shall be solely liable and responsible to pay such taxes and other obligations, including, but not limited to, state and federal income and FICA taxes. Consultant agrees to indemnify and hold SCPA harmless from any liability which it may incur to the United States or to any US State as a consequence of Consultant's failure to pay, when due, all such taxes and obligations. In the event SCPA is audited for compliance regarding any withholding or other applicable taxes, Consultant agrees to, in a timely fashion, furnish SCPA with proof of payment of taxes on these earnings.

12. Records Maintenance: Consultant shall keep and maintain full and complete documentation and accounting records concerning all services performed that are compensable under this Agreement and, upon 48 hours written notice, shall make such documents and records available (for T&M portions of services) to SCPA for inspection during normal business hours. Consultant shall maintain such records for a period of five (5) years following the expiration or termination of this Agreement.

13. Conflict of Interest: Consultant represents that it presently has no interest, and that it will not acquire any interest, direct or indirect, that represents a financial conflict of interest under state law or that would otherwise conflict in any manner or degree with Consultant's performance under this Agreement. Consultant further represents that in the performance of this Agreement no person having any such interests shall be assigned by Consultant to perform work under this agreement nor be given access to the information described in Section 16. Consultant shall comply with any and all applicable California Fair Political Practices Act requirements.

14. Statutory Compliance: Consultant shall comply with all applicable federal, state and local laws, regulations, statutes and policies that are in place at the time the Services are performed under this Agreement.

15. Nondiscrimination: Without limiting any other provision of this Agreement, Consultant shall comply with all applicable federal, state, and local laws, rules, and regulations in regard to nondiscrimination in employment because of race, color, ancestry, national origin, religion, sex, marital status, age, medical condition, pregnancy, disability, sexual orientation or other prohibited basis. All nondiscrimination rules or regulations required by law to be included in this Agreement are incorporated by reference.

16. Confidentiality, Ownership and Disclosure of Work Product: All information obtained by Consultant under this Agreement shall be deemed confidential ("Confidential Information"). Unless SCPA provides written permission, Consultant is compelled by a court of law or regulatory agency, or Consultant obtained Confidential Information from a source or sources other than SCPA, Consultant shall not share Confidential Information with any other person or entity outside of SCPA staff and SCPA authorized representatives. Consultant further agrees to execute non-disclosure agreements related to protecting Confidential Information as requested by SCPA. Provisions related to Confidential Information shall survive expiration or termination of the Agreement for a period of five (5) years. All reports, original drawings, graphics, plans, studies, and other data or documents ("Documents"), in whatever form or format, produced by Consultant or Consultant's subcontractors, consultants, and other agents within the term and scope of this Agreement shall be the property of SCPA; however, this ownership shall not include any ownership interest in Consultant's preexisting information. SCPA shall be entitled to immediate possession of such Documents upon completion of the work and payment thereof pursuant to this Agreement. Upon expiration or termination of this Agreement, Consultant shall promptly deliver to SCPA all such Documents, which have not already been provided to SCPA in such form or format, as SCPA deems appropriate. Such Documents shall be and will remain the property of SCPA without restriction or limitation provided, however, that if SCPA uses any Document for purposes not contemplated by this Agreement, then such use shall be at SPCA's sole risk and without liability or legal exposure to Consultant. If Consultant provides any Document on electronic media, then in all circumstances the hard copy of any such Document shall control in the event of any conflict or discrepancies between the hard copy and the electronic media copy.

17. Assignment and Delegation: Parties shall not assign, delegate, sublet, or transfer any interest in, or duty under, this Agreement without the prior written consent of the other.

18. Written Communications: All written communications, including notices, bills and payments, may be made via electronic mail or to the following addresses:

TO SCPA:	Sonoma Clean Power Authority Attn: Contract Administration 50 Santa Rosa Avenue, 5th Floor Santa Rosa, CA 95404 rkuykendall@sonomacleanpower.org

With Copies to: Sonoma Clean Power Authority
ATTN: General Counsel
50 Santa Rosa Avenue, 5th Floor
Santa Rosa, CA 95404
jmullan@sonomacleanpower.org

TO CONSULTANT: TRC
Attn: Nic Dunfee
10680 White Rock Road, Suite 100
Rancho Cordova, CA 95670
ndunfee@trccompanies.com

19. No Waiver of Breach: The waiver by SCPA of any breach of any term or promise contained in this Agreement shall not be deemed to be a waiver of such term or provision or any subsequent breach of the same or any other term or promise contained in this Agreement.

20. Construction: To the fullest extent allowed by law, the provisions of this Agreement shall be construed and given effect in a manner that avoids any violation of statute, ordinance, regulation, or law. The Parties agree that in the event that any provision of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired, or invalidated. The Parties acknowledge that they have each contributed to the making of this Agreement and that, in the event of a dispute over the interpretation of this Agreement, the language of the Agreement will not be construed against one Party in favor of the other. Parties acknowledge that they have each had an adequate opportunity to consult with counsel in the negotiation and preparation of this Agreement.

21. Consent: Wherever in this Agreement the consent or approval of one Party is required to an act of the other Party, such consent or approval shall not be unreasonably withheld or delayed.

22. No Third-Party Beneficiaries: Nothing contained in this Agreement shall be construed to create, and the Parties do not intend to create, any rights in third parties.

23. Choice of Law and Forum: This Agreement shall be construed and interpreted according to the substantive law of California, regardless of the law of conflicts to the contrary in any jurisdiction. Any action to enforce the terms of this Agreement, or for the breach of this Agreement, shall be brought and tried in Santa Rosa, California, or the forum nearest to the city of Santa Rosa, in the County of Sonoma.

24. Exhibits; Order of Precedence:

    a. Exhibits. This Agreement includes the following Exhibits:

        i. Exhibit A – Scope of Services

ii. Exhibit B – Fee Schedule

iii. Optional Exhibits. Consultant agrees to be bound by the terms and conditions set forth in any of the exhibits selected below as if the terms and conditions were fully set forth in this Agreement. Exhibits not selected below do not apply to this Agreement.

☒ Exhibit C - Non-Disclosure Agreement

☐ Exhibit D – Prevailing Wage Requirements

b. Order of Precedence. In the event of a conflict between the body of this Agreement and any Exhibits or attachments, the language in the body of this Agreement shall prevail. In the event of a conflict between the Exhibits, the order of precedence set forth in section 24(a) applies.

25. Captions: The captions in this Agreement are solely for convenience of reference. They are not a part of this Agreement and shall have no effect on its construction or interpretation.

26. Merger: This writing is intended both as the final expression of the Agreement between the Parties with respect to the included terms and as a complete and exclusive statement of the terms of the Agreement, pursuant to California Code of Civil Procedure Section 1856.

27. Amendment: No modification of this Agreement shall be effective unless and until such modification is evidenced by a writing signed by both Parties.

28. Survival of Terms: All express representations, waivers, indemnifications, and limitations of liability included in this Agreement will survive for a period of five (5) years following completion or termination of this Agreement for any reason.

29. Time of Essence: Consultant shall perform its services to meet the schedule as expeditiously as is consistent with the exercise of professional skill and care and the orderly progress of the Project. Notwithstanding the foregoing, in no event will Consultant be responsible for damages due to delays beyond Consultant's reasonable control.

30. Financial Management System: Consultant shall be responsible for maintaining an adequate financial management system and will immediately notify SCPA when consultant cannot comply with the requirements in this section. Consultant's financial management system shall provide for:

a. Financial reporting: accurate, current, and complete disclosure of the financial results of contract in conformity with generally accepted principles of accounting, and reporting in a format that is in accordance with the financial reporting requirements of contract.

b. Accounting records: records that adequately identify the source and application of funds for SCPA-supported activities. These records must contain information pertaining to grant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures and income.

c. Internal control: effective internal and accounting controls over all funds, property and other assets. Consultant shall adequately safeguard all such assets and assure that they are used solely for authorized purposes.

d. Budget control: comparison of actual expenditures or outlays with budgeted amounts for contract.

e. Allowable cost: procedures for determining reasonableness, allowability, and allocability of costs generally consistent with the provisions of federal and state requirements.

f. Source documentation: accounting records that are supported by source documentation.

g. Cash management: procedures to minimize the time elapsing between the advance of funds from SCPA and the disbursement by consultant, whenever funds are advanced by SCPA.

SCPA may review the adequacy of the financial management system of consultant at any time subsequent to the signing of this contract. If SCPA determines that Consultant's accounting system does not meet the standards described in paragraph A above, additional information to monitor the contract may be required by SCPA upon written notice to Consultant, until such time as the system meets with SCPA's approval.

31. Incentive Account Management. Consultant agrees to pay Program incentives to customers after Consultant validates customers' entitlement to incentives, based upon defined eligibility requirements articulated in writing by SCPA in the latest version of the "Advanced Energy Build Program Manual". SCPA will provide advance written notice to Consultant of any change in Program enrollment qualifications, program structure or funding.

Consultant will communicate with customers as needed to confirm their qualification for enrollment incentives.

Consultant agrees to make enrollment incentive payments to customers as needed to meet SCPA and other funder's timeline targets for incentive payments, but under no circumstances less frequently than once per month.

Once per month, Consulting agrees to provide SCPA a list in Excel, "csv" format, or other reporting method approved by SCPA showing, at a minimum, all customer enrollment incentives paid, including the name, address, and any other agreed upon information, of customers receiving the enrollment incentive payments, the Program pathway the participant is choosing, the modeled Title 24 Delta EDR, the amounts of each enrollment incentive payment made, the amount of remaining payment fund balance, and the number of customer incentive payments in process (i.e., unpaid).

Establishment of AER Escrow Account. TRC will establish an FDIC-insured escrow account that TRC will use to collect funds from SCPA and PG&E that TRC will use to pay customer incentives for the Program (the "Escrow Account").

Initial Payment by SCPA to Escrow Account. SCPA agrees to provide an initial $200,000 payment to Consultant for deposit into the Escrow Account to fund Program customer incentives.

Ongoing Payments by SCPA to AER Escrow Account. Consultant agrees to monitor the Escrow Account balance, as well as the amount of Program customer incentives paid and outstanding and report to SCPA concerning the same.

Consultant agrees to promptly notify SCPA when the balance in the Escrow Account drops below $75,000.

When the balance of the Escrow Account drops below $25,000, SCPA agrees to replenish the Escrow Account balance with a payment up to $200,000, subject to the aggregate not-to-exceed amount limitation set forth above.

32. Incorporation of Grant Agreement Requirements: Consultant understands and agrees that a portion of the compensation paid to Consultant under this Agreement comes from a grant to SCPA from the Bay Area Air Quality Management District. Consultant shall review the grant agreement and in the performance of services under this Agreement shall comply with all requirements applicable to Consultant under the grant agreement.

33. Joint Powers Authority: Consultant hereby acknowledges that SCPA is organized as a Joint Powers Authority in accordance with the Joint Powers Act of the State of California (Cal. Govt. Code section 6500 *et seq.*, as the same may be amended from time to time) pursuant to a Third Amended and Restated Joint Powers Agreement dated October 13, 2016 (the "Joint Powers Agreement"), that SCPA is a public entity separate from its members, and that under the Joint Powers Agreement the members have no liability for any obligations or liabilities of SCPA. Consultant agrees that SCPA shall solely be responsible for all debts, obligations and liabilities accruing and arising out of the Agreement and Consultant agrees that it shall have no rights against, and shall not make any claim, take any actions or assert any remedies against, any of SCPA's members, any cities or counties participating in SCPA's community choice aggregation program, or any of SCPA's retail customers in connection with this Agreement.

[SIGNATURES TO APPEAR ON FOLLOWING PAGE]

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By signing below, the signatories warrant that each has authority to execute this Agreement on behalf of their respective Parties, and that this Agreement is effective as of the Effective Date.

SONOMA CLEAN POWER AUTHORITY	CONSULTANT
BY: ______________________ Geof Syphers Chief Executive Officer	BY: ______________________
	TITLE: ______________________
DATE: ______________________	DATE: ______________________

APPROVED AS TO FORM

BY: ______________________
Special Counsel

DATE: ______________________

Exhibit A
Scope of Services

Exhibit A – Scope of Services

As a part of the Advanced Energy Build Program ("Program"), TRC Engineers, Inc. (TRC) shall provide the following services.

Account and Project Management: Time and materials budget for TRC to track and report on the program status, and incentive account as well as support program management tasks such as ongoing reporting, limited data requests, and client progress meetings.

Project Enrollment: Fixed price payment budget to compensate TRC at successful enrollment and incentive reservation of a qualifying single-family home. This task includes application intake, desktop plan review, and energy savings reporting.

Project Installation: Fixed fee price for the processing of both the 50% upfront, and final incentive payments. Includes all tracking and reporting of the incentive account as well as issuing, mailing and tracking all incentive payments to the homeowners.

<u>Task 1.1 Program Invoicing (Fixed Fee)</u>
This task is a fixed fee associated with invoicing and data management requirements for the program.

Task 1.1 Budget: $1,500 per month, with a total Not To Exceed Budget of $18,000.

Task 1.1 Deliverables:

- Monthly invoice with cover letter summarizing activities and incentive account status in accordance with Exhibit A

<u>Task 1.2 Project Management and Meetings (Time and Material)</u>
This task will support minimal program management activities (time and materials), including:

- Data requests from SCPA
- Progress meetings with SCPA
- Ongoing coordination with SCPA regarding pipeline and incentive fund status

Task 1.2 Budget: $75,000

Task 1.2 Deliverables:

- Monthly teleconference call with SCPA to discuss program progress
- Documentation to support up to one (1) data request per quarter
    - If more than one data request is requested per quarter, TRC will review budget with SCPA to ensure that sufficient budget remains to complete the additional request

Task 1 Total Budget: $93,000
<u>Task 2: Project Enrollment (Fixed Fee)</u>
Task 2.1 Enrollment Processing
Once TRC has determined a project is only eligible for funding, the following task will be covered under the $225/home fixed fee enrollment processing budget.

TRC shall inform the SCPA Program Manager of all committed projects in the monthly program report. The TRC shall retain all executed Program Participation Agreements and supporting documentation on behalf of SCPA to be available upon request, for one year following a project's final payment.
TRC shall verify that all information associated with the program application package is reviewed, for completeness and maintain a database of all enrolled projects for program pipeline and forecasting purposes.

TRC shall coordinate with each project to ensure that the project's California HERS registration entity is prepared for Program verification purposes. The TRC shall interact directly with each project's HERS registration entity as needed.

TRC shall deliver an application acceptance package to each enrolled project team containing, at minimum, the completed and signed Program Participation Agreement, a program enrollment approval letter, a plan check verification summary sheet (which lists the enrolled plans and incentive levels), the approved lot list, Incentive Request Form (IRF) blanks, and an IRF instructions sheet.

Task 2.1 Budget: $112,500

Task 2.2 Plan Review
Once TRC has obtained a completed application package, it will be reviewed for proper modeling and program eligibility under a $450, per plan reviewed, fixed fee. If a plan that has been reviewed for a previous project, with no changes to design or specifications whatsoever, then SCPA will not be charged for Task 2.1 Plan Review on subsequent homes, they will only be charged for Task 2.1 Enrollment Processing.

TRC shall perform a systematic and triaged plan check of the construction documents using TRC proprietary QC Triage System, and resolve any substantive discrepancies discovered between the electronic files and the construction documents. The QC Triage System is a TRC proprietary system which assigns priority levels for project review customized to meet program needs, including schedule, and budget.

During this process, TRC will only review measures and features that are verifiable through either the approved energy models or plan set, such as high performance attics, walls or, windows, mechanical efficiencies, and insulation levels. Other features, such as water saving features, pre-wiring, and appliance verification will not be verified until a site verification visit, covered in Task 3.

Task 2.2 Budget: $225,000

For the purpose of this budget 500 plans were estimated. These are used for budgeting purposes only. TRC will closely track the budget status and will initiate any necessary discussions about budget expansion or adjustments necessary once they start to see enrollment trends.

Task 2 Deliverables:

All deliverables related to Task 2 are included in the monthly invoice report, including energy savings summary and incentive amounts in accordance with Exhibit A.

Task 2 Total Budget: $337,500

Task 3: Project Installation (Fixed Fee)

Task 3.1 Incentive Processing at Enrollment

TRC will review all enrollment documentation to confirm that all projects are properly documented and reviewed and therefore eligible for the 50% incentive payment as detailed in the chart below, under a $40/home processing fee. TRC will generate a payment summary advising SCPA that the incentives have been paid. This letter will include estimated energy savings claims and incentive levels. During verification, TRC will communicate with the project team regarding the status of the enrolled project and advise when additional information is needed for payment. TRC will coordinate with SCPA to ensure that payment data is tracked and recorded in TRC's database for use in data analysis and project level communication.

Program Pathway	Requirements	Total Rebate to Customer
Advanced Energy Home (Home using Natural Gas or Propane)	Delta EDR of 1.0, Pre-wiring for future electrification, EV charger	$1,000.00
All Electric Home	Delta EDR of 1.0, EV Charger	$3,500.00
Kicker for Renewable Energy	7.5 kWh battery storage	$1,000.00

Task 3.1 Budget: $20,000

Task 3.2 Incentive Processing at Installation

TRC will accept incentive request forms (IRFs) that the builder will use to indicate enrolled lots have completed construction and have had all HERS tests uploaded to the HERS registry. TRC will review the IRF and the registry to confirm that the lots have completed as specified and are therefore eligible for incentives under the $80 per home fixed fee. TRC will generate a payment approval letter advising SCPA that the incentives have been paid. This letter will include energy savings claims and HERS registry summary forms. During verification, TRC will communicate with the project team regarding the status of the incentive request and advise when additional information is needed. TRC will coordinate with SCPA to ensure that payment data is tracked and recorded in TRC's database for use in data analysis and project level communication.

Task 3.2 Budget: $40,000

Task 3.3 Field Verification / Quality Assurance Visits

The site verification (QA/QC) budget is also on a fixed fee per verification site visit basis at $2,300 per trip. Implementer will be responsible for performing site verifications on 4% of SCPA's AER participating homes. There will be no sampling since these will mostly be custom homes. Visits will be performed as projects complete, at a rate of three to four inspections per trip (one trip for every 85-100 installations,) as scheduling allows. These visits will not be able to verify all measures. The measure that do get verified will depend upon the stage of construction when the visit is performed. This fixed fee is to cover all labor, travel expenses, and reporting associated with the site verification trips. The budget estimates one (1) trip will be necessary if the forecasted goals are met.

Task 3.3 Budget: $46,000

For the purpose of this budget 500 homes and eight verification trips were estimated. These are used for budget purposes only and may change based on program participation. TRC will closely track the budget status and will initiate any necessary discussions about budget expansion or adjustments necessary once we start to see enrollment trends.

Task 3 Deliverables:
Most deliverables related to Task 3 are included in the monthly invoice report.
Site Verification Reports: (21) Reports total due Q12020

Task 3 Total Budget: $106,000

Task 4 Outreach and Marketing Assistance (Time and Material)
This task will support minimal program marketing activities (time and materials) as requested by Sonoma Clean Power Program Manager and/or Director of Marketing.

Task 4 Budget: $30,000

Task 4 Deliverables: Deliverables for this task will be agreed upon in writing by both parties.

Task 4 Total Budget: $30,000

Exhibit B
Fee Schedule

Staffing and Fee Schedule
Nic Dunfee will provide program oversight with support of the TRC residential new construction team.

Potential staff by job category and rate supporting this project are outlined in the figure below. Please note that individuals working under each job classification may change due to TRC staff changes and/or promotions.

Job Classification	2018 Rate	2019 Rate	2020 Rate	TRC Personnel
Vice President	$250	$258	$265	Julieann Summerford, Catherine Chappell
Associate Vice President	$240	$247	$255	Abhijeet Pande
Senior Program Manager	$210	$216	$233	Shelley Beaulieu, Karin Lang
Program Manager	$180	$185	$191	Elizabeth McCollum, Matthew Christie, Sophia Hartkopf
Senior Project Manager	$160	$165	$170	Don MacOdrum, Nic Dunfee
Project Manager	$155	$160	$164	Beth Baxter, Cheryl LaCombe, Dan Wildenhaus, Melissa Buckley, Michael Maroney, Ritesh Nayyar, Stephanie Berkland
Associate Project Manager II	$130	$134	$ 138	Connie Malone-Jones, Lori McAdams,
Associate Project Manager I	$120	$124	$127	Matthew Flores, Yamini Arab, Parul Gulati
Project Associate II	$110	$113	$117	
Project Associate I	$95	$98	$101	Nolan Stephens, Jessica Nunez, Neil Perry
Project Assistant II	$90	$93	$95	Yolanda Duvall, Allison Wittwer
Project Assistant I	$80	$82	$85	Claire Chappell, Genevieve Resnick, Wendy Young

Exhibit C
Non-Disclosure Agreement

☒ Included
☐ Not Included

Exhibit D
Prevailing Wage Requirements

☐ Included
☒ Not Included

Staff Report – Item 05

To: Sonoma Clean Power Authority Board of Directors

From: Stephanie Reynolds, Director of Operations
Mike Koszalka, COO

Issue: Receive Internal Operations Report and Provide Direction as Appropriate

Date: April 2, 2020

SCP Response to COVID-19

In response to the developments related to the COVID-19 pandemic, SCP has been preparing contingency plans for daily operations and for staff safety. These plans include, but are not limited to:

- A COVID-19 Emergency Consumer Protection Policy was approved by SCP management to protect SCP residential and non-residential customers who are experiencing a financial crisis due to the pandemic. All late-payment and pre-collection notices have been halted until May 31, 2020. SCP will not drop any eligible customers and has halted collection activity for eligible customers through May 31, 2020. The dates may be extended if the current situation extends later in the year.
- All SCP staff has been provided equipment needed to work from home during the shelter-in-place period and teams are in communications with each other daily.
- Following Governor Newsom's Executive Order N-25-30 (attached), public meetings and workshops will be held via teleconference or webinar (for workshops) to avoid gatherings that may lead to the spread of the virus.

- Prior to the office closure, SCP headquarters was cleaned daily by internal staff with special attention to work surfaces, doors, chairs and other contact areas. This will continue until no longer recommended by the CDC.
- The financial impact on SCP is not yet well-determined. Staff are actively studying changes needed for our load forecast and sales projections and will update the Committee and Board as we learn more over the coming months.

PROGRAMS UPDATES:

SCP staff is developing a "Solar + Battery Storage" class (webinar) to be held April 14th from 5:30–7:00 P.M. The webinar will focus on residential SCP customers who want to incorporate solar and battery storage into new and existing homes. SCP customers who are interested may sign up for email updates at www.sonomacleanpower.org/sign-up-for-email-updates and choose "Solar Plus Storage Class". More information will be posted on our website calendar soon.

Induction Cooktop and DIY Energy & Water Savings Toolkit Checkout Programs

The induction cooktop and DIY toolkit checkout programs are temporarily on hold, due to the restrictions on public contact. The programs will continue as soon as it is safe for the lending sites to reopen.

Advanced Energy Rebuild (AER)

Over 350 homes have applied for Advanced Energy Rebuild, about 30% of which are choosing to rebuild all-electric homes. Of these, 306 are enrolled in the program, including 194 single-family homes, 96 multi-family units, and 16 Accessory Dwelling Units (ADU). Enrolled rebuild projects perform 25% better than code and are expected to add 620 kW in solar PV with 580 kWh in battery storage capacity.

Lead Locally (CEC Grant)

Phase 1 demolition work at the Advanced Energy Center is now completed and a new fire suppression system has been installed. The construction team has shifted work towards the renovation of the building; framing, electrical and HVAC.

Following the purchase order for furniture procurement and installation at the Advanced Energy Center that was approved by the Board in February, the furniture contractor has begun constructing furniture for the space.

The Lead Locally Research Team (Team) has completed installation of new technologies for Phase 1 residential technologies and will begin to study the energy savings at those homes.

The Team completed home evaluations for Phase 2 residential sites, and all other site evaluations have been placed on hold until late April. The Team is continuing to recruit commercial properties for the Phase 2 Technology Demonstration study on market-ready technologies: daylighting retrofits, induction cooktops, heat recovery system for dish machines, and phase change materials.

An open recruitment and application for manufacturers and distributors to display and deploy emerging technologies at the Advanced Energy Center is publicly available until the opening of the Center. This application can be found on the SCP website.

Self-Generation Incentive Program (SGIP)

SCP staff is working with consultant YSM on launching the SGIP Assistance program. The program is planned to launch in April. This program will provide residential and government customers with SGIP incentives upfront and assist with applications to install battery energy storage systems under 30 kilowatts (kW). Contractors and installers wishing to participate in the program must attend one training to review the program expectations and requirements. The first training was held March 31st. The second training date has not yet been scheduled and will be announced once confirmed.

Municipal Solar + Storage Analysis

SCP staff continue to work with consultant TerraVerde, who are conducting a technical analysis of municipal solar and energy storage. The analysis will look at existing solar facilities owned or operated by our member municipalities in order to maximize their value, determine feasibility of adding energy storage, and identify the requirements and cost to disconnect or "island" during emergency events. Staff and TerraVerde have engaged with most participating jurisdictions to begin the analysis. During the COVID-19 response, delays in jurisdiction staff responses are anticipated due to the non-essential subject matter.

School Bus Electrification Study

With the transit electrification study completed, staff is now shifting to conducting a similar electrification study but for school bus operators. Staff has engaged with two bus operators, one in Sonoma and one in Mendocino to be participants in the study.

A contract, scope of work, and budget will be presented for discussion at the next Community Advisory Committee meeting, followed by the next Board meeting for discussion and approval.

Sonoma Coast Incentive Project - CALeVIP

In mid-March, the Center for Sustainable Energy (CSE) notified SCP that the Energy Commission decided to move the launch date of the Sonoma Coast Incentive Project to late-June 2020. Staff is engaging with the Energy Commission to discuss the change while simultaneously working with CSE to meet the new launch date. Staff has received a final design package along with a draft Integrated Communications Plan. CSE will continue to develop the application, website, and other materials as staff continue to engage in outreach efforts to the public to help prepare interested parties in applying for funds. Staff encourages anyone interested in hosting charging stations or learning to email programs@sonomacleanpower.org .

MONTHLY COMPILED FINANCIAL STATEMENTS (January and February 2020)

The year-to-date growth (through 2/29/20) in net position is slightly above projections due primarily to lower operating costs. Revenue from electricity sales and cost of energy are both slightly less than expected. Year-to-date electricity sales reached $127,261,000.

SCP maintains a balanced portfolio by procuring electricity from multiple sources. Net position reached a positive $110,473,000, which indicates healthy growth as SCP continues to make progress towards its reserve goals. Of this net position, approximately $71,374,000 is set aside for reserves (Operating Reserve: $58,536,000; Program Reserve: $10,706,000; and Collateral Reserve: $2,132,000).

Overall, other operating expenses continued near or slightly below planned levels for the year.

BUDGETARY COMPARISON SCHEDULE (January and February 2020)

The accompanying budgetary comparisons include the 2019/20 budget amendment approved by the Board of Directors in February 2020.

The budget is formatted to make comparisons for both the annual and the year-to-date perspective. The first column, 2019/20 YTD Budget, allocates the Board approved annual budget at expected levels throughout the year with consideration for the timing of additional customers, usage volumes, staffing needs etc. This column represents our best estimates and this granular approach was not part of the Board approved budget.

Revenue from electricity sales to customers is slightly less than the year-to-date budget by approximately 2%.

The cost of electricity is approximately equal to the budget-to-date. Variation in this account is typically due to fluctuating market cost of energy on open position purchases.

Major operating categories of Data Management fees and PG&E Service fees are based on the customer account totals and are closely aligned to budget.

In addition to the items mentioned above, SCP continues its trend of remaining near or under budget for most of its operating expenses.

UPCOMING MEETINGS:

CAC – Monday, April 20, 2020 at 1:00 P.M.

BOD – Thursday, May 7, 2020 at 8:45 A.M.

CAC – Tuesday, May 19, 2020 at 1:00 P.M.

ATTACHMENTS:

January 2020 Financial Reports

February 2020 Financial Reports

Executive Order N-25-20

MAHER
ACCOUNTANCY

ACCOUNTANTS' COMPILATION REPORT

Management
Sonoma Clean Power Authority

Management is responsible for the accompanying financial statements of Sonoma Clean Power Authority (a California Joint Powers Authority) which comprise the statement of net position as of January 31, 2020, and the related statement of revenues, expenses, and changes in net position, and the statement of cash flows for the period then ended in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the accompanying statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, conclusion, nor provide any assurance on these financial statements.

Management has elected to omit substantially all of the note disclosures required by accounting principles generally accepted in the United States of America in these interim financial statements. Sonoma Clean Power Authority's annual audited financial statements include the note disclosures omitted from these interim statements. If the omitted disclosures were included in these financial statements, they might influence the user's conclusions about the Authority's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to the Authority because we performed certain accounting services that impaired our independence.

Maher Accountancy

San Rafael, CA
March 2, 2020

1101 Fifth Avenue, Suite 200 San Rafael, CA 94901 415 459 1249 mahercpa.com

SONOMA CLEAN POWER AUTHORITY

STATEMENT OF NET POSITION
As of January 31, 2020

ASSETS	
Current assets	
Cash and cash equivalents	$ 70,034,092
Accounts receivable, net of allowance	16,826,332
Other receivables	2,129,627
Accrued revenue	8,128,045
Prepaid expenses	1,284,416
Deposits and other current assets	757,079
Investments	20,108,713
Total current assets	119,268,304
Noncurrent assets	
Land and construction-in-progress	5,587,774
Capital assets, net of depreciation	164,127
Deposits and other noncurrent assets	5,459,242
Total noncurrent assets	11,211,143
Total assets	130,479,447
LIABILITIES	
Current liabilities	
Accounts payable	1,474,654
Accrued cost of electricity	14,913,083
Advanced from grantors	347,000
Other accrued liabilities	2,469,650
User taxes and energy surcharges due to other governments	447,916
Total current liabilities	19,652,303
NET POSITION	
Investment in capital assets	5,751,901
Unrestricted	105,075,243
Total net position	$ 110,827,144

See accountants' compilation report.

SONOMA CLEAN POWER AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
July 1, 2019 through January 31, 2020

OPERATING REVENUES	
Electricity sales, net	$ 113,908,936
Evergreen electricity premium	327,813
Grant revenue	2,416,814
Total operating revenues	116,653,563
OPERATING EXPENSES	
Cost of electricity	86,906,023
Contract services	8,164,117
Staff compensation	2,380,132
General and administration	609,166
Program rebates and incentives	438,396
Depreciation	37,096
Total operating expenses	98,534,930
Operating income	18,118,633
NONOPERATING REVENUES (EXPENSES)	
Interest income	789,244
Other nonoperating revenue	710
Total nonoperating revenues (expenses)	789,954
CHANGE IN NET POSITION	18,908,587
Net position at beginning of period	91,918,557
Net position at end of period	$ 110,827,144

See accountants' compilation report.

SONOMA CLEAN POWER AUTHORITY

STATEMENT OF CASH FLOWS
July 1, 2019 through January 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	$ 118,490,948
Receipts from grantors	1,021,283
Payments to electricity suppliers	(85,350,666)
Payments for other goods and services	(7,260,725)
Payments for staff compensation	(2,483,003)
Tax and surcharge payments to other governments	(1,600,932)
Payments for program rebates and incentives	(506,621)
Net cash provided (used) by operating activities	22,310,284
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Payments to acquire capital assets	(791,453)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income received	650,585
Proceeds from certificates of deposit matured	10,274,237
Purchase of certificates of deposit	(20,000,000)
Net cash provided (used) by investing activities	(9,075,178)
Net change in cash and cash equivalents (including County Investment Pool)	12,443,653
Cash and cash equivalents at beginning of year	57,590,439
Cash and cash equivalents at end of year	$ 70,034,092

See accountants' compilation report.

SONOMA CLEAN POWER AUTHORITY

STATEMENT OF CASH FLOWS (continued)
July 1, 2019 through January 31, 2020

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating income	$ 18,118,633
Adjustments to reconcile operating income to net	
cash provided (used) by operating activities	
Depreciation expense	37,096
Revenue adjusted for allowance for uncollectible accounts	874,505
(Increase) decrease in:	
Accounts receivable	(451,928)
Other receivables	(1,029,736)
Accrued revenue	2,281,106
Prepaid expenses	332,720
Deposits	(425,000)
Increase (decrease) in:	
Accounts payable	(326,746)
Accrued cost of electricity	196,282
Advance from grantors	(97,625)
Accrued liabilities	2,865,993
User taxes due to other governments	(50,416)
Supplier security deposits	(14,600)
Net cash provided (used) by operating activities	$ 22,310,284

ACCOUNTANTS' COMPILATION REPORT

Management
Sonoma Clean Power Authority

Management is responsible for the accompanying financial statements of Sonoma Clean Power Authority (a California Joint Powers Authority) which comprise the statement of net position as of February 29, 2020, and the related statement of revenues, expenses, and changes in net position, and the statement of cash flows for the period then ended in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the accompanying statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, conclusion, nor provide any assurance on these financial statements.

Management has elected to omit substantially all of the note disclosures required by accounting principles generally accepted in the United States of America in these interim financial statements. Sonoma Clean Power Authority's annual audited financial statements include the note disclosures omitted from these interim statements. If the omitted disclosures were included in these financial statements, they might influence the user's conclusions about the Authority's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to the Authority because we performed certain accounting services that impaired our independence.

Maher Accountancy

San Rafael, CA
March 26, 2020

1101 Fifth Avenue, Suite 200 San Rafael, CA 94901 415 459 1249 mahercpa.com

SONOMA CLEAN POWER AUTHORITY

STATEMENT OF NET POSITION
As of February 29, 2020

ASSETS	
Current assets	
Cash and cash equivalents	$ 69,444,201
Accounts receivable, net of allowance	16,247,647
Other receivables	3,969,654
Accrued revenue	7,776,329
Prepaid expenses	1,239,114
Deposits and other current assets	757,079
Investments	20,133,474
Total current assets	119,567,498
Noncurrent assets	
Land and construction-in-progress	6,167,543
Capital assets, net of depreciation	160,256
Deposits and other noncurrent assets	5,459,242
Total noncurrent assets	11,787,041
Total assets	131,354,539
LIABILITIES	
Current liabilities	
Accounts payable	1,385,627
Accrued cost of electricity	15,730,339
Advanced from grantors	347,000
Other accrued liabilities	2,934,141
User taxes and energy surcharges due to other governments	484,782
Total current liabilities	20,881,889
NET POSITION	
Investment in capital assets	6,327,799
Unrestricted	104,144,851
Total net position	$ 110,472,650

See accountants' compilation report.

SONOMA CLEAN POWER AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
July 1, 2019 through February 29, 2020

OPERATING REVENUES	
Electricity sales, net	$ 126,870,702
Evergreen electricity premium	390,698
Grant revenue	2,866,814
Total operating revenues	130,128,214
OPERATING EXPENSES	
Cost of electricity	99,262,586
Contract services	9,294,014
Staff compensation	2,732,379
General and administration	708,036
Program rebates and incentives	438,396
Depreciation	42,698
Total operating expenses	112,478,109
Operating income	17,650,105
NONOPERATING REVENUES (EXPENSES)	
Interest income	903,278
Other nonoperating revenue	710
Total nonoperating revenues (expenses)	903,988
CHANGE IN NET POSITION	18,554,093
Net position at beginning of period	91,918,557
Net position at end of period	$ 110,472,650

See accountants' compilation report.

SONOMA CLEAN POWER AUTHORITY

STATEMENT OF CASH FLOWS
July 1, 2019 through February 29, 2020

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	$ 132,640,144
Receipts from grantors	1,021,283
Other operating receipts	20,000
Payments to electricity suppliers	(98,157,440)
Payments for other goods and services	(8,309,010)
Payments for staff compensation	(2,838,309)
Tax and surcharge payments to other governments	(1,758,210)
Payments for program rebates and incentives	(506,621)
Net cash provided (used) by operating activities	22,111,837
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Payments to acquire capital assets	(1,222,170)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income received	689,858
Proceeds from certificates of deposit matured	10,274,237
Purchase of certificates of deposit	(20,000,000)
Net cash provided (used) by investing activities	(9,035,905)
Net change in cash and cash equivalents (including County Investment Pool)	11,853,762
Cash and cash equivalents at beginning of year	57,590,439
Cash and cash equivalents at end of year	$ 69,444,201

See accountants' compilation report.

SONOMA CLEAN POWER AUTHORITY

STATEMENT OF CASH FLOWS (continued)
July 1, 2019 through February 29, 2020

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating income	$	17,650,105
Adjustments to reconcile operating income to net		
cash provided (used) by operating activities		
Depreciation expense		42,698
Revenue adjusted for allowance for uncollectible accounts		974,251
(Increase) decrease in:		
Accounts receivable		27,011
Other receivables		(2,819,763)
Accrued revenue		2,632,822
Prepaid expenses		378,022
Deposits		(425,000)
Increase (decrease) in:		
Accounts payable		(545,500)
Accrued cost of electricity		1,165,807
Advance from grantors		(97,625)
Accrued liabilities		3,157,159
User taxes due to other governments		(13,550)
Supplier security deposits		(14,600)
Net cash provided (used) by operating activities	$	22,111,837

See accountants' compilation report.

MAHER
ACCOUNTANCY

ACCOUNTANTS' COMPILATION REPORT

Board of Directors
Sonoma Clean Power Authority

Management is responsible for the accompanying special purpose statement of Sonoma Clean Power Authority (a California Joint Powers Authority) which comprise the budgetary comparison schedule for the period ended January 31, 2020, and for determining that the budgetary basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the accompanying statement nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any assurance on this special purpose budgetary comparison statement.

The special purpose statement is prepared in accordance with the budgetary basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This report is intended for the information of the Board of Directors of Sonoma Clean Power Authority.

Management has elected to omit substantially all of the note disclosures required by accounting principles generally accepted in the United States of America in these interim financial statements. Sonoma Clean Power Authority's annual audited financial statements include the note disclosures omitted from these interim statements. If the omitted disclosures were included in these financial statements, they might influence the user's conclusions about the Authority's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to the Authority because we performed certain accounting services that impaired our independence.

Maher Accountancy

San Rafael, CA
March 2, 2020

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SONOMA CLEAN POWER AUTHORITY
OPERATING FUND
BUDGETARY COMPARISON SCHEDULE
July 1, 2019 through January 31, 2020

	2019/20 YTD Amended Budget	2019/20 YTD Actual	2019/20 YTD Amended Budget Variance (Under) Over	2019/20 YTD Actual/ Amended Budget %	2019/20 Amended Budget	2019/20 Amended Budget Remaining
REVENUE AND OTHER SOURCES:						
Electricity (net of allowance) *	$ 116,819,406	$ 113,909,646	$ (2,909,760)	98%	$ 196,600,000	$ 82,690,354
Evergreen Premium (net of allowance)	290,563	327,813	37,250	113%	489,000	161,187
CEC Grant	2,776,667	2,319,189	(457,478)	84%	4,760,000	2,440,811
BAAQMD grant	58,333	97,625	39,292	0%	100,000	2,375
Interest income	772,917	789,244	16,327	102%	1,325,000	535,756
Total revenue and other sources	120,717,886	117,443,517	(3,274,369)	97%	203,274,000	85,830,483
EXPENDITURES AND OTHER USES:						
CURRENT EXPENDITURES						
Cost of energy and scheduling	86,851,834	86,906,023	54,189	100%	150,630,000	63,723,977
Data management	1,842,167	1,855,428	13,261	101%	3,158,000	1,302,572
Service fees- PG&E	560,583	561,464	881	100%	961,000	399,536
Personnel	2,525,833	2,331,176	(194,657)	92%	4,330,000	1,998,824
Outreach and communications	560,000	352,657	(207,343)	63%	960,000	607,343
Customer service	285,512	284,027	(1,485)	99%	367,000	82,973
General and administration	319,583	409,313	89,730	128%	505,000	95,687
Legal, regulatory and compliance	642,833	614,744	(28,089)	96%	1,102,000	487,256
Accounting	123,083	109,978	(13,105)	89%	211,000	101,022
Legislative	45,500	45,500	-	100%	78,000	32,500
Other consultants	93,333	93,527	194	100%	160,000	66,473
CalCCA Trade Association	256,667	192,500	(64,167)	75%	440,000	247,500
Program implementation	1,575,000	1,172,144	(402,856)	74%	2,700,000	1,527,856
Program - CEC grant	4,900,000	4,178,385	(721,615)	85%	8,400,000	4,221,615
Program development and evaluation	29,167	-	(29,167)	0%	50,000	50,000
Total current expenditures	100,611,095	99,106,866	(1,504,229)	99%	174,052,000	74,945,134
OTHER USES						
Capital outlay	2,216,667	190,333	(2,026,334)	9%	3,800,000	3,609,667
Total Expenditures, Other Uses and Debt Service	102,827,762	99,297,199	(3,530,563)	97%	177,852,000	78,554,801
Net increase (decrease) in available fund balance	$ 17,890,124	$ 18,146,318	$ 256,194	101%	$ 25,422,000	$ 7,275,682

** Represents sales of approximately 1,373,000 MWh for 2019/20 YTD actual.*

RESERVES	Current Balance	% of FY Target	FY Target Balance
Operating Cash Reserve	$ 58,450,227	66%	$ 88,926,000
Program Cash Reserve	10,689,310	60%	17,785,200
Collateral Cash Reserve	2,120,296	14%	15,063,000
	$ 71,259,833	59%	$ 121,774,200

See accountants' compilation report.

SONOMA CLEAN POWER AUTHORITY

OPERATING FUND
BUDGET RECONCILIATION TO STATEMENT OF
REVENUES, EXPENSES AND CHANGES IN NET POSITION
July 1, 2019 through January 31, 2020

Net increase (decrease) in available fund balance per budgetary comparison schedule:	$	18,146,318
Adjustments needed to reconcile to the changes in net position in the Statement of Revenues, Expenses and Changes in Net Position:		
Subtract depreciation expense		(37,096)
Add back capital asset acquisitions		799,365
Change in net position	$	18,908,587

ACCOUNTANTS' COMPILATION REPORT

Board of Directors
Sonoma Clean Power Authority

Management is responsible for the accompanying special purpose statement of Sonoma Clean Power Authority (a California Joint Powers Authority) which comprise the budgetary comparison schedule for the period ended February 29, 2020, and for determining that the budgetary basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the accompanying statement nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any assurance on this special purpose budgetary comparison statement.

The special purpose statement is prepared in accordance with the budgetary basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This report is intended for the information of the Board of Directors of Sonoma Clean Power Authority.

Management has elected to omit substantially all of the note disclosures required by accounting principles generally accepted in the United States of America in these interim financial statements. Sonoma Clean Power Authority's annual audited financial statements include the note disclosures omitted from these interim statements. If the omitted disclosures were included in these financial statements, they might influence the user's conclusions about the Authority's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to the Authority because we performed certain accounting services that impaired our independence.

Maher Accountancy

San Rafael, CA
March 26, 2020

1101 Fifth Avenue, Suite 200 San Rafael, CA 94901 415 459 1249 mahercpa.com

SONOMA CLEAN POWER AUTHORITY
OPERATING FUND
BUDGETARY COMPARISON SCHEDULE
July 1, 2019 through February 29, 2020

	2019/20 YTD Amended Budget	2019/20 YTD Actual	2019/20 YTD Amended Budget Variance (Under) Over	2019/20 YTD Actual/ Amended Budget %	2019/20 Amended Budget	2019/20 Amended Budget Remaining
REVENUE AND OTHER SOURCES:						
Electricity (net of allowance) *	$ 131,468,835	$ 126,871,412	$ (4,597,423)	97%	$ 196,600,000	$ 69,728,588
Evergreen Premium (net of allowance)	327,000	390,698	63,698	119%	489,000	98,302
CEC Grant	3,173,333	2,769,189	(404,144)	87%	4,760,000	1,990,811
BAAQMD grant	66,667	97,625	30,958	0%	100,000	2,375
Interest income	883,333	903,278	19,945	102%	1,325,000	421,722
Total revenue and other sources	135,919,168	131,032,202	(4,886,966)	96%	203,274,000	72,241,798
EXPENDITURES AND OTHER USES:						
CURRENT EXPENDITURES						
Cost of energy and scheduling	101,031,117	99,262,586	(1,768,531)	98%	150,630,000	51,367,414
Data management	2,105,333	2,120,936	15,603	101%	3,158,000	1,037,064
Service fees- PG&E	640,667	641,578	911	100%	961,000	319,422
Personnel	2,886,667	2,683,423	(203,244)	93%	4,330,000	1,646,577
Outreach and communications	640,000	422,030	(217,970)	66%	960,000	537,970
Customer service	301,810	298,148	(3,662)	99%	367,000	68,852
General and administration	356,667	475,127	118,460	133%	505,000	29,873
Legal, regulatory and compliance	734,667	674,502	(60,165)	92%	1,102,000	427,498
Accounting	140,667	119,650	(21,017)	85%	211,000	91,350
Legislative	52,000	52,000	-	100%	78,000	26,000
Other consultants	106,667	100,586	(6,081)	94%	160,000	59,414
CalCCA Trade Association	293,333	220,000	(73,333)	75%	440,000	220,000
Program implementation	1,800,000	1,234,127	(565,873)	69%	2,700,000	1,465,873
Program - CEC grant	5,600,000	5,235,918	(364,082)	93%	8,400,000	3,164,082
Program development and evaluation	33,333	994	(32,339)	3%	50,000	49,006
Total current expenditures	116,722,928	113,541,605	(3,181,323)	97%	174,052,000	60,510,395
OTHER USES						
Capital outlay	2,533,333	284,221	(2,249,112)	11%	3,800,000	3,515,779
Total Expenditures, Other Uses and Debt Service	119,256,261	113,825,826	(5,430,435)	95%	177,852,000	64,026,174
Net increase (decrease) in available fund balance	$ 16,662,907	$ 17,206,376	$ 543,469	103%	$ 25,422,000	$ 8,215,624

** Represents sales of approximately 1,556,000 MWh for 2019/20 YTD actual.*

RESERVES	Current Balance	% of FY Target	FY Target Balance
Operating Cash Reserve	$ 58,535,752	66%	$ 88,926,000
Program Cash Reserve	10,706,415	60%	17,785,200
Collateral Cash Reserve	2,131,700	14%	15,063,000
	$ 71,373,867	59%	$ 121,774,200

See accountants' compilation report.

SONOMA CLEAN POWER AUTHORITY

OPERATING FUND
BUDGET RECONCILIATION TO STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
July 1, 2019 through February 29, 2020

Net increase (decrease) in available fund balance per budgetary comparison schedule:	$ 17,206,376
Adjustments needed to reconcile to the changes in net position in the Statement of Revenues, Expenses and Changes in Net Position:	
Subtract depreciation expense	(42,698)
Add back capital asset acquisitions	1,390,415
Change in net position	$ 18,554,093

EXECUTIVE DEPARTMENT
STATE OF CALIFORNIA

EXECUTIVE ORDER N-25-20

WHEREAS on March 4, 2020, I proclaimed a State of Emergency to exist in California as a result of the threat of COVID-19; and

WHEREAS despite sustained efforts, the virus remains a threat, and further efforts to control the spread of the virus to reduce and minimize the risk of infection are needed; and

WHEREAS state and local public health officials may, as they deem necessary in the interest of public health, issue guidance limiting or recommending limitations upon attendance at public assemblies, conferences, or other mass events, which could cause the cancellation of such gatherings through no fault or responsibility of the parties involved, thereby constituting a force majeure; and

WHEREAS the Department of Public Health is maintaining up-to-date guidance relating to COVID-19, available to the public at http://cdph.ca.gov/covid19; and

WHEREAS the State of California and local governments, in collaboration with the Federal government, continue sustained efforts to minimize the spread and mitigate the effects of COVID-19; and

WHEREAS there is a need to secure numerous facilities to accommodate quarantine, isolation, or medical treatment of individuals testing positive for or exposed to COVID-19; and

WHEREAS, many individuals who have developmental disabilities and receive services through regional centers funded by the Department of Developmental Services also have chronic medical conditions that make them more susceptible to serious symptoms of COVID-19, and it is critical that they continue to receive their services while also protecting their own health and the general public health; and

WHEREAS individuals exposed to COVID-19 may be temporarily unable to report to work due to illness caused by COVID-19 or quarantines related to COVID-19 and individuals directly affected by COVID-19 may experience potential loss of income, health care and medical coverage, and ability to pay for housing and basic needs, thereby placing increased demands on already strained regional and local health and safety resources such as shelters and food banks; and

WHEREAS in the interest of public health and safety, it is necessary to exercise my authority under the Emergency Services Act, specifically Government Code section 8572, to ensure adequate facilities exist to address the impacts of COVID-19; and

WHEREAS under the provisions of Government Code section 8571, I find that strict compliance with various statutes and regulations specified in this order would prevent, hinder, or delay appropriate actions to prevent and mitigate the effects of the COVID-19 pandemic.

NOW, THEREFORE, I, GAVIN NEWSOM, Governor of the State of California, in accordance with the authority vested in me by the State Constitution and statutes of the State of California, and in particular, Government Code sections 8567, 8571 and 8572, do hereby issue the following order to become effective immediately:

IT IS HEREBY ORDERED THAT:

1. All residents are to heed any orders and guidance of state and local public health officials, including but not limited to the imposition of social distancing measures, to control the spread of COVID-19.

2. For the period that began January 24, 2020 through the duration of this emergency, the Employment Development Department shall have the discretion to waive the one-week waiting period in Unemployment Insurance Code section 2627(b)(1) for disability insurance applicants who are unemployed and disabled as a result of the COVID-19, and who are otherwise eligible for disability insurance benefits.

3. For the period that began January 24, 2020 through the duration of this emergency, the Employment Development Department shall have the discretion to waive the one-week waiting period in Unemployment Insurance Code section 1253(d) for unemployment insurance applicants who are unemployed as a result of the COVID-19, and who are otherwise eligible for unemployment insurance benefits.

4. Notwithstanding Health and Safety Code section 1797.172(b), during the course of this emergency, the Director of the Emergency Medical Services Authority shall have the authority to implement additions to local optional scopes of practice without first consulting with a committee of local EMS medical directors named by the EMS Medical Directors Association of California.

5. In order to quickly provide relief from interest and penalties, the provisions of the Revenue and Taxation Code that apply to the taxes and fees administered by the Department of Tax and Fee Administration, requiring the filing of a statement under penalty of perjury setting forth the facts for a claim for relief, are suspended for a period of 60 days after the date of this Order for any individuals or businesses who are unable to file a timely tax return or make a timely payment as a result of complying with a state or local public health official's imposition or recommendation of social distancing measures related to COVID-19.

6. The Franchise Tax Board, the Board of Equalization, the Department of Tax and Fee Administration, and the Office of Tax Appeals shall use their administrative powers where appropriate to provide those individuals and businesses impacted by complying with a state or local public health official's imposition or recommendation of social

distancing measures related to COVID-19 with the extensions for filing, payment, audits, billing, notices, assessments, claims for refund, and relief from subsequent penalties and interest.

7. The Governor's Office of Emergency Services shall ensure adequate state staffing during this emergency. Consistent with applicable federal law, work hour limitations for retired annuitants, permanent and intermittent personnel, and state management and senior supervisors, are suspended. Furthermore, reinstatement and work hour limitations in Government Code sections 21220, 21224(a), and 7522.56(b), (d), (f), and (g), and the time limitations in Government Code section 19888.1 and California Code of Regulations, title 2, sections 300-303 are suspended. The Director of the California Department of Human Resources must be notified of any individual employed pursuant to these waivers.

8. The California Health and Human Services Agency and the Office of Emergency Services shall identify, and shall otherwise be prepared to make available—including through the execution of any necessary contracts or other agreements and, if necessary, through the exercise of the State's power to commandeer property – hotels and other places of temporary residence, medical facilities, and other facilities that are suitable for use as places of temporary residence or medical facilities as necessary for quarantining, isolating, or treating individuals who test positive for COVID-19 or who have had a high-risk exposure and are thought to be in the incubation period.

9. The certification and licensure requirements of California Code of Regulations, Title 17, section 1079 and Business and Professions Code section 1206.5 are suspended as to all persons who meet the requirements under the Clinical Laboratory Improvement Amendments of section 353 of the Public Health Service Act for high complexity testing and who are performing analysis of samples to test for SARS-CoV-2, the virus that causes COVID-19, in any certified public health laboratory or licensed clinical laboratory.

10. To ensure that individuals with developmental disabilities continue to receive the services and supports mandated by their individual program plans threatened by disruptions caused by COVID-19, the Director of the Department of Developmental Services may issue directives waiving any provision or requirement of the Lanterman Developmental Disabilities Services Act, the California Early Intervention Services Act, and the accompanying regulations of Title 17, Division 2 of the California Code of Regulations. A directive may delegate to the regional centers any authority granted to the Department by law where the Director believes such delegation is necessary to ensure services to individuals with developmental disabilities. The Director shall describe the need justifying the waiver granted in each directive and articulate how the waiver is necessary to protect the public health or safety from the threat of COVID-19 or necessary to ensure that services to individuals with developmental disabilities are not disrupted. Any waiver granted by a directive shall expire 30 days from the date of its issuance. The Director may grant one or more 30-day extensions if the waiver continues to be necessary

to protect health or safety or to ensure delivery of services. The Director shall rescind a waiver once it is no longer necessary to protect public health or safety or ensure delivery of services. Any waivers and extensions granted pursuant to this paragraph shall be posted on the Department's website.

11. Notwithstanding any other provision of state or local law, including the Bagley-Keene Act or the Brown Act, a local legislative body or state body is authorized to hold public meetings via teleconferencing and to make public meetings accessible telephonically or otherwise electronically to all members of the public seeking to attend and to address the local legislative body or state body, during the period in which state or local public officials impose or recommend measures to promote social distancing, including but not limited to limitations on public events. All requirements in both the Bagley-Keene Act and the Brown Act expressly or impliedly requiring the physical presence of members, the clerk or other personnel of the body, or of the public as a condition of participation in or quorum for a public meeting are hereby waived.

    In particular, any otherwise-applicable requirements that

    (i) state and local bodies notice each teleconference location from which a member will be participating in a public meeting;
    (ii) each teleconference location be accessible to the public;
    (iii) members of the public may address the body at each teleconference conference location;
    (iv) state and local bodies post agendas at all teleconference locations;
    (v) at least one member of the state body be physically present at the location specified in the notice of the meeting; and
    (vi) during teleconference meetings, a least a quorum of the members of the local body participate from locations within the boundaries of the territory over which the local body exercises jurisdiction

    are hereby suspended, on the conditions that:

    (i) each state or local body must give advance notice of each public meeting, according to the timeframe otherwise prescribed by the Bagley-Keene Act or the Brown Act, and using the means otherwise prescribed by the Bagley-Keene Act or the Brown Act, as applicable; and
    (ii) consistent with the notice requirement in paragraph (i), each state or local body must notice at least one publicly accessible location from which members of the public shall have the right to observe and offer public comment at the public meeting, consistent with the public's rights of access and public comment otherwise provided for by the Bagley-Keene Act and the Brown Act, as applicable (including, but not limited to, the requirement that such rights of access and public comment be made available in a manner consistent with the Americans with Disabilities Act).

In addition to the mandatory conditions set forth above, all state and local bodies are urged to use sound discretion and to make reasonable efforts to adhere as closely as reasonably possible to the provisions of the Bagley-Keene Act and the Brown Act, and other applicable local laws regulating the conduct of public meetings, in order to maximize transparency and provide the public access to their meetings.

IT IS FURTHER ORDERED that as soon as hereafter possible, this Order be filed in the Office of the Secretary of State and that widespread publicity and notice be given of this Order.

This Order is not intended to, and does not, create any rights or benefits, substantive or procedural, enforceable at law or in equity, against the State of California, its agencies, departments, entities, officers, employees, or any other person.

IN WITNESS WHEREOF I have hereunto set my hand and caused the Great Seal of the State of California to be affixed this 12th day of March 2020.

GAVIN NEWSOM
Governor of California

ATTEST:

ALEX PADILLA
Secretary of State

Staff Report – Item 06

To: Sonoma Clean Power Authority Board of Directors

From: Geof Syphers, CEO
Neal Reardon, Director of Regulatory Affairs

Issue: Receive Legislative and Regulatory Updates and Provide Direction as Appropriate

Date: April 2, 2020

Requested Action:

Receive Legislative and Regulatory Updates and Provide Direction as Appropriate.

Legislative Update

On the evening of March 16th, just before the adjournment of the regularly scheduled Monday floor session, both houses of the Legislature announced that they would be recessing until April 13th due to COVID-19. At the time of the announcement, it was expected that most of the legislative work would continue uninterrupted and that all existing deadlines would remain in place with the exception that committee hearings would start a few weeks later. However, the next day, Governor Newsom issued a Stay-at-Home order recommendation that was supported by the Sacramento County Health Department and as a result the California State Capitol closed for business. Since that date, Capitol staff have worked from home or taken time off, significantly slowing legislative work and important procedural dates have been postponed indefinitely.

Prior to closing the Capitol, the Legislature unanimously passed emergency legislation authorizing $1.1 billion to fight COVID-19.

The emergency legislative package (SB 89 and SB 117) provides $500 million General Fund to help California fight the virus and authorizes increases up to $1 billion. The funding will:

- Increase hospital bed capacity and purchase medical equipment to combat the coming surge in COVID-19 patients;
- Protect hospitals, nursing homes, and other facilities most vulnerable to COVID-19 spread;
- Provide lifesaving services to Californians isolating at home;
- Support local government to reduce the spread of COVID-19 in homeless populations and provide safe beds for people experiencing homelessness; and
- Provide funding to clean childcare facilities that remain open.

The legislative package also provides $100 million Proposition 98 General Fund for personal protective equipment and cleaning for schools that remain open. It also allows schools to maintain funding despite service disruptions.

Due to the absence of the legislators, a large portion of the bills SCP is following are still in "spot bill" format and are sitting in the Rules Committee. The legislative rules state a piece of legislation with nonsubstantive amendments to existing law cannot be released to the designated policy committee until the bill is amended with substantial language. We are hearing rumors that the 2,000 plus pieces of legislation introduced this legislative year will not be considered and Governor's office staff has stated they do not want to see any legislation unless it pertains to COVID-19, homelessness, housing, or wildfires. The delay in the filing of California's 2019 tax returns and the emergency spending for COVID-19 is causing the budget to be redrafted.

Lastly, we are hearing rumors the Legislature will not be returning until May and they will work through the entire summer without taking a summer recess. Again, these are rumors and as soon as we know more, you will be updated. We provide the following bill information in case the legislature takes up these later in 2020, or also in the case that bills are simply reintroduced in 2021.

CalCCA Sponsored Bills

AB 2689 (Kalra). Jointly sponsored by San Jose Clean Energy (SJCE) and CalCCA, this bill would update IOU confidentiality provisions to allow a broader range of market experts to participate in IOU cost recovery proceedings and review aggregated, monthly IOU load, revenue and cost data. Fortunately, amendments to AB 2689 were completed and returned to the author prior to the Capitol shutting down last week allowing the author's office to meet with staff to the Assembly Committee on Utilities and Energy and the CPUC with the newly proposed language. Committee staff asked the CPUC staff to provide more clarity on the type of information that is made available to market participants.

AB 3014 (Muratsuchi). The second CalCCA sponsored bill would essentially codify the terms of the Resource Adequacy Central Procurement Entity Settlement Agreement submitted to the CPUC on August 30, 2019 and create a central buyer for residual resource adequacy. As with AB 2689, the amendments were completed, and an electronic copy was provided to the author by the Office of Legislative Counsel. The author's office has requested a meeting with the staff to the Assembly Committee on Utilities and Energy, but it has not yet been set.

Legislation

CalCCA is watching or has taken positions on the following bills:

Measure	Author	Summary	CalCCA Position
AB 2313	Eggman	SB 772 (Bradford). revisited. Long duration energy storage. Bill is likely to begin as technology neutral.	**Watch**
AB 2547	Gonzalez	Eliminates bucket 3 and increase bucket 1 by an equal percentage in RPS compliance requirements.	**Support**
SB 947	Dodd	Directs the CPUC to study performance-based rates for IOUs and report back to the Legislature.	**Watch**
SB 953	Wiener	Prevents discriminatory and/or unreasonable fees for customer sited energy and storage systems.	**Watch**

SB 1215	Stern	Creates the Local Government Deenergization Resiliency Grant Program. Grants are for planning and deployment.	**Support, if Amended**
SB 1314	Dodd	Creates a community resiliency planning grants program.	**Watch**
SB 45	Allen	$5.5 billion natural resources bond proposal for the Nov 2020 Statewide Ballot. The proposal contains $570 million in resiliency funds that could be tapped by CCAs or member agencies for resiliency projects.	**Support**
SB 378	Wiener	Proposes various consumer and local government protections from PSPS events triggered by IOUs. The bill requires certain IOU equipment reporting requirements, procedures for consumer and local government reimbursements, improved local agency notification requirements, and hefty fines for PSPS events that are deemed unreasonable by the PUC.	**Support**
SB 1117	Monning	Eliminates a statutory conflict that results in residents of mobile home parks being charged the electrical corporation rate rather than the CCA rate.	**Support**
AB 56	E. Garcia	Allows the CPUC to authorize the California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA) to undertake procurement of electricity to meet the state's climate, clean energy, and reliability goals if the PUC makes specified findings. The newly formed authority would be permitted to procure electricity for customers of electrical corporations, community choice aggregators, and electric service providers to attain certain energy, environmental, economic, public health and public safety objectives	**Oppose**

AB 3191	Gray	Establishes minimum penalties for assault and battery of a utility work and also established some enhance traffic safety laws to better protect utility workers.	**Support**

SCP is also working to analyze the following bills:

Measure	Author	Summary
AB 1839	Bonta	Seeks to provide a commitment by the state to establish a policy framework of goals and principles to address the negative impacts of climate change and social inequality in California.
SB 862	Dodd	Clarifies that the provisions of the Emergency Services Act apply to deenergization events as defined. The bill would also expand wildfire mitigation plan protocols for deenergization to address the needs of Access & Functional Needs (AFN) individuals, in addition to utility customers who receive a medical baseline allowance.
SB 947	Dodd	Directs the CPUC to study performance based rates for IOUs and report back to the Legislature.
SB 953	Wiener	Prevents discriminatory and/or unreasonable fees for customer sited energy and storage systems.
SB 1035	Rubio	Establishes the Climate Pollution Reduction in Low-Income Homes Initiative to provide financial assistance for low carbon emitting appliances.
SB 1240	Skinner	Directs the CEC and CAISO to study the feasibility of distribution system open access.
AB 235	Mayes	Creates the California Wildfire Catastrophe Fund Authority (Authority) as a tax-free means for electric utilities to provide coverage for utility liability costs from wildfires when those costs exceed available insurance.
AB 352	Garcia, E	Creates the Wildfire Prevention, Safe Drinking Water, Drought Preparation, and Flood Protection Bond Act of 2020.

AB 1847	Levine	Authorizes the CPUC to appoint a public administrator to an electrical corporation if the commission finds an electrical corporation is not complying with state law or rules, regulations, or other directives from the commission. The public administrator would have oversight authority over the electrical corporation's activities that impact public safety.
AB 2951	Chiu	Study to look at offshore wind development.
SB 524	Stern	Requires the CPUC to direct energy efficiency program administrators to ensure that work is performed by a skilled and trained workforce for projects receiving at least $50,000 in ratepayer-funded initiatives within a single facility.
SB 702	Hill	Authorizes a retail seller the option to rely on the contracts or ownership agreements entered into prior to January 1, 2019, directly by its nonprofit educational institution end-use customer to help satisfy the long-term procurement requirement in the state's renewable portfolio standard.
SB 766	Stern	Expands the list of eligible weatherization measures to include water efficiency measures that result in energy savings, and energy management technologies for publicly owned utilities (POUs), consistent with the existing authorized measures for investor-owned utilities (IOUs).
SB 774	Stern	This bill would state the intent of the Legislature to enact later legislation to require the commission to develop and implement a program to deploy local clean energy generation and storage systems throughout California.
SB 801	Glazer	Requires an electrical corporation to deploy backup electrical resources or provide financial assistance for backup electrical resources to a customer receiving a medical baseline allowance if the customer meets those conditions.
SB 802	Glazer	Require an air district to adopt a rule or revise its existing rules to allow a health facility to construct and operate an emergency backup generator during a deenergization event without having that usage count toward any time limitation.

SB 804	Wiener	Allows publicly owned electric utilities to issue rate reduction bonds, a type of financing mechanism already used by public water and wastewater agencies and, in some cases, investor-owned electric utilities. Rate reduction bonds can help utilities invest in projects such as clean energy development, equipment upgrades, and more in a cost-effective manner that saves ratepayers money.
SB 917	Wiener	Transitions PG&E to a publicly owned utility over a five-year span.
SB 942	Wilk	Codifies an existing regulation that authorizes the CEC to approve community solar projects for housing projects to comply with legislation that requires new home construction to include solar and storage systems.
SB 1059	Hill	Clarifies that "partnership flips" do not trigger property tax reassessments for solar projects. This measure is intended to be a cleanup to AB 15x from 2011 that is not being interpreted incorrectly by the Board of Equalization.
SB 1321	Bradford	Electric Vehicle Integration spot bill.
SB 1352	Bates	Amends the tax code that could unintentionally impact the ability for solar projects to continue to get current property tax exemptions.
SB 1358	Bradford	RPS adjustments for locally owned public utilities. Likely a spot bill.
SB 1416	Bradford	Dissemination of false information by CCA governing board. Likely a spot bill.
SB 1422	Bradford	Including microgrids in supplier diversity requirements. Likely a spot bill.
SB 1451	Bradford	Legislative intent to direct procurement of energy resources to address gap created by "some LSEs." Likely a spot bill aimed at CCAs to mandate procurement.

Regulatory Update

<u>PG&E Energy Resource Recovery Account (ERRA)</u>

On February 27th, the CPUC approved a Decision adopting PG&E's Application for approval of 2020 ERRA revenue requirements. The adopted version incorporates a reduction in the PCIA from what was originally proposed from $3,149 million to $3,034 million. Despite that reduction, SCP staff expect our customers will be held liable for over $100M in PCIA fees for the year 2020. Rates will go into effect May 1st. As noted in the last meeting's packet, under collections as of January 1st, 2020 are bring tracked in a balancing account which SCP customers will be held liable for in the future. Once this balancing account reaches a certain size, PG&E will file an expedited Advice Letter to increase PCIA to collect the full $100M figure. This item is discussed more in depth in the Budget section of the agenda.

<u>PG&E RFO for Generation at PSPS-impacted-substations</u>

On December 11, 2019, PG&E issued a Request for Offers (RFO) for generation facilities that would power "resiliency microgrids" at 20 PG&E-owned substations in SCP and Marin Clean Energy's service areas. The RFO is all-source, and requires resources that are dispatchable and can maintain delivery of energy for days at a time. These resources would be owned-and-operated by PG&E and would contribute to their rate of return. During times of PSPS events, PG&E would use these resources to provide generation to CCA and PG&E customers – alleviating the impact of their PSPS strategy at that substation.

SCP staff have met with PG&E several times over the course of the past month to better understand their intentions. We have questioned PG&E about many aspects of this RFO including whether they first evaluated options to repair the grid, how cost-allocation would be treated, whether an exemption of California Environmental Quality Act and other local permitting processes is indeed feasible, if they evaluated sites not owned by PG&E, and how jurisdiction within CCA territories would be addressed.

On January 15, 2020, SCP issued a letter to PG&E and relevant staff at the CPUC outlining our concerns, proposing that PG&E retract the RFO and work collaboratively with SCP on solutions best tailored to our community's needs and preferences. PG&E responded in a public letter to SCP, but failed to address the majority of SCP's concerns. SCP staff continue to discuss this RFO and alternative solutions with PG&E.

SCP staff recently met with PG&E staff to discuss the results of the RFO under a non-disclosure agreement, and to identify questions that still require answers before SCP can sincerely evaluate this proposal. SCP staff issued a data request to PG&E to better understand where they plan to invest in grid repairs, the timeline and costs of those activities, and need for additional generation following appropriate grid repair work.

PG&E indicated that they intend the projects developed under this RFO to count towards their required procurement in the Integrated Resource Planning (IRP) proceeding. This requirement for a collective 3,300 MW of new resources applies to all CPUC-jurisdictional LSEs. New fossil resources are not allowed to meet that IRP target.

However, on February 21st the CPUC issued a Proposed Decision that would allow for the type of projects considered under this RFO to count for IRP. The presiding judge reasoned that "resiliency projects at substations utilizing biomethane" and "creative projects that may utilize some amount of fossil fuels" be permitted. This raises a host of complexities as PG&E could potentially be building new fossil generation in SCP territory which would serve SCP customers during PSPS events but be owned and operated by PG&E. Additionally, SCP customers are paying for SCP to meet the IRP target and be double-paying if they are also held liable for PG&E's portion of the IRP target.

<u>PCIA Working Group #3 Allocation Proposal</u>

On Feb. 21st, CalCCA, Southern California Edison, and Commercial Energy jointly submitted their final working group report on recommended changes to the PCIA methodology. The most significant change is that CCAs will now have the option to take allocations of resources from the IOU portfolio which CCA customers are already paying for. Today, CCAs only have the option to pay the existing PCIA and then to separately procure their own resources. This allocation will cover a host of products: Resource Adequacy (local, flex, and system), RPS energy, and GHG-free energy.

The option for a GHG-free allocation has received attention, as PG&E's GHG-free portfolio contains hydro resources and a nuclear plant, Diablo Canyon. The CPUC has required CCA customers to pay for PG&E's expensive nuclear power since 2010, even though they were not allowed to use that power or get any benefit from their payments. Today, the CPUC is forcing CCAs to make a choice between continuing to pay for their share of PG&E's nuclear power or paying almost double the GHG-free premium for the right to reject it. In effect, it is not a real choice, and forces CCAs to use nuclear power or pay even more to replace it with safer sources. It is good thing that the Diablo Canyon nuclear facility is scheduled to close in 2025 for both environmental reasons and to bring rates back down to more affordable levels.

Staff Report – Item 07

To: Sonoma Clean Power Authority Board of Directors

From: Cordel Stillman, Director of Programs

Issue: Adopt a Resolution to Award the Construction Contract for the Sonoma Clean Power Headquarters Project to the Low Bidder, Midstate Construction Corporation, in the Amount of $9,405,000; Waive Immaterial Bidding Irregularities; Reject Bid Protest from C. Overaa & Co.; Find the Project to be Exempt from CEQA; Authorize the CEO to Execute a Construction Contract and Change Orders; and Make Certain Findings Relating to these Actions

Date: April 2, 2020

Recommendation

Staff requests that the Board of Directors adopt a resolution to award a construction contract for the Sonoma Clean Power Headquarters Project (Project) to the low bidder Midstate Construction Corporation in the amount of $9,405,000, and to make findings and take other actions as described below.

Summary of the Resolution

If approved, the attached resolution (Attachment A) would:

1. Approve the plans and specifications for the Project on file with the SCP Clerk of the Board;

2. Award a Construction Contract for the Project to the low bidder, Midstate Construction Corporation in the amount of $9,405,000 and waive certain immaterial bidding irregularities;

3. Reject the bid protest Submitted by C. Overaa & Co., the second-lowest bidder;

4. Authorize the CEO to execute the construction contract as contained in the bid documents, and any required future construction change orders up to a not-to-exceed amount of $1,410,750, which is equal to 15% of the contract amount, and authorize the CEO to pay all proper claims; and

5. Find that the Project is exempt from the California Environmental Quality Act ("CEQA") pursuant to sections 15301, 15302, and 15332 of the CEQA Guidelines.

Background

In June 2017, SCP purchased the building and property at 431 E Street in Santa Rosa. Although structurally sound, the building was not configured in a way that was suitable for SCP administrative operations and staff. SCP staff worked with an architect, a construction management firm, and other consultants to prepare plans and specification for a building remodel that will result in a new configuration that better suits SCP's operational needs.

The Board of Directors authorized the purchase on April 5, 2018.

Discussion

The Project involves the complete remodel of the building at 431 E Street. The Project will include a 240 square foot addition to the footprint of the building. Work will include demolition of the existing interior and construction of approximately 15,000 SF of interior improvements, including office space, kitchen and dining area, meeting facilities, a Board room, and other amenities needed for SCP's administrative operations. Exterior improvements will include modifications to the existing parking area, landscaping, ingress/egress modifications, a solar canopy, car chargers, and a battery backup system. Based on the plans and specifications, staff estimated the cost of construction of the Project to be $9.7M – $11.3M.

On January 30, 2020, staff issued a notice inviting bids for construction of the Project. On March 4, 2020, staff received and opened bids from four pre-qualified general contractors for construction of the Project. The bids ranged from $9,405,000 to $10,567,000, and Midstate Construction Company was the low bidder.

On March 6, 2020, staff received a bid protest from C. Overaa & Co., the second-lowest bidder, alleging that Midstate's bid was nonresponsive because the bid contained incorrect addresses and license numbers for two subcontractors, and because a third subcontractor had unpaid wage or penalty assessments outstanding, which should preclude it from registering with the Department of Industrial Relations (although it is, in fact, registered with the DIR as required). After consulting with outside counsel, staff determined that the bidding irregularities alleged by Overaa in its bid protest were immaterial and may be waived since none of these minor irregularities affected the amount of Midstate's bid, or afforded it a competitive advantage not available to other bidders, nor would allow Midstate to change subcontractors. Copies of Overaa's bid protests and the responses to the protest are attached. After receiving the response from SCPA's outside counsel, Overaa has indicated that it will no longer pursue the bid protest.

Staff also received correspondence from Carpenters Local Union 751, dated March 9, 2020, which requested that SCP conduct an inquiry as to whether Midstate is a "responsible" bidder under State law. Staff consulted with outside counsel and determined that Carpenters Union Local 751 does not have standing to object to the bid award, and that the allegations in the March 9 letter should not preclude SCP from awarding the construction contract to Midstate. A copy of the March 9 letter is attached.

The Community Advisory Committee recommended that the Board of Directors adopt the attached resolution on a 9-0 vote at their March 23, 2020 meeting.

Fiscal Impact

In FY 19/20 SCP budgeted $8.7M for capital expenditures in that year. As SCP establishes a budget for FY 20/21, that amount will be revisited due to the later construction start, and the likely need for some budget to be allocated to the FY 21/22 year.

CEQA

The Project is exempt from the California Environmental Quality Act under Sections 15301 (Existing Facilities), 15302 (Replacement or Reconstruction of Existing Structures), and 15322 (Infill Development) of the CEQA guidelines. The proposed resolution makes findings specific to these exemptions.

Attachments

- Attachment A – Draft Resolution
- Attachment B – Summary of Bids
- Attachment C – Bid Protest and Response
- Attachment D – Letter from Carpenters Local Union 751

Related Items "On File" with the Clerk of the Board

- Sonoma Clean Power Headquarters Project Manual and Bid Set
- Sonoma Clean Power Headquarters Project Bid Addenda 1

Attachment A

[NOT YET ADOPTED]

RESOLUTION NO. 2020 – XX

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SONOMA CLEAN POWER AUTHORITY AWARDING, APPROVING AND DELEGATING AUTHORITY TO THE CEO TO EXECUTE A CONSTRUCTION CONTRACT WITH MIDSTATE CONSTRUCTION CORPORATION FOR THE CONSTRUCTION OF THE SONOMA CLEAN POWER HEADQUARTERS PROJECT, MAKING FINDINGS OF CEQA EXEMPTIONS AND DIRECTING THE CEO TO FILE A NOTICE OF EXEMPTION, REJECTING A BID PROTEST SUBMITTED BY C. OVERAA AND C0., AND ASSOCIATED ACTIONS

WHEREAS, the current administrative headquarters for the Sonoma Clean Power Authority ("SCP") at 50 Santa Rosa Avenue in Santa Rosa is too small to accommodate existing operations.

WHEREAS, in July 2017 SCP purchased a building at 431 E Street in Santa Rosa as a site for a new administrative headquarters.

WHEREAS, SCP engaged the services of an architect, a construction management firm, and other professional consultants to develop plans and specifications for remodeling and renovating 431 E Street into a new configuration that better suits the needs of SCP's administrative operations (the Headquarters Project).

WHEREAS, as detailed in the plans and specifications on file with the Clerk of the Board, the construction work for the Headquarters Project involves renovation of a currently vacant space, including: (1) demolition work on the first and second floors, (2) construction of new interior tenant improvements, upgraded HVAC systems, and associated mechanical, electrical and fire sprinkler work; (3) exterior improvements required in connection with interior renovation, including connections for mechanical, electrical and fire sprinkler work; and (4) minor grading to improve drainage, replacement of sidewalk, removal of asphalt and reconfiguration of a parking lot, installation of solar power canopy and battery, landscaping and irrigation, and installation of artwork and signage.

WHEREAS, the Headquarters Project was bid on January 30, 2020, and 4 bids were received and opened on March 4, 2020;

WHEREAS, Midstate Construction Corporation was determined to be the lowest responsible bidder based on its bid for $9,405,000; and

WHEREAS, staff determined that Midstate Construction Corporation satisfies the bidding requirements for the Headquarters Project;

WHEREAS, on March 6, 2020, SCP staff received a bid protest from C. Overaa & Co., the second-lowest bidder, alleging that Midstate's bid was nonresponsive because the bid contained incorrect addresses and license numbers for two subcontractors, and because a third subcontractor had unpaid wage or penalty assessments outstating, which should preclude it from registering with the Department of Industrial Relations (although it is, in fact, registered with the DIR as required).

WHEREAS, Midstate provided satisfactory responses to staff regarding these minor bidding irregularities.

WHEREAS, SCP staff have consulted with outside counsel and have concluded that: (1) the Overaa bid protest lacks merit; (2) the minor bidding irregularities identified by staff may be waived as a matter of law as immaterial, since none of these minor irregularities affected the amount of Midstate's bid, nor afforded it a competitive advantage not available to other bidders: and (3) the bid may be awarded to Midstate Construction Company as the lowest responsible bidder.

WHEREAS, after receiving responses to its protest, Overaa has informed staff that they are no longer pursuing the bid protest.

NOW, THEREFORE BE IT RESOLVED, the Board of Directors of the Sonoma Clean Power Authority hereby:

Section 1. Finds that the foregoing recitals are true and correct and a substantive part of this Resolution.

Section 2. Finds that the Headquarters Project is categorically exempt from the California Environmental Quality Act ("CEQA") under Class I (Existing Facilities), Class II (Replacement or Reconstruction), and Class XXXII (Infill Development) of the CEQA Guidelines (sections 15301, 15302, and 15332), because the Headquarters Project is a renovation of the interior space of an existing building in Santa Rosa's downtown, with only minor exterior improvements, and meets the criteria for an infill development project.

Section 3. Finds that the Headquarters Project presents no unusual circumstances or other exceptions that would preclude applicability of either the Class I (Existing Facilities) or Class II (Replacement or Reconstruction) CEQA Exemptions, and authorizes the CEO to file a Notice of Exemption with the Sonoma County Clerk.

Section 4. Approves the plans and specifications for the Headquarters Project on file with the SCP Clerk of the Board.

Section 5. Finds and determines that the allegations regarding the bid of Midstate Construction Company for the Headquarters Project according to the bid protest submitted by C. Overaa & Co. dated March 6, 2020 are without merit. The Board of Directors therefore rejects the bid protest submitted by C. Overaa & Co.

Section 6. Finds and determines that the minor bidding irregularities in Midstate's bid identified by staff may be waived as immaterial since none of these minor irregularities affected the amount of Midstate's bid, nor afforded it a competitive advantage not available to other bidders. Based on staff's recommendation, the Board of Directors therefore waives the minor bidding irregularities.

Section 7. Awards the Construction Contract for the Headquarters Project's construction to Midstate Construction Corporation in the amount of $9,405,000, conditioned on Midstate Construction Corporation's timely executing the construction contract and submitting of all required documents, including, but not limited to executed bonds, certificates of insurance and endorsement in accordance with project bid and contract documents.

Section 8. Authorizes the CEO to execute the Construction Contract with Midstate Construction Corporation for $9,405,000, and authorizes the CEO to execute any required construction change orders up to a not-to-exceed amount of one million four hundred ten thousand seven hundred fifty dollars ($1,410,750), which is fifteen percent (15%) of the Contract Amount, and authorize the CEO to pay all proper claims for performance of the Construction Contract.

[SIGNATURES APPEAR ON FOLLOWING PAGE]

DULY ADOPTED this ____ day of ______,2020

JURISDICTION	NAME	AYE	NO	ABSTAIN/ ABSENT
Cloverdale	Director Bagby			
Cotati	Director Landman			
County of Mendocino	Director Gjerde			
County of Sonoma	Director Hopkins			
Petaluma	Director King			
Point Arena	Director Torrez			
Rohnert Park	Director Belforte			
Santa Rosa	Director Tibbetts			
Sebastopol	Director Slayter			
Sonoma	Director Harrington			
Windsor	Director Okrepkie			

In alphabetical order by jurisdiction

____

Chair, Sonoma Clean Power Authority

Attest:

____

Clerk of the Board

APPROVED AS TO FORM:

____

Special Counsel,
Sonoma Clean Power Authority

Sonoma Clean Power Headquarters Bid Opening Results

The following informatin is a recod of bidders and their bid totals as received at the time of the bid opening. All bids are subject to review by the Owner and Owner's Representatives and approval by the Owner, Sonoma Clean Power Authority. A Notice of Intent to Award will be issued following the appropriate review of all Bid Documents.

3PM Wednesday March 4, 2020

	Bid Documents					Bid Summary					
Bidder	**Bid Form**	**Subcontractors List**	**Non-Collusion Declaration**	**Bid Bond**		**Base Bid**	**Alternate-1**	**Alternate-2**	**Alternate-3**	**Allowance**	**Total Bid**
Alten Construction	X	X	X	x		$ 9,770,000.00	NA	NA	NA	NA	$ 9,770,000.00
Midstate Construction	X	X	X	X		$ 9,405,000.00	NA	NA	NA	NA	$ 9,405,000.00
Overaa Construction	X	X	X	X		$ 9,642,000.00	NA	NA	NA	NA	$ 9,642,000.00
Wright Contracting	X	X	X	X		$ 10,567,000.00	NA	NA	NA	NA	$ 10,567,000.00

APPARENT LOW BIDDER: MIDSTATE CONSTRUCTION

Via E-mail and Certified Mail

March 11, 2020

Doug Espland II, Project Director
C. Overaa & Co.
200 Parr Blvd.
Richmond, CA 94801

Re: Sonoma Clean Power Headquarters Tenant Improvement Project
Response to Bid Protest

Dear Mr. Espland:

Our firm represents Sonoma Clean Power ("SCP"). This letter responds to your bid protest, dated March 6, 2020, protesting the bid submitted by Midstate Construction ("Midstate"), the apparent low bidder for the above-referenced project ("Project"), on behalf of C. Overaa & Co. ("Overaa"). Following review and analysis of the protest and in light of applicable law, I have determined that your protest lacks merit for the reasons stated below. Therefore, the Governing Board for SCP may award the contract for the Project to Midstate as the lowest responsible bidder.

A. General Legal Standards

In accordance with the terms of SCP's authority as a joint powers agency, the apparent low bid is determined in accordance with Public Contract Code section 20128, which provides that the contract will be awarded to the lowest responsible bidder. Pursuant to Section 11 of the Instructions to Bidders, *Reservation of Rights*, SCP, as "owner," expressly reserves its right to evaluate bid compliance and waive minor bidding errors:

> "Owner reserves the unfettered right, acting in its sole discretion, to waive or to decline to waive any immaterial bid irregularities; to accept or reject any or all bids; to cancel or reschedule the bid; to postpone or abandon the Project entirely; or to perform all or part of the Work with its own forces. The Contract will be awarded, if at all, within 60 days after opening of bids or as otherwise specified in the Special Conditions, to the responsible bidder that submitted the lowest responsive bid."

A public agency's discretion to waive inconsequential informalities or irregularities is well-established under California law:

> "[I]t is further well established that a bid which substantially conforms to a call for bids may, though it is not strictly responsive, be accepted if the variance cannot have affected the amount of the bid or given a bidder an advantage or benefit not allowed other bidders or, in other words, if the variance is inconsequential." (*Bay Cities Paving & Grading, Inc. v. City of San Leandro* (2014) 223 Cal.App.4th 1181, 1188.)

In general, issues of responsiveness are determined by looking exclusively at the face of the bid. (*Great West Contractors, Inc. v. Irvine Unif. Sch. Dist.* (2010) 187 Cal.App.4th 1425, 1453.) Therefore, allegations that go beyond the face of the bid—e.g., allegations based on speculation as to future actions—are not relevant for determining responsiveness.

B. Analysis

In its protest, Overaa claims that Midstate's bid is "non-responsive" for eight reasons, many of which overlap. Each reason is analyzed in turn below.

1. **Overaa claims that the bid does not comply with Public Contract Code section 4104(a)(1).**

To start, Overaa claims that the bid does not comply with Public Contract Code section 4104(a)(1) because "the name, location and place of business for the listed Flooring Subcontractor (Ellis Flooring) does [not] match the California Contractor License number listed for Ellis Flooring." Public Contract Code section 4104(a)(1) requires that SCP request the following information from each bidder: "The name, the location of the place of business, the California contractor license number, and public works contractor registration number issued pursuant to Section 1725.5 of the Labor Code of each subcontractor" that will perform work or fabricate or install work for the Project in excess of one-half of 1% of the bid price.

Midstate's bid complies with Public Contract Code section 4104(a)(1). On the Subcontractor List form submitted with its bid, Midstate listed a name, location of the place of business, a California contractor license number, and DIR registration number for each subcontractor, including Ellis Flooring. However, Midstate listed Ellis Flooring's contractor license number as "10007271," instead of "1007271," Ellis Flooring's correct license number. The correct contractor license number for Ellis Flooring corresponds with the name and location listed for it on the Subcontractor List form.

Therefore, the real issue presented is the fact that there is an extra "0" in the license number listed for Ellis Flooring. Even with this minor clerical error, it was easy to verify Ellis Flooring's correct license number by performing a business name search on the Contractors State License Board's website. Additionally, this minor irregularity does not affect the amount of Midstate's bid, nor does it provide Midstate a competitive advantage not available to other bidders.

Midstate must use Ellis Flooring as its flooring subcontractor pursuant to Public Contract Code section 4107; the minor error in the license number listed for Ellis Flooring does not excuse Midstate from this requirement. As a result, SCP may waive the immaterial irregularity in the license number listed for Ellis Flooring.

2. Overaa claims that Midstate did not correct the license number for Ellis Flooring within 24 hours after bid opening.

Next, Overaa states that, to its knowledge, Midstate "did not correct" the contractor license number listed for Ellis Flooring "within 24 hours after the bid opening," and therefore Midstate "is not in compliance" with Public Contract Code section 4104(a)(2). Section 4104(a)(2) provides:

> "An inadvertent error in listing the California contractor license number or public works contractor registration number provided pursuant to paragraph (1) shall not be grounds for filing a bid protest or grounds for considering the bid nonresponsive if the corrected contractor's license number is submitted to the public entity by the prime contractor within 24 hours after the bid opening and provided the corrected contractor's license number corresponds to the submitted name and location for that subcontractor."

Midstate did not correct the license number listed for Ellis Flooring within 24 hours after bid opening. However, the fact that Midstate did not make this correction does not mean that SCP must reject Midstate's bid as non-responsive; it simply means that Overaa can protest the error. As explained above, the minor error in the license number listed for Ellis Flooring is an immaterial irregularity that may be waived by SCP. (See analysis in B.1, above.)

3. Overaa claims that the bid does not comply with the Notice Inviting Bids due to the incorrect contractor license number listed for Ellis Flooring.

Overaa claims that the bid does not comply with Section 9 of the Notice Inviting Bids, *Subcontractor List*, "due to the incorrect license number for Ellis Flooring." Section 9 of the Notice Inviting Bids requires that each bidder "submit a completed Subcontractor List form with its Bid Proposal, including the name, location of the place of business, California contractor license number, DIR registration number, and percentage of the Work to be performed (based on the base bid price) for each Subcontractor that will perform Work or service or fabricate or install Work for the prime contractor in excess of one-half of 1% of the bid price, using the Subcontractor List form included with the Contract Documents."
As explained above, the minor error in the license number listed for Ellis Flooring on the Subcontractor List form is an immaterial irregularity that may be waived by SCP. (See analysis in B.1, above.)

4. Overaa claims that the bid does not comply with the Notice Inviting Bids due to an incorrect DIR registration number listed for Ellis Flooring.

Overaa also claims that the bid does not comply with Section 9 of the Notice Inviting Bids, *Subcontractor List*, "due to the incorrect DIR registration number for Ellis Flooring." As quoted above, Section 9 of the Notice Inviting Bids requires each bidder to submit a Subcontractor List form that includes each subcontractor's DIR registration number, among other information. Pursuant to Labor Code section 1771.1, SCP is required to verify that each subcontractor listed on the Subcontractor List form is registered with the DIR.

On the Subcontractor List form submitted with Midstate's bid, the DIR registration number listed for Ellis Flooring is "1000003546," instead of "1000035456," Ellis Flooring's correct DIR registration number. As listed, the DIR registration number for Ellis Flooring is missing one number. However, even with this minor clerical error, it was easy to search for and verify that Ellis Flooring is currently registered with the DIR to perform public work by completing a name search on the DIR's Public Works Contractor Registration Search website, as required by Labor Code section 1771.1. Public agencies have an independent duty to undertake this confirmation, and SCP has done so.

Because Ellis Flooring is registered with the DIR, the error in transcription of the DIR registration number is a minor irregularity that may be waived by SCP. The error does not affect the amount of Midstate's bid, nor does it provide Midstate a competitive advantage not available to other bidders. Midstate must use Ellis Flooring as its flooring subcontractor pursuant to Public Contract Code section 4107; the minor error in the DIR registration number does not excuse Midstate from this requirement.

5. Overaa claims that the bid does not comply with the Subcontractor List form submitted with Midstate's bid due to the incorrect license number and DIR registration number for Ellis Flooring.

Overaa claims that the bid does not comply with the requirements of the Subcontractor List form that is submitted with the bid, due to the incorrect license number and DIR registration number for Ellis Flooring. The Subcontractor List form instructs each bidder as follows: "For each Subcontractor that will perform a portion of the Work in an amount in excess of one-half of 1% of the Bidder's total Contract Price, the bidder must list a description of the Work, the name of the Subcontractor, its California contractor license number, the location of its place of business, its DIR registration number, and the portion of the Work that the Subcontractor is performing based on a percentage of the Base Bid price."

As explained above, the errors in the license number and DIR registration number listed for Ellis Flooring are immaterial irregularities that may be waived by SCP. (See analysis in B.1 and B.4, above.) Midstate's bid otherwise complies with the Subcontractor List form requirements.

6. **Overaa claims that SCP cannot enter into the contract for the Project with a bidder without proof that the bidder and its subcontractors are registered with the DIR.**

Overaa reiterates the requirement stated in Section 7.3 of the Contract, which indicates that SCP "may not enter into the Contract with a bidder without proof that the bidder and its Subcontractors are registered with the California Department of Industrial Relations to perform public work pursuant to Labor Code § 1725.5."

Overaa is correct. Pursuant to section 1771.1 of the Labor Code, SCP may not enter into a contract with a bidder without proof that the bidder and its subcontractors are registered with the DIR. SCP has confirmed that Midstate and each of its subcontractors, including Ellis Flooring, are currently registered with the DIR to perform public work.

7. **Overaa claims that Midstate did not correct the contractor license number or DIR registration number for Ellis Flooring within 24 hours after bid opening.**

Overaa states that, to its knowledge, Midstate "did not correct" the contractor license number or the DIR number listed for Ellis Flooring "within 24 hours after the bid opening," and therefore Midstate's bid "is not in compliance" with Section 10.1 of the Instructions to Bidders. Section 10.1 of the Instructions to Bidders states that, "[p]ursuant to Public Contract Code § 4104, inadvertent omission of a Subcontractor's DIR registration number on the Subcontractor List form is not grounds for a bid protest, provided it is corrected within 24 hours of the bid opening or as otherwise provided under Labor Code § 1771.1(b)."

Midstate did not correct the license number or DIR registration number listed for Ellis Flooring within 24 hours after bid opening. However, as explained in B.2, above, the fact that Midstate did not make this correction does not mean that SCP must reject Midstate's bid as non-responsive; it simply means that Overaa can protest the error. And as explained in B.1 and B.4, above, the errors in the license number and DIR registration number listed for Ellis Flooring are immaterial irregularities that may be waived by SCP.

8. **Overaa claims that TMC Construction, a subcontractor listed by Midstate, should not be eligible to register with the DIR to perform public work.**

Finally, Overaa claims that TMC Construction, a subcontractor listed by Midstate, "should not be able to register with the DIR to perform public works" due to an "Additional Status" note listed on the License Detail for TMC Construction on the Contractors State License Board website that indicates that TMC Construction's license "may be suspended at a future date for failure to resolve an outstanding final liability from the Franchise Tax Board, Department of Industrial Relations, Employment Development Department, or the Contractors State License Board." As a result, Overaa claims that Midstate "is unable to accept their bid." According to Overaa, "[i]f Midstate was allowed to replace TMC Construction with another subcontractor, it would allow Midstate the opportunity to bid shop and would ultimately provide a material advantage to Midstate on this bid."

Pursuant to Labor Code section 1771.1, SCP is required to verify that each subcontractor listed on the Subcontractor List form is registered with the DIR. SCP has confirmed that TMC Construction is currently registered with the DIR. Its registration became effective on January 9, 2020 and expires on June 30, 2021.

The fact that the Contractors State License Board includes a note that TMC Construction's license "may be suspended at a future date," does not mean that SCP may speculate or second guess the DIR on its eligibility determination. Overaa's claim regarding TMC Construction goes beyond the face of the bid, and is therefore not relevant to SCP's assessment of whether Midstate's bid is responsive. (*Great West Contractors, Inc. v. Irvine Unif. Sch. Dist.* (2010) 187 Cal.App.4th 1425, 1453.) In any event, it has come to SCP's attention that the "Additional Status" note has since been removed from the License Detail for TMC Construction on the Contractors State License Board website.

C. Conclusion

Based on the foregoing, SCP rejects the contention that Midstate's bid must be rejected based on the minor errors in the contractor license number and DIR registration number for Ellis Flooring and speculation as to TMC Construction's future DIR registration eligibility. SCP staff intends to recommend that the Board waive the immaterial bidding irregularities in Midstate's bid and award the Project to Midstate as the lowest responsible bidder. SCP appreciates Overaa's participation in the bid for the Project and wishes it success in future bids.

Sincerely,

JARVIS, FAY & GIBSON, LLP

Christina Lawrence

c: Midstate Construction
Geof Syphers, Chief Executive Officer, Sonoma Clean Power

MIDSTATE CONSTRUCTION

Integrity, Quality, Commitment, Safety, Relationships

March 9, 2020

Sonoma Clean Power Authority
ATTN: Mike Torres
50 Santa Rosa Ave., Fifth Floor
Santa Rosa, CA 95404

RE: Sonoma Clean Power Tenant Improvement Project - Overaa Bid Protest

Dear Mr. Mike Torres

We received a copy of Overaa & Co's protest dated March 6, 2020. Pursuant to section 1771.1(C) of the Public Contract Code, an inadvertent error in listing a subcontractor who is not registered is not grounds for filing a bid protest or grounds for considering the bid non-responsive, provided that the subcontractor in question was registered prior to bid opening. As demonstrated in Attachment A, Midstate Construction listed Ellis Flooring from Santa Rosa, whose license and DIR numbers were/are valid prior to submission of the bid proposal. This item is not grounds for protest or for rejection of Midstate's proposal.

Midstate listed TMC Construction from Rancho Cordova for Rough Carpentry, Drywall and Metal Studs. TMC did not list their DIR number on their proposal. Prior to submitting the bid, Midstate Construction searched the DIR website for TMC and inadvertently listed their old DIR number. TMC recently incorporated and the Department of Industrial Relations required that they obtain a new DIR number. TMC's license number is 668506 and their DIR number is PW-LR-1000551418. Pursuant to section 1771.1 (C) of the Public Contract Code, an inadvertent error in listing a subcontractor who is not registered is not grounds for filing a bid protest or grounds for considering the bid nonresponsive, provided that the subcontractor in question was registered prior to bid opening. As demonstrated in Attachment B, Midstate Construction listed TMC whose license and DIR numbers were/are valid prior to submission of the bid proposal. This item is not grounds for protest or for rejection of Midstate's proposal.

The clerical errors identified by Overaa's letter did not provide Midstate Construction a "material advantage". We intend to subcontract with the listed subcontractors. Midstate Construction is the low responsive bidder and should be awarded the contract. We look forward to working with Sonoma Clean Power and Sixth Dimension.

Sincerely,

Midstate Construction

Benjamin Honsvick

Ben Honsvick
Senior Project Estimator
benh@midstateconstruction.com

CC: Doug Espland II, Overaa & Co.

1180 Holm Road Petaluma, CA 94954 Ph (707) 762-3200 Fax (707) 762-0700 Lic. 089455
www.midstateconstruction.com

Attachment A
Ellis Flooring

Home **CONTRACTORS STATE LICENSE BOARD**

Contractor's License Detail for License # 1007271

DISCLAIMER: A license status check provides information taken from the CSLB license database. Before relying on this information, you should be aware of the following limitations.

- CSLB complaint disclosure is restricted by law (B&P 7124.6) If this entity is subject to public complaint disclosure click on link that will appear below for more information. Click here for a definition of disclosable actions.
- Only construction related civil judgments reported to CSLB are disclosed (B&P 7071.17).
- Arbitrations are not listed unless the contractor fails to comply with the terms.
- Due to workload, there may be relevant information that has not yet been entered into the board's license database.

Data current as of 3/6/2020 3:24:39 PM

Business Information

ELLIS FLOORING INC
515 FRAZIER AVE
SANTA ROSA, CA 95404
Business Phone Number:(707) 792-2151

Entity Corporation
Issue Date 09/14/2015
Expire Date 09/30/2021

License Status

This license is current and active.

All information below should be reviewed.

Classifications

C15 - FLOORING AND FLOOR COVERING

Bonding Information

Contractor's Bond

This license filed a Contractor's Bond with AMERICAN CONTRACTORS INDEMNITY COMPANY.
Bond Number: 100285321
Bond Amount: $15,000
Effective Date: 01/01/2016
Contractor's Bond History

Bond of Qualifying Individual

The qualifying individual ZACHARY SCOTT ELLIS certified that he/she owns 10 percent or more of the voting stock/membership interest of this company; therefore, the Bond of Qualifying Individual is not required.
Effective Date: 09/14/2015

Workers' Compensation

This license has workers compensation insurance with the STATE COMPENSATION INSURANCE FUND
Policy Number:9074721
Effective Date: 10/03/2014
Expire Date: 10/03/2020

Back to Top Conditions of Use Privacy Policy Accessibility Accessibility Certification

Attachment A
Ellis Flooring

- Iron Worker
- Laborer
- Landscape
- Marble Mason/Finisher
- Operating Engineer
- Painter
- Parking/Highway/Improvement
- Plasterer/Tender
- Plumber
- Roofing
- Sheet Metal Worker
- Stator Rewinder
- Teamster
- Terrazzo Worker/Finisher
- Tile Setter/Finisher
- Water Well Driller

Apply

Registrations

Search Results: 1 found

Showing Page 1 of 1 Previous Next

Print PDF Export

Add all to my list My List (0)

ELLIS FLOORING INC

View Details + Add to My List

Detail:

Registration Number: 1000035456

Status: Active

CSLB Number: 1007271

Legal Entity Type: Corporation

Mailing Address: 515 FRAZIER AVE
SANTA ROSA
CA 95404

County: Sonoma

Craft: Carpet, Linoleum, Resilient Tile Layer

Email: jason@ellisflooringinc.com

Registration History

Effective Date	Expiration Date
7/3/2019	6/30/2022
7/2/2018	6/30/2019
6/28/2017	6/30/2018
6/25/2016	6/30/2017
2/24/2016	6/30/2016

DBA

Name
ELLIS FLOORING

4 4

Attachment B
TMC

Home **CONTRACTORS STATE LICENSE BOARD**

Contractor's License Detail for License # 668506

DISCLAIMER: A license status check provides information taken from the CSLB license database. Before relying on this information, you should be aware of the following limitations.

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- Only construction related civil judgments reported to CSLB are disclosed (B&P 7071.17).
- Arbitrations are not listed unless the contractor fails to comply with the terms.
- Due to workload, there may be relevant information that has not yet been entered into the board's license database.

Data current as of 3/6/2020 3:25:32 PM

Business Information

T M C GENERAL CONSTRUCTION INC
530 NORTH MAIN ST
JACKSON, CA 95642
Business Phone Number:(916) 849-4483

Entity	Corporation
Issue Date	04/02/1993
Reissue Date	09/18/2017
Expire Date	09/30/2021

License Status

This license is current and active.

All information below should be reviewed.

Additional Status

- The license may be suspended at a future date for failure to resolve an outstanding final liability from the Franchise Tax Board, Department of Industrial Relations, Employment Development Department, or the Contractors State License Board.

Classifications

B - GENERAL BUILDING CONTRACTOR

Bonding Information

Contractor's Bond

This license filed a Contractor's Bond with STATE NATIONAL INSURANCE COMPANY INC.
Bond Number: SSI10126
Bond Amount: $15,000
Effective Date: 09/13/2019
Contractor's Bond History

Bond of Qualifying Individual

The qualifying individual STEVEN MICHAEL SIBILLIA certified that he/she owns 10 percent or more of the voting stock/membership interest of this company; therefore, the Bond of Qualifying Individual is not required.
Effective Date: 09/18/2017

Workers' Compensation

An employee service group holds the workers compensation insurance.
Policy Number:C66361317
Effective Date: 08/14/2019
Expire Date: 08/14/2020
Workers' Compensation History

Miscellaneous Information

- 09/18/2017 - LICENSE REISSUED TO ANOTHER ENTITY

Attachment B
TMC

- Iron Worker
- Laborer
- Landscape
- Marble Mason/Finisher
- Operating Engineer
- Painter
- Parking/Highway/Improvement
- Plasterer/Tender
- Plumber
- Roofing
- Sheet Metal Worker
- Stator Rewinder
- Teamster
- Terrazzo Worker/Finisher
- Tile Setter/Finisher
- Water Well Driller

Apply

Registrations

Search Results: 2 found

Showing Page 1 of 1 Previous Next

Print PDF Export

Add all to my list My List (0)

TMC General Construction Inc

View Details + Add to My List

Detail:

Registration Number:	PW-LR-1000551418
Status:	Active
CSLB Number:	668506
Legal Entity Type:	Corporation
Mailing Address:	3457 Fitzgerald Rd, Suite 5 Rancho Cordova CA 95742
County:	Sacramento
Craft:	General Building
Email:	jkirkpatrick@tmcgcinc.com

Registration History

Effective Date	Expiration Date
1/9/2020	6/30/2021

DBA

Name

TMC CONSTRUCTION

View Details + Add to My List

200 Parr Boulevard
Richmond, CA 94801
Tel 510-234-0926
Fax 510-237-2435
www.overaa.com

March 6, 2020

Sonoma Clean Power Authority
ATTN: Mike Torres, Construction Manager
50 Santa Rosa Ave., Fifth Floor
Santa Rosa, CA 95404
mike.torres@SixthDimensionPM.com

Re: Sonoma Clean Power Headquarters Tenant Improvement Project; Protest of Bid of Midstate Construction Corporation

Dear Mr. Mike Torress.

C. Overaa & Co. submitted a responsive bid on the referenced project on March 4th 2020. While conducting our review of the bid results we observed that Midstate Construction Corporation's bid is non-responsive for the following reasons:

- Bid does not comply with California Public Contract Code because the name, location and place of business for the listed Flooring Subcontractor (Ellis Flooring) does match the California Contractor License number listed for Ellis Flooring (see attached exhibit A) required by § 4104, paragraph (a) (1).
    - *§ 4104 (a) (1) The name, the location of the place of business, and the California contractor license number of each subcontractor who will perform work or labor or render service to the prime contractor in or about the construction of the work or improvement, or a subcontractor licensed by the State of California who, under subcontract to the prime contractor, specially fabricates and installs a portion of the work or improvement according to detailed drawings contained in the plans and specifications, in an amount in excess of one-half of 1 percent of the prime contractor's total bid or, in the case of bids or offers for the construction of streets or highways, including bridges, in excess of one-half of 1 percent of the prime contractor's total bid or ten thousand dollars ($10,000), whichever is greater.*
- To our knowledge Midstate Construction Corporation did not correct the contractor's license number with Sonoma Clean Power Authority within 24 hours after the bid opening and therefore is not in compliance with § 4104 paragraph (2):
    - *§ 4104 (2) An inadvertent error in listing the California contractor license number provided pursuant to paragraph (1) shall not be grounds for filing a bid protest or grounds for considering the bid nonresponsive if the corrected contractor's license number is submitted to the public entity by the prime contractor within 24 hours after the bid opening and provided*

the corrected contractor's license number corresponds to the submitted name and location for that subcontractor.

- Bid does not comply with Notice to Bidders Page 2 item 9 Subcontractor listing requirements due to the incorrect license number for Ellis Flooring.
    - *Notice to Bidders, item 9. Subcontractor List. Each Subcontractor must be registered with the DIR to perform work on public projects. Each bidder must submit a completed Subcontractor List form with its Bid Proposal, including the name, location of the place of business, California contractor license number, DIR registration number, and percentage of the Work to be performed (based on the base bid price) for each Subcontractor that will perform Work or service or fabricate or install Work for the prime contractor in excess of one-half of 1% of the bid price, using the Subcontractor List form included with the Contract Documents.*
- Bid does not comply with Notice to Bidders Subcontractor listing requirements due to the incorrect DIR registration number for Ellis Flooring.
    - *Notice to Bidders, item 9. Subcontractor List. Each Subcontractor must be registered with the DIR to perform work on public projects. Each bidder must submit a completed Subcontractor List form with its Bid Proposal, including the name, location of the place of business, California contractor license number, DIR registration number, and percentage of the Work to be performed (based on the base bid price) for each Subcontractor that will perform Work or service or fabricate or install Work for the prime contractor in excess of one-half of 1% of the bid price, using the Subcontractor List form included with the Contract Documents.*
- Bid does not comply with *Bid Form Subcontractor List requirements due to incorrect* California contractor license number & DIR registration numbers for Ellis Flooring.
    - *Bid Form Subcontractor List (page 11)*
    Subcontractor List For each Subcontractor that will perform a portion of the Work in an amount in excess of one-half of 1% of the Bidder's total Contract Price,1 the bidder must list a description of the Work, the name of the Subcontractor, its California contractor license number, the location of its place of business, its DIR registration number, and the portion of the Work that the Subcontractor is performing based on a percentage of the Base Bid price.
- Per Prime Contract page 16, paragraph 7.3 Owner may not enter into the Contract with a bidder without proof that the bidder and its Subcontractors are registered with the California Department of Industrial Relations to perform public work pursuant to Labor Code §1725.5
    - *Contract page 16*
    7.3 DIR Registration. Owner may not enter into the Contract with a bidder without proof that the bidder and its Subcontractors are registered with the California Department of Industrial Relations to perform public work pursuant to Labor Code §1725.5, subject to limited legal exceptions.

OVERAA
200 Parr Boulevard
Richmond, CA 94801
Tel 510-234-0926
Fax 510-237-2435
www.overaa.com

- To our knowledge Midstate Construction Corporation did not correct the contractor's license number or the DIR number for Ellis Flooring with Sonoma Clean Power Authority within 24 hours after the bid opening, therefore Midstate Construction Corporation's bid is not in compliance with Specification item 10.1 Bid Protest. General:
  - *Specification item 10.1 "Pursuant to Public Contract Code § 4104, inadvertent omission of a Subcontractor's DIR registration number on the Subcontractor List form is not grounds for a bid protest, provided it is corrected within 24 hours of the bid opening or as otherwise provided under Labor Code § 1771.1(b).*
- Midstate Construction Corporation listed TMC Construction for Rough Carpentry and Drywall & Metal Studs. Due to delinquent unpaid wage or penalty assessments owed to an enforcement agency this subcontractor should not be able to register with the DIR to perform public works on public projects, and Midstate Construction is unable to accept their bid. If Midstate was allowed to replace TMC Construction with another subcontractor, it would allow Midstate the opportunity to bid shop and would ultimately provide a material advantage to Midstate on this bid.
  - See attached excerpt from DIR website:

Department of
Industrial Relations

Contractor Registration

Who Is Eligible to Register?

Contractors must meet the following requirements to register:

- **Have workers' compensation coverage for any employees and only use subcontractors who are registered public works contractors.**
- **Have Contractors State License Board license if applicable to trade.**
- **Not have any delinquent unpaid wage or penalty assessments owed to any employee or enforcement agency.**

  - CSLB records (attached) shows the following:

All information below should be reviewed.

Additional Status

- The license may be suspended at a future date for failure to resolve an outstanding final liability from the Franchise Tax Board, Department of Industrial Relations, Employment Development Department, or the Contractors State License Board.

This subcontractor (TMC) should not be able to register with the DIR to perform public works on public projects, and Midstate Construction is unable to accept their bid.

C. Overaa & Co. does not know if Sonoma Clean Power Authority will propose to award the contract to Midstate Construction Corporation, however C. Overaa & Co. believes that it is important for the Owner to be aware of the above facts. If the Owner does propose to award to Midstate Construction Corporation, C. Overaa & Co. asks that the Owner to consider this C. Overaa & Co.'s protest in accordance with Specification item 10 Bid Protest.

Please keep us apprised of the progress of this matter, and please inform us if you require further information.

Sincerely,

C. OVERAA & CO.

Doug Espland II
Project Director
C. Overaa & Co.
200 Parr Blvd
Richmond, CA 94801
dougе@overaa.com
(510)719-0326 Cell

Attachments: Exhibit A (Midstate Construction Corporation Protest, Ellis Flooring – 4 pages)
Exhibit B (Midstate Construction Corporation Protest, TMC Construction – 6 pages)

Subcontractor List

For each Subcontractor that will perform a portion of the Work in an amount in excess of one-half of 1% of the Bidder's total Contract Price,[1] the bidder must list a description of the Work, the name of the Subcontractor, its California contractor license number, the location of its place of business, its DIR registration number, and the portion of the Work that the Subcontractor is performing based on a percentage of the Base Bid price.

	DESCRIPTION OF WORK	SUBCONTRACTOR NAME	CALIFORNIA CONTRACTOR LICENSE NO.	LOCATION OF BUSINESS	DIR REG. NO.	PERCENT OF WORK
13	Glazing/Windows	B & L Glass	1058949	Santa Rosa	1000371959	5
14	Drywall & Metal Studs	TMC	668506	Rancho Cordova	1000551418	3
		Construction				
15	Flooring	Ellis Flooring	10007271	Santa Rosa	1000003546	1
16	Painting	Valdez Painting	897696	Sacramento	1000010016	1
17	Acoustical	Ireland	315164	San Francisco	1000016688	1
18	Elevator	Thyssenkrupp	651371	San Leandro	1000002104	1

END OF SUBCONTRACTOR LIST

[1] For street or highway construction this requirement applies to any subcontract of $10,000 or more.

https://www.cslb.ca.gov/OnlineServices/CheckLicenseII/LicenseDetail.aspx?LicNum=10007271

Home | Online Services | License Details

Contractor's License Detail for License # 10007271

DISCLAIMER: A license status check provides information taken from the CSLB license database. Before relying on this information, you should be aware of the following limitations.

- CSLB complaint disclosure is restricted by law (B&P 7124.6) If this entity is subject to public complaint disclosure, a link for complaint disclosure will appear below. Click on the link or button to obtain complaint and/or legal action information.
- Per B&P 7071.17, only construction related civil judgments reported to the CSLB are disclosed.
- Arbitrations are not listed unless the contractor fails to comply with the terms of the arbitration.
- Due to workload, there may be relevant information that has not yet been entered onto the Board's license database.

License Number does not exist.

Back to Top Conditions of Use Privacy Policy

State of California

Department of Industrial Relations

(https://www.dir.ca.gov/)

Back to DIR>> (https://www.dir.ca.gov/)

Contractor Information

Legal Entity Name: PAUL E LINDBERG
Sole Proprietorship
Active
1000003546
07/01/19
06/30/20
6477 PARK RIDGE DRIVE ANDERSON 96007 CA United States of America
6477 PARK RIDGE DRIVE ANDERSON 96007 CA United States of America
lincolnh@charter.net
PAUL E LINDBERG CONSTRUCTION
License Number (s)
CSLB-463330

DIR # provided on bid docs for Ellis

DIR # used on bid docs for Ellis

Legal Entity Information

Federal Employment Identification Number: 680057716
Sole Proprietor Name: PAUL E LINDBERG

Worker's Compensation

Do you lease employees through Professional Employer Organization (PEO)?: No
Please provide your current worker's compensation insurance information below:

PEO Information	PEO Name	PEO Phone	PEO Email

Exempt from workers' compensation insurance
Exempt Reason: Owner/Operator
Insurance Carrier: STATE COMPENSATION INSURANCE FUND

Subcontractor List

For each Subcontractor that will perform a portion of the Work in an amount in excess of one-half of 1% of the Bidder's total Contract Price,[1] the bidder must list a description of the Work, the name of the Subcontractor, its California contractor license number, the location of its place of business, its DIR registration number, and the portion of the Work that the Subcontractor is performing based on a percentage of the Base Bid price.

	DESCRIPTION OF WORK	SUBCONTRACTOR NAME	CALIFORNIA CONTRACTOR LICENSE NO.	LOCATION OF BUSINESS	DIR REG. NO.	PERCENT OF WORK
7	Structural & ~~Misc~~ Steel	Ahlborn	854244	Santa Rosa	1000001159	3
		Structural Steel				
8	Rough Carpentry	TMC	668506	Rancho Cordova	1000551418	8
		Construction				
9	Casework	JR Stevens	445547	Arcata	1000009737	2
10	~~Insulation~~ RN					
11	Roofing	Enterprise	221234	Concord	1000000444	2
		Roofing Service				
12	~~Doors, Frames Hardware~~ RN					

END OF SUBCONTRACTOR LIST

[1] For street or highway construction this requirement applies to any subcontract of $10,000 or more.

Subcontractor List

For each Subcontractor that will perform a portion of the Work in an amount in excess of one-half of 1% of the Bidder's total Contract Price,[1] the bidder must list a description of the Work, the name of the Subcontractor, its California contractor license number, the location of its place of business, its DIR registration number, and the portion of the Work that the Subcontractor is performing based on a percentage of the Base Bid price.

	DESCRIPTION OF WORK	SUBCONTRACTOR NAME	CALIFORNIA CONTRACTOR LICENSE NO.	LOCATION OF BUSINESS	DIR REG. NO.	PERCENT OF WORK
13	Glazing/Windows	B &L Glass	1058949	Santa Rosa	1000871959	5
14	Drywall & Metal Studs	TMC Construction	668506	Rancho Cordova	1000551418	3
15	Flooring	Ellis Flooring	10007271	Santa Rosa	1000003546	1
16	Painting	Valdez Painting	897696	Sacramento	1000010016	1
17	Acoustical	Ireland	315164	San Francisco	1000016688	1
18	Elevator	Thyssenkrupp	651391	San Leandro	1000002104	1

END OF SUBCONTRACTOR LIST

[1] For street or highway construction this requirement applies to any subcontract of $10,000 or more.

Department of
Industrial Relations

Contractor Registration

Who Is Eligible to Register?

Contractors must meet the following requirements to register:

- Have workers' compensation coverage for any employees and only use subcontractors who are registered public works contractors.
- Have Contractors State License Board license if applicable to trade.
- Not have any delinquent unpaid wage or penalty assessments owed to any employee or enforcement agency.
- Not be under federal or state debarment.
- Not be in prior violation of this registration requirement once it becomes effective. However, for the first violation in a 12-month period, a contractor may still qualify for registration by paying an additional penalty.

Register or Renew

Public works contractors can register or renew for one, two, or three fiscal years (July 1-June 30)
for a fee of $400, $800 or $1,200

If you have not created a new account since April 3, 2019, you must follow the steps below:

- Create a log in account on the contractor registration system.
- To link your account to a previous public works registration, click "Link Existing Registration" on My Dashboard.
- Search for your previous registration number at: Public Works Contractor Registration Search

Please note: credit card payments can be processed within 24 hours while other forms of payment may delay registration up to eight weeks. See below for consequences of failing to register.

Resources:

- User's Guide to the Public Works Contractor Registration System

* Consequences of Failing to Register

Contractors can be subject to a penalty in the following cases:

- **First-time registration:** A penalty of $2,000 applies when a contractor is registering for the first time and did any of the following in the past 12 months:
  a. bid or was awarded a public works project
  b. worked on a public works project
- **Late renewal (between July 1 and September 30):** If a contractor bid on, was awarded, or worked on a public works project after their registration expired:
  a. a penalty of $400 applies when the lapse in registration is accidental
  b. a penalty of $2,000 applies when the lapse in registration is not accidental
- **Renewal after September 30 or reactivation:** A penalty of $2,000 applies when a contractor did any of the following in the past 12 months while unregistered:
  a. bid or was awarded a public works project
  b. worked on a public works project
- **Repeat violations:** Contractors who are found to be in violation of the registration requirement twice in 12 months can be disqualified from working in public works for up to 12 months at a time.

To learn more about public works contractor registration, please go to the frequently asked questions. For further help, please contact us.

For more information and to find exact legal definitions and language please see the Public Works Chapter of the California Labor Code.

September 2019

Home | Online Services | License Details

Contractor's License Detail for License # 668506

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- Arbitrations are not listed unless the contractor fails to comply with the terms.
- Due to workload, there may be relevant information that has not yet been entered into the board's license database.

Business Information

T N C GENERAL CONSTRUCTION INC
530 NORTH MAIN ST
JACKSON, CA 95642
Business Phone Number:(916) 849-4483

Entity	Corporation
Issue Date	04/02/1993
Reissue Date	09/18/2017
Expire Date	09/30/2021

License Status

This license is current and active.

All information below should be reviewed.

Additional Status

- The license may be suspended at a future date for failure to resolve an outstanding final liability from the Franchise Tax Board, Department of Industrial Relations, Employment Development Department, or the Contractors State License Board.

Classifications

B - GENERAL BUILDING CONTRACTOR

Bonding Information

This license filed a Contractor's Bond with STATE NATIONAL INSURANCE COMPANY INC.
Bond Number: SSI10126
Bond Amount: $15,000
Effective Date: 09/13/2019
Contractor's Bond History

Bond of Qualifying Individual

The qualifying individual STEVEN MICHAEL SIBILLIA certified that he/she owns 10 percent or more of the voting stock/membership interest of this company; therefore, the Bond of Qualifying Individual is not required.
Effective Date: 09/18/2017

Workers' Compensation

An employee service group holds the workers compensation insurance.
Policy Number:C66361317
Effective Date: 08/14/2019
Expire Date: 08/14/2020
Workers' Compensation History

Miscellaneous Information

- 09/18/2017 - LICENSE REISSUED TO ANOTHER ENTITY

UNITED BROTHERHOOD OF CARPENTERS AND JOINERS OF AMERICA
LOCAL UNION 751

March 9, 2020

Sonoma Clean Power
50 Santa Rosa Avenue, Fifth Floor
Santa Rosa, CA 95404

Re: Sonoma Clean Power Headquarters Project – Bid Advisory Regarding Midstate Construction Corporation

Please accept this bid advisory on behalf of members of Carpenters Local 751 (herein "Local 751"), which represents working men and women in the County of Sonoma.

INTRODUCTION

Local 751 monitors local construction projects to help ensure that fair and open competitive bidding practices are utilized and that taxpayers get the best value for their tax dollars. The policies underlying our State's competitive bidding laws not only foster fairness among bidders, but also protect the public trust.

Fair competitive bidding acts as a "guard against favoritism, improvidence, extravagance, fraud, and corruption; to prevent the waste of public funds; and to obtain the best result for the public."[1] "Competitive bidding laws are passed for the benefit and protection of the taxpaying public, not for the benefit and enrichment of bidders."[2] Proper enforcement of these laws results in more responsible contractors bidding and performing construction jobs, reduced instances of health and safety problems, and projects completed on time and at the highest quality and value for the taxpayer dollar.

DISCUSSION

The Sonoma Clean Power Headquarters Project ("Project") bid on March 4, 2020. For the reasons set forth herein, we urge Sonoma Clean Power to conduct a factual inquiry to determine whether the Project's apparent low bidder, Midstate Construction Corporation, 1180 Holm Road, Petaluma, CA 94954 ("Midstate Construction" or "Midstate"), qualifies as a "responsive" and "responsible" bidder as defined under law.

[1] *Domar Electric, Inc. v. City of Los Angeles* (1994) 9 Cal.4th 161, 170-171.
[2] *MCM Construction, Inc. v. City and County of San Francisco* (1998) 66 Cal. App. 4th 359, 372.

1706 CORBY AVENUE SANTA ROSA, CALIFORNIA 95407 • PHONE 707-545-5121 • FAX 707-545-0715

1. **Midstate Construction's bid may be non-responsive**

"A basic rule of competitive bidding is that bids must conform to specifications, and that if a bid does not so conform, it may not be accepted."[3] Failure to satisfy all bid specifications renders a bid nonresponsive as a matter of law. Such nonresponsive bids must be rejected.

a. **Midstate Construction failed to list all subcontractors.**

Midstate Construction did not list a doors and hardware subcontractor. The other two low bidders, C. Overaa & Co. and Alten Construction, Inc., both listed a doors and hardware subcontractor.

The Subletting and Subcontracting Fair Practices Act, Public Contract Code section 4100 et seq.("Subcontracting Act"), states that "the practices of bid shopping and bid peddling in connection with the construction, alteration, and repair of public improvements often result in poor quality of material and workmanship to the detriment of the public, deprive the public of the full benefits of fair competition among prime contractors and subcontractors, and lead to insolvencies, loss of wages to employees, and other evils." To combat these "evils," the State enacted the Subcontracting Act, which requires prime bidders to identify at the time of bid all subcontractors who will perform work in excess of one half of one percent of the total contract price.

Because Midstate did not identify a doors and hardware subcontractor, it will have to self-perform all doors and hardware work on the Project pursuant to the Subcontracting Act, Public Contract Code section 4106. We therefore request that Sonoma Clean Power confirm that Midstate will self-perform all door and hardware work. If Midstate will not self-perform, its failure to identify a doors and hardware subcontractor renders its bid nonresponsive as a matter of law.

2. **It appears from public records that Midstate Construction may not be a "responsible" bidder under the Public Contract Code.**

The California Public Contract Code requires that the Project be competitively bid and awarded to the lowest responsible bidder after notice. The Public Contract Code defines a responsible bidder as a "bidder who has demonstrated the attribute of trustworthiness, as well as quality, fitness, capacity, and experience to satisfactorily perform the public works contract."[4]

For the reasons set forth below, Midstate Construction may lack the fitness and capacity to satisfactorily perform the contract at issue, based on documented performance history explained in this section. Sonoma Clean Power should therefore examine Midstate's bid to determine if Midstate is truly a responsible contractor capable of completing the Project on time and on budget.

a. **Delays on Past School Project**

---

[3] *Konica Bus. Machines U.S.A. Inc. v. Regents of Univ. of California* (1988) 206 Cal. App. 3d 449, 454.

[4] Public Contract Code § 1103.

In 2015, the Santa Rosa City Schools Board of Education awarded a contract to Midstate Construction for the new construction of the Santa Rosa Charter School for the Arts. Local 751 obtained documentation from Santa Rosa City Schools which shows the following: (1) the project was awarded to Midstate Construction on June 11, 2015 and the original completion date was July 2016; (2) according to a July 2016 presentation by the project architect, "General Contractor, Midstate Construction, has had significant delays" due to "Contractor and sub-contractor performance issues . . ." (**Attachment 1, Page 6-7**); and (3) a January 2017 proposed change order log from Midstate Construction shows 94 proposed change orders for an additional $849,848.00 required to complete the project (**Attachment 2**).

Midstate submitted its final application and certificate to Santa Rosa City Schools for payment on June 30, 2017. The application shows that, in total, Midstate applied for an additional $992,983.00 in change order work above the original contract sum of $8,838,000 (**Attachment 3, Page 1**).

The Santa Rosa City Schools Board of Education was finally able to file a Notice of Completion for the Santa Rosa Charter School for the Arts on July 26, 2017, one year after the original scheduled completion date (**Attachment 4**).

We urge Sonoma Clean Power to review the enclosed documents and conduct its own investigation into Midstate's work history.

b. Potential Failure to Adequately Screen Subcontractors

Midstate listed T M C General Construction Inc. ("TMC Construction"), CSLB License number 668506, as its Rough Carpentry, Drywall and Metal Studs subcontractor. Local 751 has two major concerns with TMC Construction.

First, a search of the Occupational Health and Safety Administration's ("OSHA") online database lists four inspections **(Attachment 5)** involving alleged violations by TMC Construction dating back to 2017.[5] One of these violations is currently under contest, and another one is listed as a serious violation involving an accident of a TMC Construction employee. According to OSHA's Violation Summary, OSHA assessed $17,600 in total penalties. Please contact OSHA with any additional questions regarding these inspections.

Second, TMC Construction may not meet the requirements for DIR registration as a public works contractor.

The Notice Inviting Bids, Tab 9, states: "Each Subcontractor must be registered with the Department of Industrial Relations (DIR) to perform work on public projects." The source of this bid requirement is Labor Code section 1771.7(a), which states "[a] contractor or subcontractor shall not be qualified to bid on, be listed in a bid proposal, . . . or engage in the performance of any contract for public work, as defined in this chapter, unless currently registered and qualified to perform public work pursuant to Section 1725.5." Labor Code section 1725.5 establishes the requirements for contractor registration,

[5] OSHA's searchable online database, which maintains records of its enforcement inspections, is *available at:* https://www.osha.gov/pls/imis/establishment.html#disclaim.

which are also listed on the DIR's website **(Attachment 6[6])**. Contractors must meet, among others, the following requirements to register: 1) have a Contractors State License Board license if applicable to trade; and 2) not have any delinquent unpaid wage or penalty assessments owed to any employee or enforcement agency.

Local 751's review of the Contractors State License Board online licensed contractor database **(Attachment 7)** shows that the license of TMC Construction is current and active. However, the "Additional Status" section of TMC Construction's license page states the following: "*The license may be suspended at a future date for failure to resolve an outstanding final liability from the Franchise Tax Board, Department of Industrial Relations, Employment Development Department, or the Contractors State License Board.*" It therefore appears that TMC Construction is currently subject to a judgment that remains unpaid. Accordingly, TMC Construction may be unable to secure or maintain the DIR registration necessary to perform work on public projects.

If TMC Construction does not maintain DIR registration for the duration of the Project, it will be illegal for it to continue to work on the Project and Sonoma Clean Power will be subject to penalties from the DIR. Local 751 will monitor the Project and file a public works complaint against TMC Construction and Sonoma Clean Power if appropriate. Thus, Local 751 strongly encourages Sonoma Clean Power to conduct a factual investigation to determine if TMC Construction complies with DIR registration requirements, such that it can secure and maintain DIR registration for the duration of the Project.

Given this history, Local 751 urges Sonoma Clean Power to conduct a thorough investigation into whether Midstate and TMC Construction are sufficiently responsible.

c. History of Litigation and Violations

In addition, on April 12, 2019, Sonoma Clean Power issued a Request for Prequalifications for the Sonoma Clean Power Headquarters Project, to prequalify a pool of qualified General Contractors. To prequalify, each General Contractor had to submit a prequalification package to Sonoma Clean Power by April 26, 2019.

As you know, the Prequalification Questionnaire for the Project requires information regarding organization history, organization performance, and compliance with civil and criminal laws. Local 751 is sharing the following public information with Sonoma Clean Power so that the agency may determine whether the information provided by Midstate Construction in its Prequalification Questionnaire is responsive, and whether Midstate is a responsible bidder.[7]

[6] Also available at: https://www.dir.ca.gov/Public-Works/Contractor-Registration.html

[7] Because the public is unable to access the completed submissions from responsive contractors to the Prequalification Questionnaire, Local 713 does not have Midstate Construction's complete answers to these questions. However, if If Midstate Construction did not disclose the litigation or other violations described in this section, and the Prequalification required such disclosure, Sonoma Clean Power should treat Midstate's bid as **non-responsive** as well as not responsible.

First, Local 751 believes it is crucial for Sonoma Clean Power to be aware of Midstate Construction's history of legal disputes. A review of area court records shows that Midstate Construction has been involved in multiple litigation matters as both a plaintiff and defendant.

In Contra Costa County, Midstate Construction is currently involved in a Complaint for Damages and Foreclosure of Mechanics' Lien case **(Attachment 8)**, *Collins and Son Construction Company, v. Midstate Construction Corporation; et al.* Case number: C18-02323. The case was filed on November 21, 2018.

Midstate Construction has also been a party to the following cases filed in Napa County:

Case Number	Case Name	File Date	Case Type	Case Status
17CV001388	*Midstate Construction Corporation vs. Michael Russell Reason et al*	12/7/2017	Breach of Contract/Warranty Unlimited[8]	Disposed
17CV001153	*Vaca Valley Excavating vs. Midstate Construction Corporation et al*	10/11/2017	Breach of Contract/Warranty Unlimited	Disposed
17CV001122	*Midstate Construction Corporation vs. Napa Junction Partners LLC et al*	10/2/2017	Breach of Contract/Warranty Unlimited	Disposed
16CV000761	*William Charles Falconer Jr. vs Midstate Construction Corporation et al*	8/31/2016	Breach of Contract/Warranty Unlimited	Disposed
16CV000533	*4 Diamond Construction Inc. vs. Midstate Construction Corporation et al*	6/30/2016	Breach of Contract/Warranty Unlimited	Disposed

In Sonoma County, Midstate Construction has been a party to the following court cases:

Case Number	Case Name	File Date	Case Type	Case Status
SCV-258843	*Fowler v. Midstate Construction Corporation*	5/24/2016	Complaint for Damages and to recover on release bond	Disposed

[8] A case classified as "unlimited" means the plaintiff is seeking damages in excess of $25,000.00.

SCV-260805	*Reason v. Oberdorfer, Midstate Construction Corporation*	06/07/2017	Personal Injury/Assault	Disposed
SCV-251171	*Yulupa Co. Housing Owners Association v. Midstate Construction Construction, et al*	2/15/2012	Construction Defect	Disposed

On November 26, 2014, the Superior Court in the *Yulupa Co. Housing* case issued a judgment confirming an arbitration award against RJN Construction, Inc. and Midstate Construction **(Attachment 9)**, requiring they pay $1,664,975.40 plus interest in damages to Yulupa Co. Housing Owners Association. In that case, RJN and Midstate Construction were found negligent in the construction of the project, and negligent in performing remedial and repair efforts during the project and for a period of years after completion of the project. According to the findings of the arbitrator in the case, this negligence resulted in physical damage at the project which the housing association was forced to repair (**Attachment 9**).

Although our search was limited in scope, it is clear that Midstate Construction has a history of involvement in litigation, which may demonstrate a general unsatisfactory record of performance.

Second, the Prequalification Questionnaire also seeks information regarding OSHA violations and Prevailing Wage compliance records and, here too, Midstate Construction has a history of violations.

A search of OSHA's online database identifies two inspections involving alleged "serious" violations by Midstate Construction (Inspections #1405109.015 and #1099460.15—see **Attachment 10**[9]), which resulted in penalties. According to the Violation Summary, OSHA assessed $25,985 in total penalties. We encourage you to contact OSHA with any additional questions regarding these inspection.

In regards to Midstate Construction's Prevailing Wage compliance record, Local 751 obtained public records regarding two (2) Civil Wage and Penalty Assessments against Midstate's subcontractors, for which the DIR's Division of Labor Standards Enforcement determined Midstate was jointly and severally liable **(Attachment 11):**

Case Number	Awarding Body	Project Name	Prime Contractor	Subcontractor	Date
40-59465/149	Santa Rosa City Schools District	Santa Rosa Charter Schools for the Arts	Midstate Construction Corporation	Spencer Hale Lasley dba Lasley Mechanical	July 18, 2018

[9] OSHA's searchable online database, which maintains records of its enforcement inspections, is *available at:* https://www.osha.gov/pls/imis/establishment.html#disclaim. We have included a copy of the OSHA record referenced here in the attachments.

40-51041/218	Camphora Associates, L.P.	Camphora Apartments	Midstate Construction Corporation	P A C E Performance Corporation	August 16, 2017

Based on this history, Local 751 respectfully urges Sonoma Clean Power to conduct a thorough inquiry into Midstate Construction's history of ongoing and concluded litigation, as well as Prevailing Wage and OSHA assessments. Adequately investigating issues of non-responsibility goes directly to the heart of the agency's fiduciary responsibility to taxpayers. Finally, we urge Sonoma Clean Power to determine whether Midstate Construction's bid is non-responsive and, if so, consider awarding the project to the second lowest bidder, C. Overaa & Co.

Thank you for your time and consideration of these important matters. Local 751 would appreciate notification of what steps Sonoma Clean Power will take to ensure compliance with the State's competitive bidding laws.

Sincerely,

Cesar Sanchez
Labor Compliance Investigator

Enclosures
121664\1073931

Staff Report – Item 08

To: Sonoma Clean Power Authority Board of Directors

From: Geof Syphers, CEO
Mike Koszalka, COO
Neal Reardon, Director of Regulatory Affairs
Erica Torgerson, Director of Customer Service
Rebecca Simonson, Senior Power Services Manager

Issue: Review and Provide Input on the Annual Budget, Customer Rate Setting Strategy for Fiscal Year 2020-2021, Approve the Creation of a Customer Bill Stabilization Fund, and Approval of a Revision to Financial Policy B2 Regarding Contributions to Reserves.

Date: April 2, 2020

Requested Action

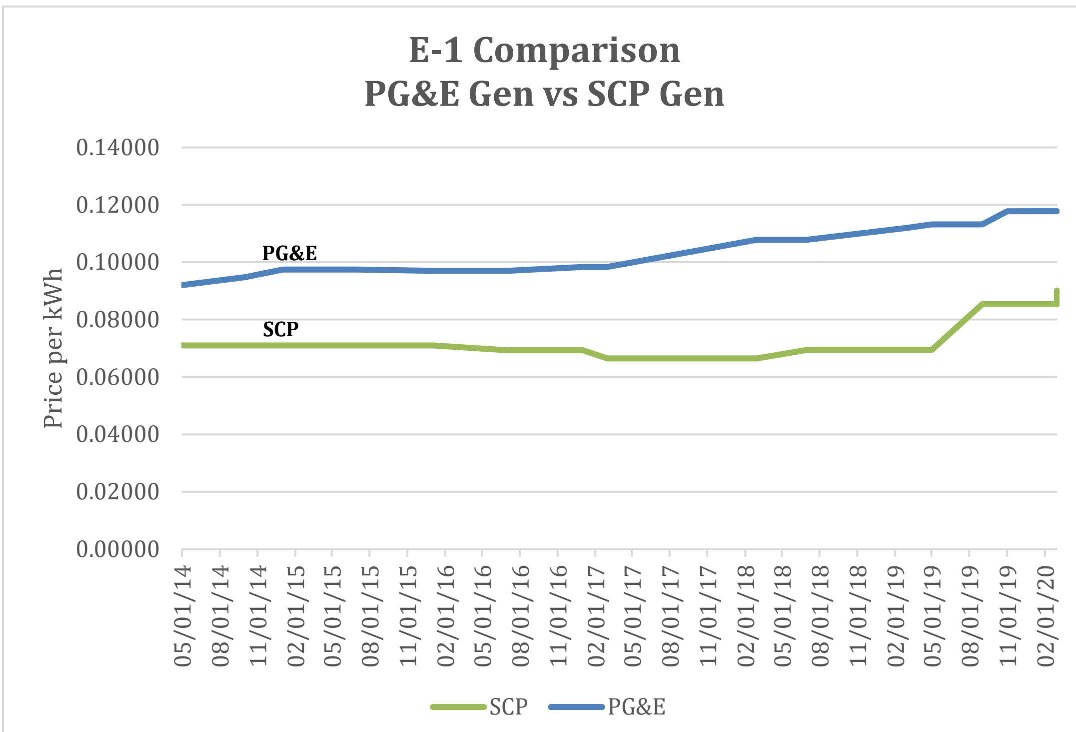
Review and provide input on: (1) Annual Budget, (2) Customer rate setting strategy for Fiscal Year 2020-2021. Approval of (3) creating a Customer Bill Stabilization Fund, and (4) a revision to Financial Policy B.2 regarding contributions to reserves.

Background

From its inception, Sonoma Clean Power has been able to provide customers lower overall bills than if they had remained PG&E bundled customers. The only notable exception was a two-month period in 2017. This has been achieved by offering significantly lower generation rates to all customer classes in order to more than offset the Power Charge Indifference Adjustment (PCIA) fee PG&E charges our customers. We have also developed a power mix that has a higher percentage of renewable power and lower greenhouse gas emissions than that of PG&E. In addition, SCP has created and implemented several innovative customer programs, many of which have been replicated by other electric providers around California. Our programs have grown to the point that they are the most valued aspect of being a customer of Sonoma Clean Power. We expect this value to increase as we open the Advanced Energy Center later this year and expand product and information/training offerings. We also plan to expand our programs into battery electric storage to enhance customer resilience to power disruptions.

Regarding SCP generation rates, we have a solid history of lower power prices than PG&E as illustrated in Figures 8.1 through 8.4. These low generation rates have resulted in tens of millions in customer bill savings since SCP began providing service in 2014.

Figure 8.1 Residential Customer Generation Rate Comparison, PG&E vs. SCP



SCP residential customers, as illustrated in figure 8.1, have experienced significantly lower generation rates since the inception service to customers in 2014.

Figure 8.2 Small Commercial Customer Generation Rate Comparison, PG&E vs. SCP

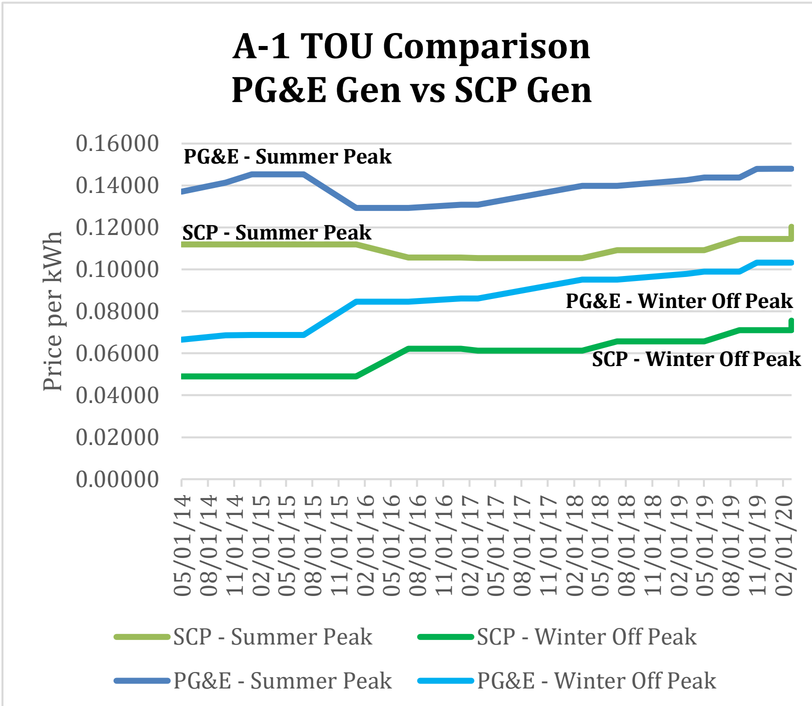


Figure 8.3 Medium Commercial Customer Generation Rate Comparison, PG&E vs. SCP

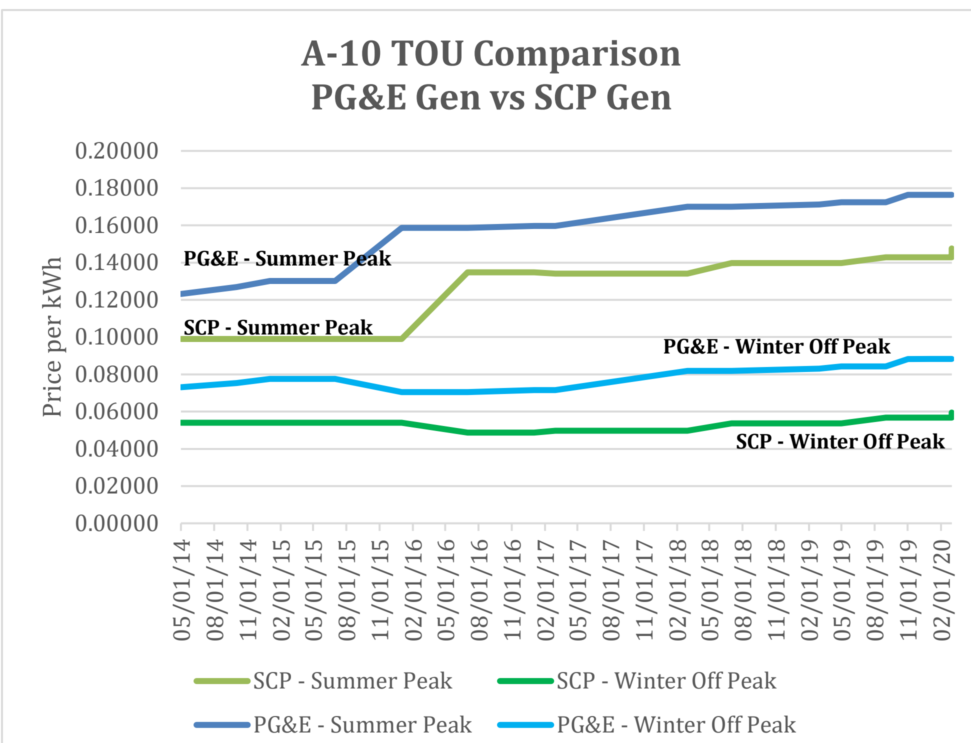
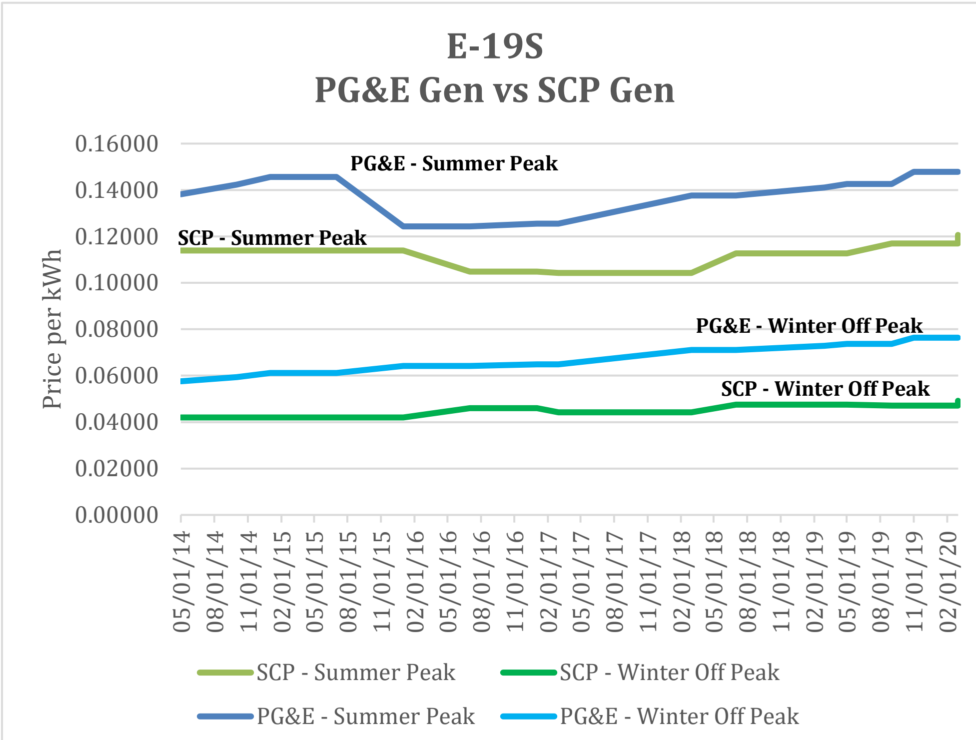


Figure 8.4 Large Commercial Customer Generation Rate Comparison, PG&E vs. SCP



As discussed, SCP provides generation rates for every customer class significantly below what PG&E charges their bundled customers. Nevertheless, we face a near-term challenge in staying cheaper than PG&E bundled customer bills. The central reason is that SCP only controls the generation portion of customer bills, which often only represent 38% of the total electric bill. Big changes by PG&E to delivery costs and fees can dwarf the effects of SCP's discounted generation rates.

The Power Cost Indifference Charge (PCIA) our customers pay is the main driver of the challenge. It is the exit fee to cover 100% of PG&E's stranded costs for resources that Sonoma Clean Power and other CCA customers no longer use. This PCIA charge makes it a challenge for SCP to provide generation rates that result in customer bills below that of PG&E bundled bills because the fee was designed based on an assumption that CCAs would not purchase any renewable energy or enter into any long-term contracts in their early years – both of which are mandated by law. Despite this challenge SCP has historically been able to set rates such that SCP customer bills are below that of PG&E bundled customer bills. Due to the very high PCIA, and the expectation that it will remain high for the next several years, the ability of SCP to maintain rates such that customer bills remain below PG&E's bundled customer bills is changing. We expect this situation to persist for the next several years.

When Diablo Canyon Nuclear Power Plant is retired (one unit 1/1/2025 and the other unit on 7/1/2025) PG&E's total stranded costs will decline by about one third. This will result in a decline in PCIA as well as bundled customer rates. At that time, we expect SCP will once again show monthly bill savings to customers as we will be competing with PG&E on a more equal footing. The question then is: how competitive can SCP be with its rates while continuing to fulfill its mission to provide an extremely clean power mix and advanced customer programs?

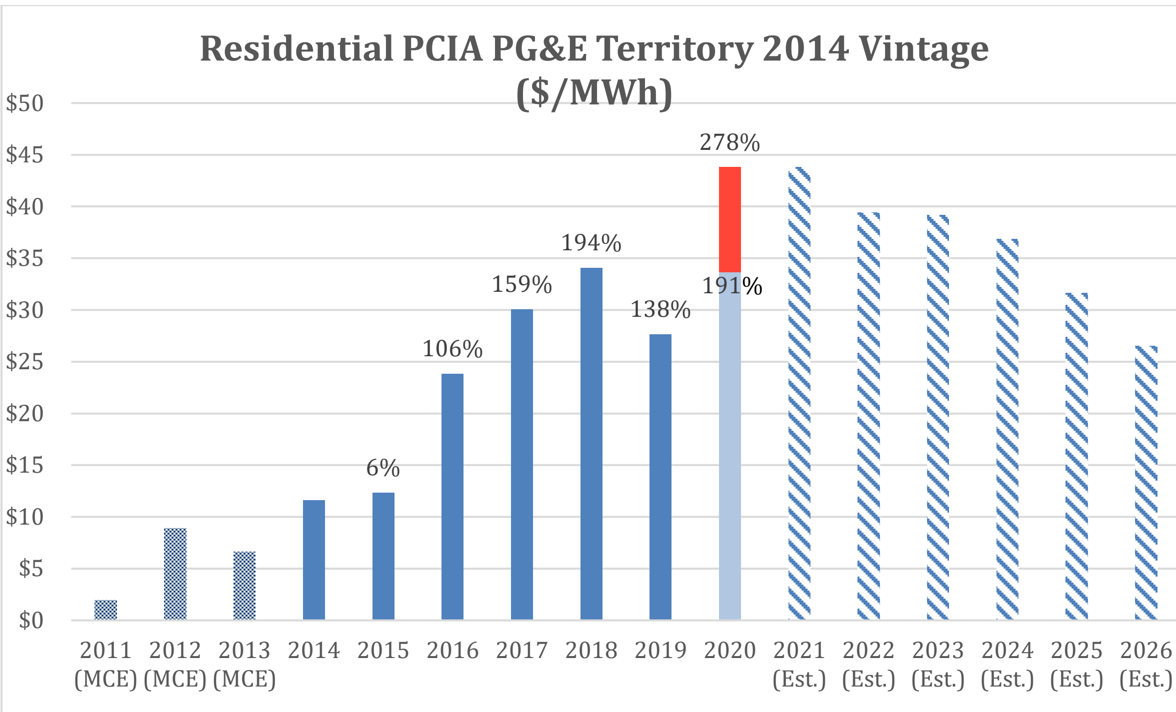
SCP customers' PCIA obligation for calendar 2020 is $102.8 million. This is $38 million above their 2019 obligation. However, CPUC rules prevent our customers from paying this entire amount in 2020. Instead, the CPUC has approved an increase to customers' PCIA charge of $14.8 million for SCP customers effective May 1, 2020. This $14.8 million figure is derived from a "cap" on increases to the PCIA of 0.5 cents per kWh per year. So, SCP customers are liable for a $38 million increase for 2020, but are only currently being charged $14.8M of that increase. Based on the currently available information, beginning May 1, 2020, SCP's customers' bills will be an average 4.4% above PG&E bundled customer bills.

In addition to the PCIA cap, there is also a "trigger". The trigger is related to the amount of under-collection of the PCIA by PG&E that occurs because of the cap. Once that trigger is hit, PG&E can request expedited collection of the full PCIA owed for that year. We expect this trigger will be hit around August 2020 with the resulting PCIA increase being effective by September 2020. This would send SCP's customer bills even further above bundled service bills without an additional change to SCP rates. Figure 8.5 below shows the history of the residential PCIA charge for SCP customers and our best Information regarding the level of the PCIA we expect through the closing of both units of Diablo Canyon.

In fiscal 2019-20, SCP is posting strong financial results. Per the SCP Board's direction last year, SCP has worked to accumulated cash in the case it is needed to offset extremely high PCIA fees over the coming few years. By June 30, 2020 we expect to have an increase in financial position of $25.4 million for the year. Note that this forecast has not been adjusted to reflect the effects of the COVID-19 on sales.

Normally, substantially all of these funds would be added to our reserves per financial policy B.2. Staff is recommending a change to this policy as we do not expect it will be in the best interest of the Authority or its customers to make further contributions to reserves for the next several years. Staff's proposed edits to Financial Policy B2 are shown in Appendix A. The volatility created by the PCIA cap and trigger puts our customers at risk and we are proactively working to stabilize their bills.

Figure 8.5 PCIA History and Forecast



Rate setting strategy

Staff is recommending the following as a strategy for customer rate setting:

- Strive to keep SCP customer bills competitive as compared to PG&E bundled customer bills
- Keep the need for SCP rate changes to one or two per year (July 1 and January 1) if at all possible
- Do not dedicate any net income to reserves after the end of FY 2019-20 until certain conditions are met (described in the proposed edits to Financial Policy B2)

- Set aside the increase in cash position at the end of FY 2019-20 as a Customer Bill Stabilization Fund to keep customer bills within 5% of PG&E bundled customers for all rate classes or better
- Use the Customer Bill Stabilization fund to offset PCIA increases before using reserves
- Try to avoid using any cash reserves through the next six years, and in no case let the reserve balance fall below 120 days of expenses.

With the information that we currently have, and conservative assumptions regarding many of the inputs to our analysis, we believe that the strategy above can be achieved.

To implement this strategy, the Board would need to make some key decisions. First, revising financial policy B2 to allow the option to not contribute to reserves under current conditions. Second, use the increase in net position at the end of the current fiscal year as a Customer Bill Stabilization Fund in order to keep customer forecasted bills within 5% of PG&E bundled customers for every rate class.

Staff has prepared three options below to help the Board decide how they will set rates for the next several months. Staff has made the following assumptions common to all three options stated below. When the PCIA annual increase cap is lifted in September or October 2020, the CPUC will direct the additional funds owed by customers to be collected over a 12-month period. The following conditions will then exist:

- The PCIA for 2021 and 2022 will be close to the projection shown in the residential example in Figure 8.5, including the red top portion of the fee.
- PG&E generation rates are expected to remain relatively stable over the next year. Their generation rates recently have been stable.
- Our increase in net position at the end of the current fiscal year will be at least $25.4M.

Based on data from other CCAs, staff believe there will be no financially significant loss of customers if SCP customer bills exceed 5% of PG&E bundled customer bills.

Staff did not consider an option where SCP keeps customer bills a fixed percentage over PG&E bundled customer bills. That would require frequent Board approval of rates every time PG&E changes their generation rate or there is a change in the PCIA rate. This does not conform with SCP's stated JPA goal relating to rate stability.

Developing Options

Staff looked at multiple options regarding setting rates, the timing of rate setting, how to best use the Customer Bill Stabilization Fund, and the use of reserves. Our objective was to protect customer total bills while maintaining the financial health of the agency. There is no option available where SCP customer bills can remain below PG&E bundled customer bills through the six-year period until the PCIA drops significantly. The following table summarizes the differences between the three options staff is bringing forward for consideration.

Table 8.1 Comparison of Rate Setting Options

Option	Rate Changes	Customer Bill Stabilization Fund	Reserves
Option 1	Change rates on 7/1/2020 with no more changes in calendar 2020.	Use the fund to keep forecasted SCP customer bills no more than 5% above PG&E bundled customer bills.	Avoid using reserves unless events go against our plan. But in no case let reserves fall below 120 days of expenses.
Option 2 (staff recommendation)	No rate change on 7/1/2020 Make a rate change when the PCIA cap Is lifted, likely on 9/1/2020 or soon after.	Use the fund to keep forecasted SCP customer bills no more than 5% above PG&E bundled customer bills. Keep some funding available should events go against our plan.	Avoid using reserves unless events go against our plan. But in no case let reserves fall below 120 days of expenses.
Option 3	No rate change on 7/1/2020. Make a rate change when the PCIA cap Is lifted, likely on 9/1/2020 or soon after.	Use the fund to keep SCP customer bills no more than 5% above PG&E bundled customer bills.	Use reserves to drive down customer bills as close as possible to PG&E bundled customer bills without going below $50M (equal to 104 days of operating expenses)

Option Detail and Results

For easy visual comparison of the charts presented for each option, all of these charts presented in this section are reproduced in Appendix B on one page.

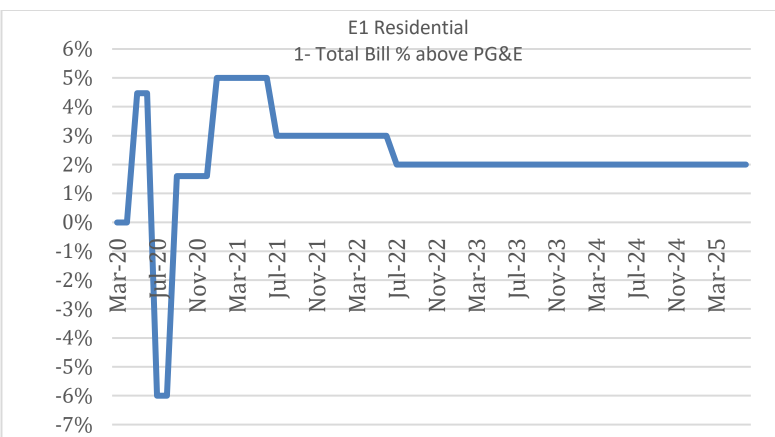
Rate Setting Option 1

Description/Additional Assumptions:

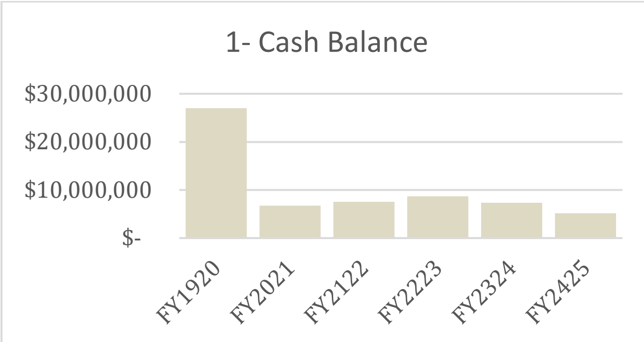
- Change rates on 7/1/2020 and target customer average bills through the remainder of 2020 that are forecast to be no more than 5% over PG&E bundled customers. Make no further rate changes in 2020.
- The PCIA cap is expected to be lifted with additional PCIA charges taking effect on 9/1/2020, but the CPUC could move this date earlier or later. This scenario was built around assuming the cap is lifted on September 1, 2020.
- The 2021 PCIA is assumed to go into effect in April 2021, followed by changes to SCP's rates 30-60 days later.
- We use the Customer Bill Stabilization Fund to keep forecasted bills no more than 5% above PG&E bills, and reduce them to 2% above PG&E bundled customer bills by 2022.
- Maintain existing cash reserves at current balance over the next six years.

Results:

SCP customer bills as compared to PG&E bundled customer bills swing radically from 4.4% above PG&E as of May 1st, to 6% below PG&E on July 1st then back to 5% above once the cap is lifted. By fiscal 2022-23 they are within 2% of PG&E.



Some level of the Customer Bill Stabilization Fund is left beyond FY20-21 should events not go as expected.



Reserve levels are maintained at $71M through the closing of Diablo Canyon.

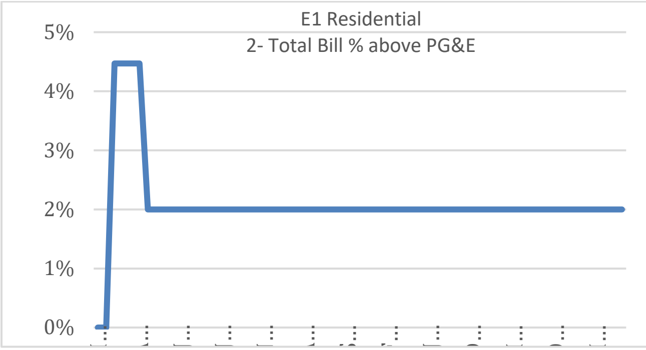
Rate Setting Option 2 (this is staff's recommendation)

Description/Additional Assumptions:

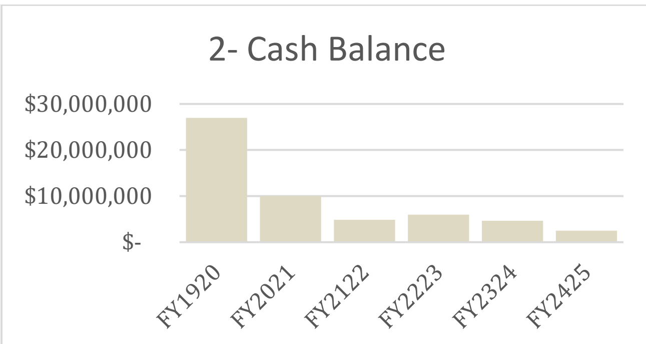
- No change to rates on 7/1/2020. SCP changes rates to ensure no customer class pays more than 5% over bundled customers on forecasted total electric bills when the next change to the PCIA is made. This is expected to be on 9/1/2020.
- The next rate change is made when the spring 2021 changes to the PCIA go into effect.
- Maintain existing cash reserves at current balance over the next six years.

Results:

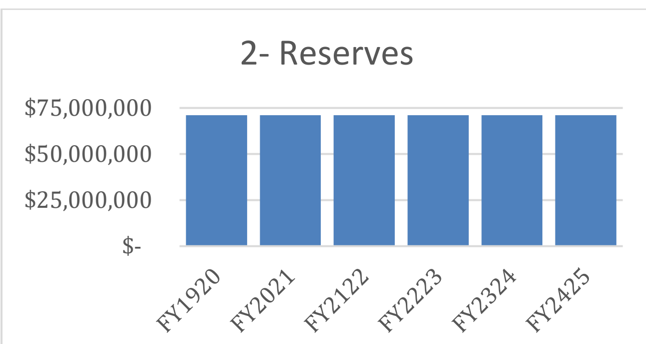
Customer bills are forecast to remain within 5% of PG&E bundled customer bills then are forecast to remain within 2% beginning in FY2022-23.



Some level of the Customer Bill Stabilization Fund is left beyond FY20-21 should events not go as expected.



Reserve levels are maintained at $71M until such time as new reserve contributions can be made after the closing of Diablo Canyon Nuclear Power Plant.



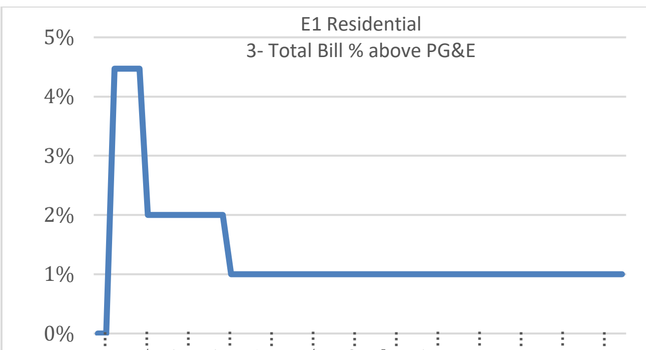
Rate Setting Option 3

Description/Additional Assumptions:

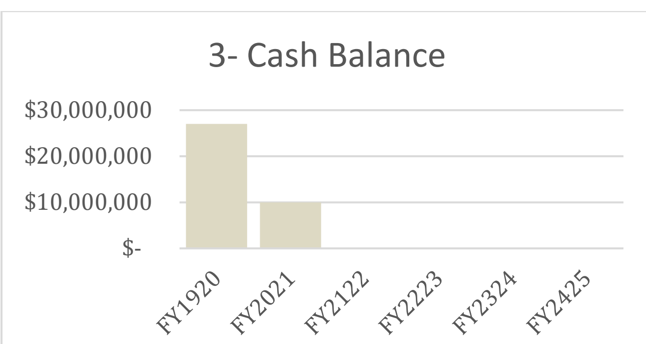
- Drive down customer forecasted bills so that we get to only 1% above PG&E bundled customers within 3 years and remain there until Diablo Canyon closes
- Delay using reserves by exhausting the Customer Bill Stabilization Fund first, then use up to $21M in reserves, leaving $50 million in cash reserves.

Results:

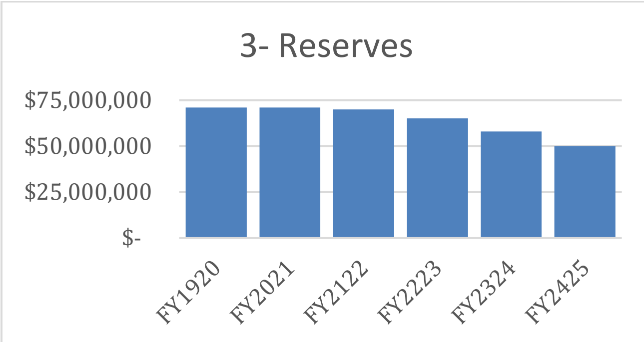
Customer bills are forecast to remain within 5% of PG&E bundled customer bills; then are forecast to remain within 1% beginning in FY2023-24.



SCP Customer Bill Stabilization Fund is depleted during FY2021-22. This option does not leave any funds available to keep customer bills down without using reserves should events not go as expected.



Reserves are used beginning in FY2022/23 and a total of $21 million in reserves is used by the end of FY2024/25 leaving $50 million in reserves.



Staff Recommendation:

Staff recommends Rate Setting Option 2. Rates are not changed on July 1, 2020. Instead, the Board would pre-authorize Staff to set customer rates to protect all customers from paying more than 5% in additional total bill costs at the time the PCIA cap is lifted (estimated to be September 2020).

Budget Overview

The Fiscal Year 2019-2020 draft budget and rates presented in this item seek to:

- Continue to procure a supply portfolio of electricity generation that is at least 30% lower in greenhouse gas emissions as PG&E's portfolio, reaches 50% qualifying renewable sources by 2020, and 60% by 2030.
- Focus program activities into improving existing programs, creating the Advanced Energy Center, and building SCP's headquarters as a living example of an advanced energy facility.
- Maintain the current level of customer service support, community outreach and marketing.
- Increase funding and staff support for program and the Advanced Energy Center.

Finally, it is important to note that no substantive changes have been made yet to SCP's forecast load, expenses and revenues due to changes in societal use of electricity due to the coronavirus. Staff will make those adjustments, as best as we can between the draft and final proposed budgets as data begin to be available.

DRAFT BUDGET

The draft budget is presented first in the form that will be used for adoption, and then is followed by supplemental information. The budget categories are intentionally general enough to allow some measure of staff discretion, without requiring frequent budget adjustments.

	Revised Budget FY19-20	DRAFT Budget FY20-21	Comments
REVENUES & OTHER SOURCES			
Electricity Sales (net of allowance)	$ 196,600,000	$ 170,616,000	Planned decrease in net position, no contribution to reserves
EverGreen Premium (net of allowance)	$ 489,000	$ 582,000	Small growth in number of Evergreen customers
CEC Grant Proceeds	$ 4,760,000	$ 3,830,000	
BAAQMD Grant	$ 100,000	$ 50,000	Supports CEC Grant
Interest Income	$ 1,325,000	$ 1,100,000	Reduction in interested rates
Total Revenues	**$ 203,274,000**	**$ 176,178,000**	
EXPENDITURES			
Product			
Cost of Energy and Scheduling	$ 150,630,000	$ 152,410,000	
Data Management	$ 3,158,000	$ 3,186,000	
Service Fees to PG&E	$ 961,000	$ 970,000	
Product Subtotal	**$ 154,749,000**	**$ 156,566,000**	
Personnel	**$ 4,330,000**	**$ 5,829,000**	Includes 4 staff hired in FY19-20 and new AEC staff (3 FTE)
Outreach and Communications	**$ 960,000**	**$ 1,130,000**	Adding promotion of AEC and market research
Customer Service	**$ 367,000**	**$ 383,000**	Inflationary increase in costs
General and Administration	**$ 505,000**	**$ 525,000**	Added AEC space management

	Revised Budget FY19-20	DRAFT Budget FY20-21	Comments
EXPENDITURES – continued			
Other Professional Services			
Legal, Regulatory and Compliance	$ 1,102,000		Divided to separate line items: Legal, Regulatory and Compliance
Legal		$ 373,000	Previous FY had PG&E bankruptcy related expenses
Regulatory and Compliance		$ 453,000	
Accounting	$ 211,000	$ 217,000	
Legislative	$ 78,000	$ 78,000	
Other consultants	$ 160,000	$ 160,000	
Other Professional Services Subtotal	$ 1,551,000	$ 1,281,000	
CalCCA Trade Association	$ 440,000	$ 440,000	
Programs			
Program Development and Implementation	$ 2,700,000	$ 6,710,000	Increase in new programs
CEC Grant Program	$ 8,400,000	$ 5,660,000	See write-up on investment into Advanced Energy Center.
Program Development and Evaluation	$ 50,000	$ -	Moved to Program Development and Implementation
Programs Subtotal	$ 11,150,000	$ 12,370,000	
Total Expenditures	$ 174,052,000	$ 178,524,000	
Revenues Less Expenditures	$ 29,222,000	$ (2,346,000)	
OTHER USES			
Capital Outlay	$ 3,800,000	$ 10,800,000	Mainly funds invested in headquarters building.
Total Expenditures, Other Uses	$ 177,852,000	$ 189,324,000	
Net Increase/(Decrease) in Fund Balance	$ 25,422,000	$ (13,146,000)	Net position reduced through rates to fund customer bill stability
Customer Bill Stability Fund - Year-End Net	$ 25,422,000	$ 12,276,000	

CUSTOMER ADVISORY COMMITTEE (Committee)

At their meeting on March 23, 2020, the Committee supported Staff's recommended rate setting strategy and preliminary budget. In addition, they unanimously approved a recommendation to the Board that Financial Policy B.2. be revised as suggested by staff and that a Customer Bill Protection Fund be set up at the end of FY2019-20 with the annual increase in net position which is currently forecast to be $25.2M.

INFORMATION ONLY - SUPPLEMENTAL TO THE DRAFT BUDGET

Details on the draft budget are provided in this section along with projections of the next five years. For the purpose of this projection, SCP's customer rates vary along with the assumptions of Rate Scenario 2. While the table shown reflects a reasonable estimate of future costs, it is important to stress that actual revenues and expenses will vary from this forecast.

		5 Year Budget Forecast (with Rate Option 2)				
Revenue[1]		**2020/21**	**2021/22**	**2022/23**	**2023/24**	**2024/25**
Electricity (net of allowance)		$ 170,616,000	$ 164,144,000	$ 171,200,000	$ 171,329,000	$ 171,069,000
Evergreen Premium (net of allowance)		$ 582,000	$ 626,000	$ 650,000	$ 661,000	$ 668,000
CEC Grant		$ 3,830,000	$ 2,549,000			
BAAQMD Grant		$ 50,000	$ 50,000			
Interest Income		$ 1,100,000	$ 1,000,000	$ 900,000	$ 900,000	$ 900,000
TOTAL REVENUE		**$ 176,177,000**	**$ 168,369,000**	**$ 172,750,000**	**$ 172,890,000**	**$ 172,636,000**
Expenses						
Cost of Energy and Scheduling		$ 152,410,000	$ 149,276,000	$ 150,542,000	$ 151,784,000	$ 151,039,000
Data Management		$ 3,186,000	$ 3,187,000	$ 3,187,000	$ 3,188,000	$ 3,188,000
Service fees - PG&E		$ 970,000	$ 970,000	$ 970,000	$ 970,000	$ 970,000
Personnel		$ 5,829,000	$ 6,237,000	$ 6,611,000	$ 7,040,000	$ 7,498,000
Outreach and Communications		$ 1,130,000	$ 1,030,000	$ 1,051,000	$ 1,072,000	$ 1,093,000
Customer Service		$ 383,000	$ 410,000	$ 434,000	$ 460,000	$ 488,000
General and Administration		$ 525,000	$ 625,000	$ 663,000	$ 702,000	$ 744,000
Legal		$ 373,000	$ 399,000	$ 423,000	$ 448,000	$ 475,000
Regulatory and Compliance		$ 453,000	$ 467,000	$ 481,000	$ 495,000	$ 510,000
Accounting		$ 217,000	$ 224,000	$ 230,000	$ 237,000	$ 244,000
Legislative		$ 78,000	$ 80,000	$ 83,000	$ 85,000	$ 88,000
Other Consultants		$ 160,000	$ 171,000	$ 181,000	$ 192,000	$ 204,000
CalCCA Trade Association		$ 440,000	$ 453,000	$ 467,000	$ 481,000	$ 495,000
Program Development and Implmentation		$ 6,710,000	$ 7,113,000	$ 7,540,000	$ 7,992,000	$ 8,471,000
Program - CEC Grant		$ 5,660,000	$ 4,101,000	$ -		
Capital Outlay		$ 10,800,000	$ -	$ -	$ -	$ -
TOTAL EXPENSES		$ 189,324,000	$ 174,742,000	$ 172,862,000	$ 175,148,000	$ 175,508,000
NET INCREASE (DECREASE) IN NET POSITION		$ (13,146,000)	$ (6,373,000)	$ (113,000)	$ (2,257,000)	$ (2,872,000)
Customer Stability Fund	$25,422,000	**$ 12,276,000**	**$ 5,902,000**	**$ 5,790,000**	**$ 3,532,000**	**$ 660,000**
Cash Reserves		**$ 71,147,444**	**$ 71,147,444**	**$ 71,147,444**	**$ 71,147,444**	**$ 71,147,444**
[1] This revenue forecast does not inlcude new grant income. SCP staff are working to secure additional grant revenues for customer programs. Therefore this outlook could improve.						

Further detail on each of the proposed budget categories follows.

REVENUES AND OTHER SOURCES

The primary source of income is from the retail sale of electricity to CleanStart and EverGreen customers. Customers of both of these programs provide all of the Electricity Sales income. EverGreen costs 2.5 cents per kWh over the cost of CleanStart, and provides 100% renewable energy from sources in Sonoma and Mendocino Counties. The EverGreen premium pays for the purchase of local sources of renewable geothermal and solar, and is not intended to produce surplus income.

The total sales are based on the following scenarios:

- Set new rates on July 1, 2020 to reflect no more than 5% above PG&E total bundled rates across all customer rate classes and utilize cash balance accrued from FY19-20 to stabilize customer bills.
- Set new rates only when the 2020 PCIA cap is lifted and utilize cash balance accrued from FY19-20 to stabilize customers' bills.

The PCIA and PG&E rates that will be effective in the FY2020-2021 fiscal year are still unknown and staff has made some assumptions regarding these figures. The SCP rates which produce equal total bill costs were based on the following PG&E rates and fees:

- PG&E generation, non-generation, and bundled rates provided in the PG&E Monthly Rate Outlook published February 2020 for CalCCA
- March 1, 2020 effective franchise fees
- PCIA capped and uncapped amounts provided by SCP's consultant with access to PG&E's confidential contract information

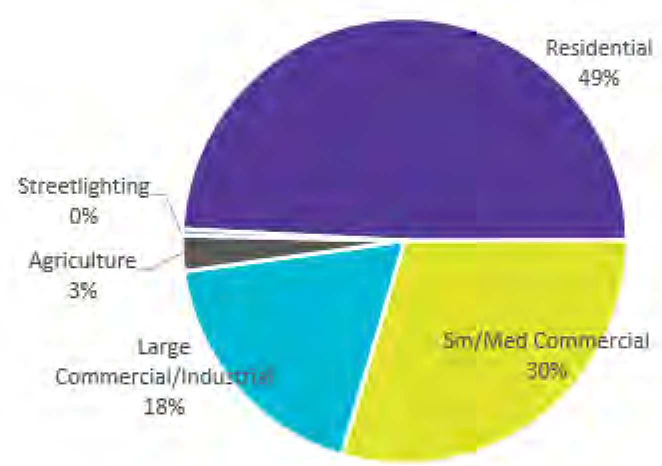
Given the unknown value of these PG&E rates and fees, staff made the most reasonable assumptions available, however as noted previously in this staff report, these will change over the next few months once the CPUC passes decisions. The updated PG&E rates and fees will change the SCP rates required to achieve the given rates scenarios and thus the budgeted revenue. Staff expects to have updated PG&E rates and fees during the month of May 2020.

The total sales estimate is based on 87% of eligible customers (and load) participating in SCP. The net financial performance of SCP is not sensitive to small changes in the rate of participation because a majority of expenses are proportional to the load served. In other words, income and expenses generally tend to go up and down together.

An estimate of 0.8% is used for the portion of billings that will never be collected. Revenues shown in the budget are net of this reduction.

EXPENDITURES
Product

Cost of Energy and Scheduling includes all of the various services purchased from the power market through our suppliers. This includes 2,540,000 MWh of energy, capacity, green attributes, scheduling services, CAISO fees and other miscellaneous power market expenses. The volume of purchased energy is approximately 7% greater than the volume sold because of normal system losses. The following figure shows the breakdown of forecasted energy use for customer class:



SCP has entered into contracts that will meet approximately 90% of its expected energy requirements through the full fiscal year, meaning that energy costs are reasonably well known, although changes in energy market prices will still have an impact on SCP's costs.

SCP's current suppliers for energy and capacity include Constellation, Calpine, RE Mustang, RE Mustang 3, Golden Hills North, Sand Hill C Wind, NextEra, Calpeak, Shell, Powerex, 3 Phases, Transalta, PG&E, Tenaska, Elk Hills Power, CleanPowerSF, Marin Clean Energy, NRG Power Marketing, City of Palo Alto, Peninsula Clean Energy Authority, Pioneer Community Energy, Silicon Valley Clean Energy, SMUD, The Energy Authority, San Diego Gas & Electric, and Southern California Edison.

SCP also has suppliers through the ProFIT local feed-in tariff program. SCP's ProFIT feed-in tariff program was authorized by the Board of Directors to contract with local renewable energy suppliers up to $600,000 per year in above-CleanStart expenses.

This was translated into 6 MW of capacity, which formed the basis for contracting. 4 MW of solar are currently in operation and 2 MW of solar projects are expected to come online in FY2020-2021. Because the EverGreen premium pays for the purchase of these local sources, the quantity of ProFIT projects could be increased in the future if EverGreen participation increases. SCP is actively working with the member cities and counties to increase EverGreen participation.

Major amounts of SCP's customer load are also served by customer-owned solar arrays. Small amounts also reduce the load of other SCP customers through NetGreen overproduction. None of this production is reportable on SCP's Power Content Label, however, because it is treated as a load reduction rather than supply energy under California regulations.

Energy is procured for over 90% of the forecast load through December 2024. The primary price risks are therefore related to forecast error, changes in rates of customer participation, Public Safety Power Shutoffs, variable generation output of solar and wind resources, generation curtailment risks, forward pricing peak and off-peak unhedged energy, and legislative and regulatory risks (e.g., PCIA fees).

Based on current rates of participation by net-metered customers and payouts in 2018 and 2019, the total payout amount forecast for SCP's NetGreen customers is estimated to be about $1,100,000 for the fiscal year. This represents the last payout under SCP's original NetGreen program rules. From this point forward that amount will decline to about $250,000 per year.

Scheduling Coordinator services are provided by Shell Energy North America through December 2020. Staff are currently considering options for Scheduling Coordinator Services from 2021 through 2024. The charges for this service are included together with energy and resource adequacy in the budget. After electric power is scheduled for delivery to customers and ultimately consumed by those customers, the actual electric consumption must be trued up against the forecasted and scheduled energy. This true up occurs through the settlement process, or "settlements." Settlements also entail addressing a number of other market and regulatory requirements. The impact on budgeting is that invoices and credits occur several months (and sometimes up to two years) following a given month of service.

Data Management is a broad scope of services provided by contract through Calpine Energy Solutions, including billing data validation, bill coordination with PG&E, billing management of special programs (e.g., NetGreen and ProFIT), call center services and billing technical support, customer enrollment database management, move-in/move-out services, CAISO data preparation, WREGIS data preparation, and many support functions related to data reporting.

SCP's Data Management contract with Calpine Energy Solutions was presented, reviewed and approved by the Board of Directors November 7, 2013 and continues through April 30, 2022.

Service Fees to PG&E consist of a charge of $0.35 per account per month (including a $0.21 per account service fee and a $0.14 per account meter data management fee). There are also numerous small fees associated with data requests. The fees cover PG&E's costs associated with additional data processing and bill coordination, and are mandatory and regulated by the California Public Utilities Commission (CPUC).

Personnel

Personnel costs include direct salaries, benefits, workers compensation premiums and payroll taxes. We have added in direct employee development expenses of 2% of direct labor costs in order to improve the skills and abilities of our staff. During FY2019-20 SCP added four staff: one in Customer Service, one in Power Services, and two in Programs. During FY2020-2021 we expect to add two additional full-time staff for the Advanced Energy Center and several part-time interns. SCP also expects to add a General Counsel or other senior Legal Director role early in this fiscal year budget.

Outreach and Communications

The attached draft budget assumes that nearly all marketing efforts will focus on the Advanced Energy Center and Outreach Communications and sponsorships. Other marketing focuses include Advanced Energy Build and other programmatic support.

SCP will continue to focus on increasing the authority's reach and relevance to the Hispanic community and other key cultural/demographic sectors and also on supporting nonprofit events and efforts which provide exposure and visibility for SCP as a community partner committed to supporting our diverse communities.

Similarly, SCP will continue to reinforce brand awareness through our consistent marketing, public relations and social media platforms, and will continue to provide leadership within the non-profit sector and the community choice industry.

New focus this fiscal year include:

- To broaden SCP's community engagement, education, and outreach efforts to better reach all SCP customers and to build affiliations with local groups that can help build community trust and increase SCP customer participation. We have dedicated one of our staff to this strategy, and re-allocated some funds from the Community Outreach budget to support those efforts.
- Initiating a comprehensive customer satisfaction survey, and customer/demographic research (to be repeated annually).

Outreach and Communications	**Estimated Budget**
General Advertising, Media *(includes production & placement),* Advertising Support and Market Research	$692,700
Campaigns & Program Support	175,000
Consultants *(includes cultural marketing efforts)*	133,300
Community Sponsorships & Outreach	100,000
Collateral & Miscellaneous	29,000
Outreach and Communications Total	$1,130,000

Exposure through Community Outreach/Events

Using historical data for events SCP has sponsored/attended in the past, we anticipate that our Community Outreach program will continue to provide exposure for SCP in terms of branding, general awareness and personal connections (through efforts such as tabling, plated dinners, networking events, etc.)

Each year, SCP participates in a variety of efforts, including business to business, nonprofit, parades, farmers markets, festivals, galas, employee benefit fairs, radio appearances, events tailored to the Hispanic community, and more.

Through the combination of events and efforts listed above, we estimate that we have participated in 60 events over the past fiscal year, visually exposing approximately 50,000 people to our name/brand and/or contact with an SCP representative. We expect this level of exposure to customers will increase in FY20-21.

Customer Service

This subcategory includes required customer noticing and local business and industry development.

Customer Noticing

There are several kinds of official mailed notices SCP provides to its customers. Outside of enrollment rollouts, the following notices are mailed out to applicable customers:

- Move-in notice postcard (weekly)
- Move-in notice letter (weekly)
- EverGreen confirmation notices (weekly)
- NetGreen welcome (weekly)
- Opt-out confirmation - immediate notice (weekly)
- Opt-out confirmation – 6 month notice (weekly)
- Late payment notice (monthly)
- Pre-collections notice (monthly)
- Joint Rate Comparison with SCP and PG&E information (annually)
- California Energy Commission's Power Content Label (annually)
- As needed, special rate notices (e.g. NetGreen 2.0 transition)

The budget reflects the approximately 1,250 letters mailed every week plus the required annual mailings.

Business and Industry Development

The Customer Service team also works with SCP's local business and industry groups through memberships and sponsorships to increase awareness of SCP and improve relationships. SCP participates in many events that raise money and awareness for local businesses, such as the food, wine, and agricultural industries. An aspect of SCP teams' key business requires reoccurring meetings with other CCA counterparts, stakeholder groups and PG&E to coordinate joint business and facilitate unique client needs.

Community engagement is a high priority and partnering with Santa Rosa Junior College to administer the SCP Spirit of Entrepreneurship Grant aims to enhance community relations and build stronger ties locally with the College, student population, and future work force of our community. This competitive grant is facilitated via SCP staff works with various student participants and Business department staff to select up to three top performing “pitches” to receive the grants.

Customer Noticing	Budget Detail
Confirmation letters	$ 80,000
Annual Required Notices	105,000
Other Noticing	13,000
Customer Noticing Subtotal	$198,000
Business & Industry Development	
Memberships/sponsorships	$ 40,000
Events (Participation)	40,000
Customer Appreciation/Development	35,000
SCP Grant Fund	60,000
Miscellaneous	10,000
Business & Industry Development Subtotal	$185,000
Total Customer Service	$343,000

General and Administration

General and Administration includes ordinary business expenses such as rent, meeting room rentals, parking and transit expenses, liability insurance, basic office supplies, office phones, internet service, data service, minor equipment costing less than $1,000, leases for printer/copiers, conferences, memberships, dues and subscriptions, travel, meals and miscellaneous operational expenses. There has been a small increase from the FY 19-20 budget in anticipation of the opening of the Advanced Energy Center this spring.

General and Administration	Estimated Detail
Office space and meeting/event rentals	194,000
Insurance	9,500
Misc. expenses and office supplies	63,500
Phones, internet, data and minor equipment	52,000
Conferences and professional development	20,000
Dues and subscriptions	145,000
Travel	21,000
Meals and entertainment	20,000
General and Administration Total	525,000

Other Professional Services

Legal

The Legal category is split out from Regulatory and Compliance in this budget to add clarity. Legal expenses will drop in this coming fiscal year due to significantly lower expected costs related to PG&E's bankruptcy.

Regulatory & Compliance

This category includes technical research into CPUC rate cases, resource adequacy, PCIA and other key issues. It includes technical and legal consultants for compliance filing preparation, review and filings.

Accounting. Accounting includes services from three different providers. Maher Accountancy provides the day-to-day accounting for SCP, including generation of financial statements and consolidated reports. Maher's current fee is $9,672 per month plus a one-time fee of $14,700. The current contract with Maher will be renewed for the next fiscal year and we anticipate an increase, due to an expanded scope of work, including accounting services related to the CEC Lead Locally grant and NEM cashouts each spring. The County's Auditor Controller Treasurer Tax Collector's (ACTTC) office provides internal auditing and control for SCP and bills its time at cost, estimated to be less than $10,000 for the year. SCP also has an outside auditor review our financial statements. We will be issuing an RFP for outside auditing services this year, but estimate the budget to be close to FY 19-20 with an increase for inflation.

Legislative. Legislative covers SCP's Sacramento legislative lobbyist, and coverage for tracking and advancing bills in the legislative session that affect SCP and the energy industry directly. Contributions to the statewide CalCCA trade association continue to allow SCP to track and partake in legislative work that affects CCAs across the state.

Other Consultants. Other Consultants covers costs related to outside services needed for basic internal operations, such as: IT services/repairs, nighttime security for the building at 431 E Street and 741 4th Street, administration fees for our insurance benefits and retirement plans, consultants for mandatory training, and the collection agency SCP uses for past-due accounts.

CalCCA

The CalCCA trade association is an important entity for sharing the costs of legislative and regulatory work. The association has been instrumental in improving SCP's effectiveness at the CPUC on matters including the PCIA, resource adequacy, and in the legislature on organizing and providing direction to lobbyists and requesting action. CalCCA now has seven full time staff, and we expect further improvements in the association's service to SCP and the other public CCA power providers around California.

Programs

The list below indicates the programs we intend to administer in the upcoming fiscal year. Many of these are continuing programs from the current year.

	Current FY Budget	Proposed FY 20-21 Budget
ELECTRIC VEHICLES		
Charging Infrastructure - Home charging station program.	$500,000	$350,000
CalEVIP - CEC grant program	$500,000 (not used)	$500,000
Non-Profit EV Incentive – Provide an incentive for non-profits to purchase EV and PHEV vehicles.	$50,000	$50,000
School Bus Electrification	$0	$150,000
E-Bike Incentive	$0	$200,000
FUEL SWITCHING		
On-Bill Financing Loans	$0	$1,250,000 (revolving loan)
Induction Cooktop Lending Program	$10,000	$10,000
AGGREGATION OF LOADS AND RESOURCES		
Demand Response Program	$200,000	$300,000
Smart Thermostat Incentives	$0	$20,000
DISTRIBUTED ENERGY RESOURCES		
SGIP Assistance Program	$0	$750,000
Municipal Storage Assistance	$240,000	$65,000
Solar/Storage at Schools	$0	$500,000
ENERGY EFFICIENCY IN BUILDINGS		
Advanced Energy Re-Build	$2,000,000	$500,000
Advanced Energy Build	$0	$1,000,000
Assistance to Commercial Customers	$60,000	$60,000
DIY Toolkits	$30,000	$30,000

	Current FY Budget	Proposed FY 20-21 Budget
EDUCATION		
Education in Schools (Sonoma Water)	$275,000	$275,000
SWITCH Program	$75,000	$75,000
Fuel Switching Education Website (Yellow Tin)	$0	$100,000
Misc Education/Tools	$10,000	$10,000
RESEARCH AND DEVELOPMENT		
Consultants	$60,000	$60,000
Contingency	$0	$500,000
CEC GRANT "LEAD LOCALLY"		
All grant expenses	$8,960,000	$5,659,761
PROGRAMS TOTAL		**$12,469,761**

Note: $3,829,861 of FY 20-21 budget expenses above are reimbursable from the CEC.

Advanced Energy Center Leasehold Improvements

A significant portion of the California Energy Commission grant that SCP received is targeted toward the creation of the Advanced Energy Center in downtown Santa Rosa. Included in these costs are $964,000 in incentives for heat pump water heaters and residential battery storage that are part of SCP's match dollars for the grant.

SCP Headquarters Building – 741 E Street

SCP intends to award a construction cost to rehabilitate the building it purchased in 2017. Current construction costs are estimated to range from $9.5M to $11.0M. Most of these costs will be incurred in fiscal year 20-21.

OTHER USES

Capital Outlay is for equipment costing in excess of $1,000, including computers, printers and furniture. However, SCP's capital investment in its owned headquarters building is 98% of this line item for FY2019-20.

Collateral Deposits used to be included as an "Other Use" but are now recorded as coming out of SCP's Collateral Reserve fund rather than a budget line item.

DEBT SERVICE

SCP currently carries no debt.

NET INCREASE/ (DECREASE) IN AVAILABLE FUND BALANCE

The allocation of surplus funds is governed by the adopted Financial Policy B2. The existing policy generally indicates that net surplus funds (if any) are dedicated to Operating/Credit Reserves, Program Reserves, and a Collateral Reserve. However, changes are proposed to this policy, to stop making new contributions to reserves while the PCIA is extremely high. This proposed budget produces an estimated reduction in net position through expending SCP's net income from Fiscal Year 2019-20. This reduction may only occur if the Board approves staff's proposed revision to Financial Policy B2.

APPENDIX A

Suggested changes to Financial Policy B.2

Financial Policy B.2

Available Fund Balance, and Operating, Program and Collateral Reserves

SCP has an Operating Reserve for the purpose of supporting agency credit, a Program Reserve that allows multi-year program funding commitments, and a Collateral Reserve to allow the posting of collateral for energy and related purchases.

SCP shall maintain a minimum of 120 days of cash reserves at all times.

Target balances are:

Operating Reserve	50% of total annual budgeted expenses
Program Reserve	10% of total annual budgeted expenses
Collateral Reserve	10% of annual energy expenditures

Prior to reaching these targets, the following shall apply to Sonoma Clean Power Authority's financial management:

1) Rate Setting and Budgeting:

   A. Definitions

      i. "Rates" shall mean the Average Retail Generation Rate inclusive of All Fees.

      ii. "Average Retail Generation Rate" is the total revenue collected for generation divided by the total kilowatt-hours of energy sold.

      iii. "All Fees" is the sum of those fees separately charged to SCP customers as determined by the CPUC. Today this includes the Power Charge Indifference Adjustment and Franchise Fee.

   ~~A.~~B. SCP Rates Less Than 2% Above Bundled Service. When SCP can set its Rates to not more than 2% above PG&E's Rates, then a minimum of 3% of revenues shall be recovered through rates to provide for the Operating, Program and Collateral Reserves.

   ~~B.~~C. SCP Rates Between 2% and 7% Above Bundled Service. When SCP sets its Rates between 2% and 7% above PG&E Rates, it shall maintain existing reserves without contribution or expenditure.

~~C.~~D. SCP Rates More Than 7% Above Bundled Service. When SCP sets its Rates more than 7% above PG&E Rates, it may use funds from reserves to offset customer rates so long as a minimum of 120 days of cash is maintained in reserves at all times.

~~i. If rates can be kept competitive with PG&E, a minimum of 3% of revenues shall be recovered through rates to provide for the Operating Reserve,~~

Adopted: June 5, 2014

Amended: January 8, 2015, June 4, 2015 and April 5, 2018

~~Program Reserve and Collateral Reserve, and reduce financial risk. Rates shall be deemed competitive if SCP's average retail generation rate[1], inclusive of all fees[2], is not more than 2% above PG&E's average retail generation rate[3]. ii. If rates cannot be kept competitive per the definition in 1.A, then the additional amount to be recovered through rates shall be reduced so that SCP's average retail rate is no more than PG&E's average retail rate. However, the withdrawal of cash reserves to reduce rates should only be done in cases where the Board makes three findings (1) the use of reserves to reduce rates is likely to be needed because of a short-term reason, and unlikely to be needed in subsequent years; (2) there is a material likelihood that SCP or its customers would be significantly harmed without the use of reserves, and (3) the benefit is greater than the potential credit downgrade from use of the reserves.~~

2) Allocating the Increase in Available Fund Balance, if any:

A. 75% to Operating Reserves to support credit and mitigate financial risks.

B. 15% to Program Reserves to support programs that have financial commitments which extend beyond the current fiscal year consistent with SCPA's mission. Program Reserve usage must be authorized by the SCPA Board of Directors with prior review by the Community Advisory Committee.

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[1] ~~The Average Retail Generation Rate is the total revenue collected for generation divided by the total kilowatt-hours of energy sold.~~

[2] ~~All fees separately charged to SCP customers as determined by the CPUC. Today this includes the Power Charge Indifference Adjustment and a Franchise Fee.~~

[3] ~~See footnote #1.~~

Adopted: June 5, 2014
Amended: January 8, 2015, June 4, 2015 and April 5, 2018

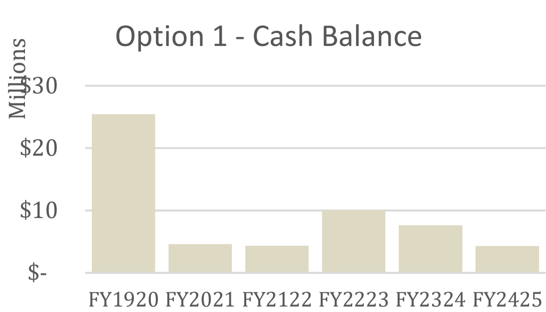
C. 10% to the Collateral Reserves to provide a source of collateral for purchasing energy and energy-market products.

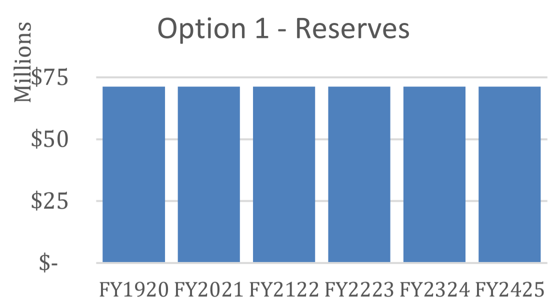
Annual Increase in Available Fund Balance shall be determined based on information reported in the annual audited financial statements. Available fund balance at the end of a fiscal year is equal to assets convertible or expected to be converted into cash within 90 days.

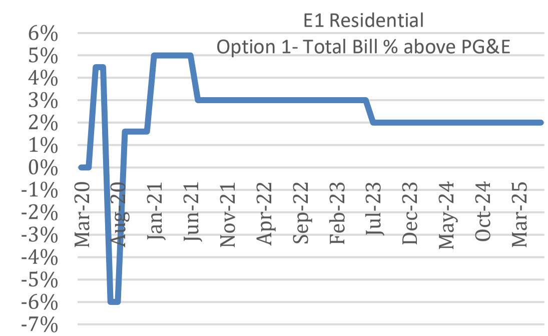
When one or two of the reserve targets are met, greater percentages shall be contributed to the unmet target(s) at the Board's direction.

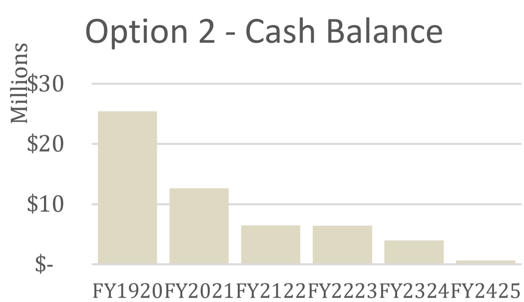
Upon reaching the target balances, rates and budgets shall be set to maintain the target balances.

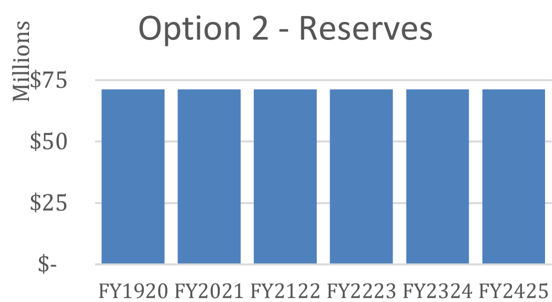
APPENDIX B

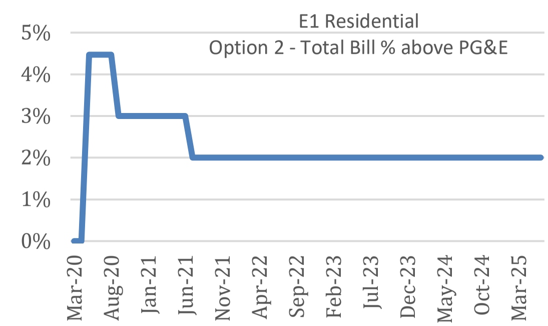

Option 1 - Cash Balance
Millions
$30
$20
$10
$-
FY1920 FY2021 FY2122 FY2223 FY2324 FY2425

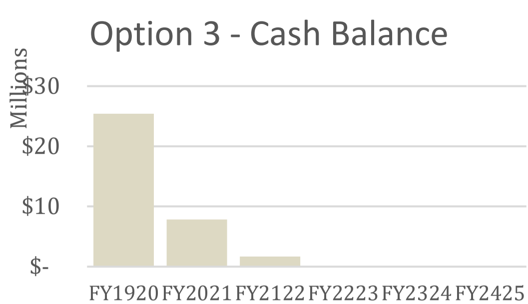

Option 1 - Reserves
Millions
$75
$50
$25
$-
FY1920 FY2021 FY2122 FY2223 FY2324 FY2425

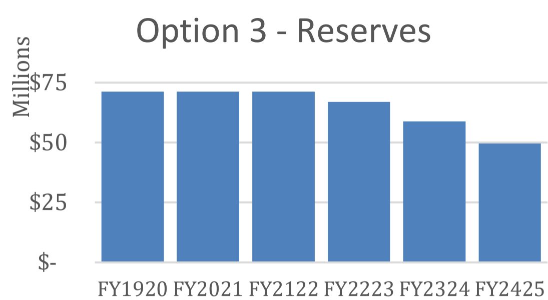

E1 Residential
Option 1- Total Bill % above PG&E
6%
5%
4%
3%
2%
1%
0%
-1%
-2%
-3%
-4%
-5%
-6%
-7%
Mar-20 Aug-20 Jan-21 Jun-21 Nov-21 Apr-22 Sep-22 Feb-23 Jul-23 Dec-23 May-24 Oct-24 Mar-25

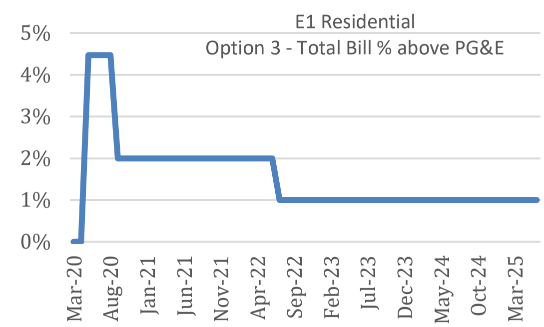

Option 2 - Cash Balance
Millions
$30
$20
$10
$-
FY1920 FY2021 FY2122 FY2223 FY2324 FY2425


Option 2 - Reserves
Millions
$75
$50
$25
$-
FY1920 FY2021 FY2122 FY2223 FY2324 FY2425


E1 Residential
Option 2 - Total Bill % above PG&E
5%
4%
3%
2%
1%
0%
Mar-20 Aug-20 Jan-21 Jun-21 Nov-21 Apr-22 Sep-22 Feb-23 Jul-23 Dec-23 May-24 Oct-24 Mar-25


Option 3 - Cash Balance
Millions
$30
$20
$10
$-
FY1920 FY2021 FY2122 FY2223 FY2324 FY2425


Option 3 - Reserves
Millions
$75
$50
$25
$-
FY1920 FY2021 FY2122 FY2223 FY2324 FY2425


E1 Residential
Option 3 - Total Bill % above PG&E
5%
4%
3%
2%
1%
0%
Mar-20 Aug-20 Jan-21 Jun-21 Nov-21 Apr-22 Sep-22 Feb-23 Jul-23 Dec-23 May-24 Oct-24 Mar-25