

YOLO LOCAL AGENCY FORMATION COMMISSION

Regular Meeting AGENDA

April 22, 2021 - 9:00 a.m.

COMMISSIONERS

OLIN WOODS, CHAIR (PUBLIC MEMBER)
DON SAYLOR, VICE CHAIR (COUNTY MEMBER)
NORMA ALCALA (CITY MEMBER)
GARY SANDY (COUNTY MEMBER)
TOM STALLARD (CITY MEMBER)

ALTERNATE COMMISSIONERS

ANGEL BARAJAS (COUNTY MEMBER)
WADE COWAN (CITY MEMBER)
RICHARD DELIBERTY (PUBLIC MEMBER)

This meeting will be conducted utilizing teleconferencing and electronic means to allow the Commission, staff and the public to participate in the meeting pursuant to the provisions of the Governor's Executive Order N-29-20 (March 17, 2020), available at the following [link](#).

Teleconference Options to join Zoom meeting:
By PC: <https://yolocounty.zoom.us/j/94657093415>

or

By Phone: (408) 638-0968
Webinar ID: 946 5709 3415

Further instructions on how to electronically participate and submit your public comment can be found in the PUBLIC PARTICIPATION instructions at the end of this agenda. In the rare event of a widespread internet disruption where Zoom is not available either at the beginning or during the meeting, the meeting will be conducted utilizing the following teleconference call dial in number (605) 475-6006 using Access Code 680-0491.

CHRISTINE CRAWFORD
EXECUTIVE OFFICER

ERIC MAY
COMMISSION COUNSEL

NOTICE:

This agenda has been posted at least five (5) calendar days prior to the meeting in a location freely accessible to members of the public, in accordance with the Brown Act and the Cortese Knox Hertzberg Act. The public may subscribe to receive emailed agendas, notices and other updates by contacting staff at lafco@yolocounty.org.

All persons are invited to testify and submit written comments to the Commission. If you challenge a LAFCo action in court, you may be limited to issues raised at the public hearing or submitted as written comments prior to the close of the public hearing. If you wish to submit written material at the hearing, please supply 8 copies.

FPPC - Notice to All Parties and Participants in LAFCo Proceedings

All parties and participants on a matter to be heard by the Commission that have made campaign contributions totaling \$250 or more to any Commissioner in the past 12 months must disclose this fact, either orally or in writing, for the official record as required by Government Code Section 84308.

Contributions and expenditures for political purposes related to any proposal or proceedings before LAFCo are subject to the reporting requirements of the Political Reform Act and the regulations of the Fair Political Practices Commission, and must be disclosed to the Commission prior to the hearing on the matter.

PLEASE NOTE - The numerical order of items on this agenda is for convenience of reference. Items may be taken out of order upon request of the Chair or Commission members.

CALL TO ORDER

1. Pledge of Allegiance
2. Roll Call
3. Public Comment: This is an opportunity for members of the public to address the Commission on subjects relating to LAFCo purview but not relative to items on this Agenda. The Commission reserves the right to impose a reasonable time limit on any topic or on any individual speaker.

CONSENT AGENDA

4. Approve the LAFCo Meeting Minutes of March 25, 2021
5. Review and file Fiscal Year 2020/21 Third Quarter Financial Update
6. Correspondence

PUBLIC HEARINGS

7. Public Hearing to consider approval of **Resolution 2021-03** adopting the Joint Powers Agency (JPA) Service Review for the Valley Clean Energy Alliance (VCEA) (LAFCo No. 21-02)
8. Consider adopting modifications to the Yolo LAFCo Deposit/Fee Schedule effective May 1, 2021

REGULAR AGENDA

9. Consider the status of broadband services and provide staff direction regarding LAFCo Shared Services initiatives for the FY 2021/22 Annual Work Plan
10. Consider and approve reappointment of Richard DeLiberty as the Alternate Public Member to another four-year term through May 2025
11. Elect a Chair and Vice Chair for the Commission to serve one-year terms, beginning May 1, 2021 and ending May 1, 2022

EXECUTIVE OFFICER'S REPORT

12. A report by the Executive Officer on recent events relevant to the Commission and an update of staff activity for the month. The Commission or any individual Commissioner may request that action be taken on any item listed.
 - a. Long Range Planning Calendar
 - b. EO Activity Report - March 22 through April 16, 2021

COMMISSIONER REPORTS

13. Action items and reports from members of the Commission, including announcements, questions to be referred to staff, future agenda items, and reports on meetings and information which would be of interest to the Commission or the public.

ADJOURNMENT

14. Adjourn to the next Regular LAFCo Meeting

I declare under penalty of perjury that the foregoing agenda was posted by 5:00 p.m. on Friday, April, 16, 2021, at the following places:

- On the bulletin board outside the east entrance of the Erwin W. Meier County Administration Building, 625 Court Street, Woodland, CA;
- On the LAFCo website at: www.yololafco.org.

ATTEST:

Terri Tuck, Clerk
Yolo LAFCo

If requested, this agenda can be made available in appropriate alternative formats to persons with a disability, as required by Section 202 of the Americans with Disabilities Act of 1990 and the Federal Rules and Regulations adopted in implementation thereof. Persons seeking an alternative format should contact the Commission Clerk for further information. In addition, a person with a disability who requires a modification or accommodation, including auxiliary aids or services, in order to participate in a public meeting should contact the Commission Clerk as soon as possible and at least 24 hours prior to the meeting. The Commission Clerk may be reached at (530) 666-8048 or at the following address: Yolo LAFCo, 625 Court Street, Suite 107, Woodland, CA 95695

PUBLIC PARTICIPATION INSTRUCTIONS:

Based on guidance from the California Department of Public Health and the California Governor's Office, in order to minimize the spread of COVID-19, please consider the following:

Join the Yolo LAFCo meeting at <https://yolocounty.zoom.us/j/94657093415>, or by phone via 1-408-638-0968, Webinar ID: 946 5709 3415.

1. Submit live comment by joining the meeting and press the "raise a hand" button or if joining by phone only, press *9 to indicate a desire to make a comment. The chair will call you by name or phone number when it is your turn to comment. The Commission reserves the right to impose a reasonable limit on time afforded to any topic or to any individual speaker.

* If you are joining by zoom and phone, still use the zoom raise a hand button as *9 will not work.

2. Submit written comment on any matter within the Commission's subject matter jurisdiction, regardless of whether it is on the agenda for Commission consideration or action. Submit your comment, limited to 250 words or less, via email to <https://www.yololafo.org>, or by U.S. mail to Yolo LAFCo at 625 Court Street, Suite 107, Woodland, CA, 95695, by 1 p.m. on the Wednesday prior to the Commission meeting. Your comment will be read at the meeting.

3. Submit verbal comment by calling (530) 666-8048; state and spell your name, mention the agenda item number you are calling about and leave your comment. Verbal comments must be received no later than 1 p.m. on the Wednesday prior to the Commission meeting. Your comment will be read at the meeting by the Commission Clerk; limited to 3 minutes per item.

Consent 4.

LAFCO

Meeting Date: 04/22/2021

Information

SUBJECT

Approve the LAFCo Meeting Minutes of March 25, 2021

RECOMMENDED ACTION

Approve the LAFCo Meeting Minutes of March 25, 2021.

Attachments

ATT-LAFCo Minutes 03.25.21

Form Review

Form Started By: Terri Tuck
Final Approval Date: 04/05/2021

Started On: 04/05/2021 09:49 AM

YOLO LOCAL AGENCY FORMATION COMMISSION

MEETING MINUTES

March 25, 2021

The Yolo Local Agency Formation Commission met on the 25th day of March 2021, at 9:00 a.m. via teleconference. Voting members present were Chair and Public Member Olin Woods, County Members Don Saylor and Gary Sandy, and City Members Tom Stallard and Norma Alcalá. Others present were Executive Officer Christine Crawford, Clerk Terri Tuck, and Counsel Eric May.

CALL TO ORDER

Chair Woods called the Meeting to order at 9:01 a.m.

Item № 1 Pledge

Gary Sandy led the Pledge of Allegiance.

Item № 2 Roll Call

PRESENT: Alcalá, Sandy, Saylor, Stallard, Woods ABSENT: None

Item № 3 Public Comments

None.

CONSENT

Item № 4 Approve the LAFCo Meeting Minutes of January 28, 2021

Item № 5 Correspondence

Minute Order 2021-07: The recommended action was approved.

Approved by the following vote:

MOTION: Stallard SECOND: Alcalá

AYES: Alcalá, Sandy, Saylor, Stallard, Woods

NOES: None

ABSENT: None

PUBLIC HEARINGS

Item № 6 Consider and adopt the proposed LAFCo budget for Fiscal Year (FY) 2021/22 and set May 27, 2021 as the public hearing date to approve the final budget

After an overview report by staff, the Chair opened the Public Hearing. There were no comments and the Public Hearing was closed.

Minute Order 2021-08: The recommended action was approved and May 27, 2021, was set as the public hearing to approve the final budget.

Approved by the following vote:

MOTION: Saylor SECOND: Sandy
AYES: Alcalá, Sandy, Saylor, Stallard, Woods
NOES: None
ABSENT: None

REGULAR

Item No 7 **Consider the Municipal Service Review (MSR)/Sphere of Influence (SOI) Initial Study for the City of Davis (LAFCo No. 21-01) and determine a comprehensive MSR/SOI Update is not needed for this five-year review cycle per Government Code §56425(g)**

Minute Order 2021-09: The recommended action was approved.

Approved by the following vote:

MOTION: Stallard SECOND: Sandy
AYES: Alcalá, Sandy, Saylor, Stallard, Woods
NOES: None
ABSENT: None

Item No 8 **Approve an amendment to Yolo LAFCo Project Policies to: (1) Amend Policy 6.2 "Criteria – Municipal Services Review (MSR)" to indicate Yolo LAFCo will likely conduct MSRs on special districts to provide additional oversight even if a Sphere of Influence (SOI) Update is not needed; and (2) Amend title of Policy 6.3 "Criteria - Spheres of Influence (SOI)" to better distinguish the title**

Minute Order 2021-10: The recommended action was approved.

Approved by the following vote:

MOTION: Sandy SECOND: Alcalá
AYES: Alcalá, Sandy, Saylor, Stallard, Woods
NOES: None
ABSENT: None

Item No 9 **Consider and adopt the LAFCo Annual Work Plan for Fiscal Year 2021/22**

Minute Order 2021-11: The recommended action was approved.

Following a discussion, staff was directed to bring back information at the next meeting regarding broadband shared services efforts and potential strategies.

Approved by the following vote:

MOTION: Alcalá SECOND: Sandy
AYES: Alcalá, Sandy, Saylor, Stallard, Woods
NOES: None
ABSENT: None

Item № 10 Executive Officer’s Report

The Commission was given written reports of the Executive Officer’s activities for the period of January 25 through March 19, 2021, and was verbally updated on recent events relevant to the Commission, including the Long Range Planning Calendar.

Staff mentioned she would be attending a fire protection districts sustainability ad hoc committee meeting later today. In addition, the Request for Proposals for LAFCo’s 3-year audit will be issued next week.

Staff is finishing its draft of the service review for the Valley Clean Energy Alliance JPA and the hearing notice will go out next week for the April 22, 2021 meeting. Staff is currently working on the administrative draft service review for the Yolo Habitat Conservancy JPA and the municipal service review for the County Service Areas.

Staff stated the Yolo Leaders YEDSpring2021 summit took place yesterday via Zoom and was well attended. Commissioner Saylor acknowledged the Executive Officer for her hard work in preparing and coordinating yesterday’s technically complex session on “Yolo United Against Hate”.

Item № 11 Commissioner Reports

Commissioner Stallard commented that throughout the year the City of Woodland would be celebrating its 150th year of incorporation with special monthly events. Stallard stated the first event will be a history walk in downtown Woodland on April 3rd and everyone is welcome to attend.

Item № 12 Adjournment

Minute Order 2021-12: By order of the Chair, the meeting was adjourned at 10:03 a.m. to the next Regular LAFCo Meeting.

Olin Woods, Chair
Local Agency Formation Commission
County of Yolo, State of California

ATTEST:

Terri Tuck
Clerk to the Commission

Consent 5.

LAFCO

Meeting Date: 04/22/2021

Information

SUBJECT

Review and file Fiscal Year 2020/21 Third Quarter Financial Update

RECOMMENDED ACTION

Review and file Fiscal Year 2020/21 Third Quarter Financial Update.

REASONS FOR RECOMMENDED ACTION

The intent of the quarterly financial report is to provide the Commission with an update on how LAFCo performed financially in the previous quarter as compared to the adopted budget and to discuss any issues as appropriate. The practice was recommended during a previous audit as an additional safeguard to ensure sound financial management, given the small size of the LAFCo staff. In accordance with LAFCo Administrative Policies and Procedures, the Commission adopts the final budget and is authorized to make adjustments as appropriate.

BACKGROUND

The County's Department of Financial Services will not be closing the financials for the month of March 2021 until Friday, April 16th, after staff has sent out the agenda packets. A supplement to this staff report regarding the third quarter financials will be sent out early next week, prior to Thursday's LAFCo meeting.

Attachments

No file(s) attached.

Form Review

Inbox	Reviewed By	Date
Christine Crawford	Christine Crawford	04/12/2021 02:29 PM
Form Started By: Terri Tuck		Started On: 04/12/2021 01:44 PM
Final Approval Date: 04/12/2021		

Consent 6.

LAFCO

Meeting Date: 04/22/2021

Information

SUBJECT

Correspondence

RECOMMENDED ACTION

Receive and file the following correspondence:

A. Assembly Bill 1581 - Support Letter

Attachments

ATT A-AB 1581-Support Letter

Form Review

Form Started By: Terri Tuck

Started On: 04/05/2021 09:56 AM

Final Approval Date: 04/05/2021

YOLO
LOCAL
AGENCY
FORMATION
COMMISSION

Item 6-ATT A



COMMISSION
CHAIR
OLIN WOODS
Public Member

VICE CHAIR
DON SAYLOR
Supervisor – 2nd District

NORMA ALCALA
Councilmember
City of West Sacramento

GARY SANDY
Supervisor – 3rd District

TOM STALLARD
Mayor
City of Woodland

ALTERNATES
ANGEL BARAJAS
Supervisor – 5th District

WADE COWAN
Mayor
City of Winters

RICHARD DELIBERTY
Public Member

STAFF
CHRISTINE M. CRAWFORD, AICP
Executive Officer

TERRI TUCK
Administrative Specialist/Clerk

MARK KRUMMENACKER
Financial Analyst

COUNSEL
ERIC MAY

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www.yololafco.org

March 22, 2021

Honorable Cecilia Aguiar-Curry, Chair
Assembly Local Government Committee
California State Assembly
State Capitol, Room 5144
Sacramento, CA 95814

RE: Support of AB 1581: Local Government Committee Omnibus Bill

Dear Chair Aguiar-Curry:

The Yolo Local Agency Formation Commission (LAFCo) is pleased to support the Assembly Local Government Committee Bill AB 1581, sponsored by the California Association of Local Agency Formation Commissions (CALAFCO), which makes technical, non-substantive changes to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (the Act).

This annual bill includes technical changes to the Act which governs the work of LAFCos. These changes are necessary as Commissions implement the Act and small inconsistencies are found or clarifications are needed to make the law as unambiguous as possible. AB 1581 currently makes minor technical corrections to language used in the Act. The Yolo LAFCo is grateful to your Committee, staff and CALAFCO, all of whom worked diligently on this language to ensure there are no substantive changes while creating a significant increase in the clarity of the Act for all stakeholders.

This legislation helps insure the Cortese-Knox-Hertzberg Act remains a vital and practical law that is consistently applied around the state. We appreciate your Committee's authorship and support of this bill, and your support of the mission of LAFCos.

Yours sincerely,

Don Saylor
LAFCo Vice Chair

cc: Members, Assembly Local Government Committee
Jimmy MacDonald, Consultant, Assembly Local Government Committee
William Weber, Consultant, Assembly Republican Caucus
Pamela Miller, Executive Director, CALAFCO

LAFCO

Meeting Date: 04/22/2021

Information

SUBJECT

Public Hearing to consider approval of **Resolution 2021-03** adopting the Joint Powers Agency (JPA) Service Review for the Valley Clean Energy Alliance (VCEA) (LAFCo No. 21-02)

RECOMMENDED ACTION

1. Receive staff presentation on the JPA Service Review and open the Public Hearing for any comments on this item.
2. Close the Public Hearing and consider the information presented in the staff report and during the Public Hearing. Discuss and direct staff to make any necessary changes.
3. Consider approval of Resolution 2021-03 adopting the JPA Service Review for VCEA.

FISCAL IMPACT

No fiscal impact. The JPA Service Review was prepared "in-house" and appropriate funds were budgeted.

REASONS FOR RECOMMENDED ACTION

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH Act), is LAFCo's governing law and outlines the requirements for preparing periodic Municipal Service Reviews (MSRs) and Sphere of Influence (SOI) updates. MSRs and SOIs are tools created to empower LAFCo to satisfy its legislative charge of "discouraging urban sprawl, preserving open space and prime agricultural lands, efficiently providing government services, and encouraging the orderly formation and development of local agencies based upon local conditions and circumstances".

While MSRs are not legally required of Joint Powers Agencies/Authorities, LAFCo has been requested by the cities and County (i.e. JPA member agencies) to provide MSR-like service reviews of selected types of JPAs in the county. LAFCo has the authority to furnish informational studies and analyze independent data to make informed recommendations regarding the efficient, cost-effective, and reliable delivery of services to residents, landowners, and businesses via these JPAs. With this intention, LAFCo has modified its MSR checklist to conduct service reviews of JPAs.

BACKGROUND

Agency Information

Valley Clean Energy Alliance, known as “Valley Clean Energy” (VCE), was created in January 2017 as a California Joint Powers Authority (JPA) pursuant to the Joint Exercise of Powers Act and is a public agency separate from its members. VCE provides electric service to retail customers as a Community Choice Aggregation/Energy Program (CCA/CCE) under the California Public Utilities Code Section 366.2. The formation of VCE was made possible by the passage of California Assembly Bill 117 in 2002, enabling communities to purchase power on behalf of their residents and businesses, and creating competition in power generation.

VCE is the official electricity provider for customers in the cities of Davis, Winters, Woodland, and unincorporated Yolo County (collectively; member agencies) and in June 2018 VCE began providing service to approximately 56,000 customer accounts as part of its initial enrollment phase. In January 2020, VCE started phasing in approximately 7,000 Net Energy Metering (NEM) customers through 2020. In January 2021, VCE began phasing in approximately 2,900 customers from its new Winters jurisdiction. Current participation is 91% of eligible customer accounts (61,498 of 67,394).

VCE has the rights and powers to set rates and charges for electricity services, incur indebtedness, and other obligations. VCE acquires electricity from commercial suppliers and delivers it through existing physical infrastructure and equipment managed by the California Independent System Operator (CAISO) and Pacific Gas and Electric Company (PG&E). Electricity costs include the cost of energy and ancillary services arising from bilateral contracts with energy suppliers as well as generation credits, and load and other charges arising from VCE’s participation in the California Independent System Operator’s centralized market.

VCE’s standard rate customers pay exactly the same as PG&E customers, but receive higher renewable content power. Solar customers do receive 1 cent/kwh for excess generation (Solar Customers / Net Energy Metering (NEM) - Valley Clean Energy), which is slightly better than PG&E. When VCE first launched, it was 2.5% less than PG&E’s generation rates but that savings disappeared with CPUC changes to the Power Charge Indifference Adjustment (PCIA) after VCE launched in mid-2018. The PCIA is the recovery fee for PG&E’s unavoidable above market costs for legacy power contracts. The impact of the PCIA on ratepayers is a major concern because it has increased by hundreds of millions of dollars in recent years. Before that change to the PCIA, VCE had saved customers about \$500k. VCE and the other CCA’s are working hard to make the PCIA more transparent, establish a sunset date, and reduce costs for all electricity customers.

VCE is governed by an eight-member Board of Directors; two representatives from each member agency. Board members are comprised of elected officials representing each of the following JPA members; the County of Yolo and the cities of Davis, Winters and Woodland. VCE also has a 12-member Community Advisory Committee (CAC) that meets monthly, with the goal of providing thoughtful input to the Board and representing each of the member agencies and their various perspectives. The JPA currently has 7 total staff members. In 2017, VCE entered into a five (5) year contract with the Sacramento Municipal Utility District (SMUD) to provide technical and financial analysis; data management and call center services; wholesale energy services; and operational staff services. As part of the contract, SMUD provides power portfolio purchase services to and on behalf of VCE.

Agency Involvement

LAFCo staff worked with VCE staff to provide required information. Administrative drafts were shared with VCE staff and comments/edits were discussed and resolved during virtual meetings. Some additional content has been added to the draft report to more fully explain VCE's value as compared to PG&E. The additional text is shown in track changes as compared to the version posted for public review on March 31st.

JPA Service Review Determinations and Recommendations

Six of the required seven MSR determinations are applicable to JPAs (the determination for disadvantaged unincorporated communities was removed for the JPA Service Review checklist). VCE's determinations and recommendations for Commission review and consideration are as follows:

Growth and Population Determination

According to VCE's Interim General Manager, acquiring additional energy as needed to meet demands of population growth is not an issue and is highly regulated by the CPUC.

Capacity and Adequacy of Public Facilities and Services Determination

There are no deficiencies in agency capacity to meet existing service demand. According to VCE's Interim General Manager, acquiring additional energy as needed to meet demands of population growth is not an issue and is highly regulated by the CPUC. VCE's mission is to provide clean electricity, product choice, and greenhouse gas emission reductions. It complies with the State of California's Renewable Portfolio Standards (RPS) and self-imposed benchmarks. VCE acquires RPS eligible renewable energy evidenced by Renewable Energy Certificates (Certificates) recognized by the Western Renewable Energy Generation Information System (WREGIS).

Financial Ability Determination

Since inception VCE has accumulated a \$16.6 million surplus and \$15.5 million of working capital (unrestricted current assets, less current liabilities). At this early stage VCEA's financial outlook is very good. The agency is administered by very capable staff and contractors and so far has the support of the community with only 10% of eligible customers opting out. To maintain its continued financial success VCE will be focusing on limiting customer opt outs by keeping rates competitive, increasing brand recognition, and providing a superior customer experience. VCE has recently started to procure power through long-term power purchase agreements to assist in stabilizing renewable power costs in the future and help VCE accomplish its mission of providing renewable energy and reducing greenhouse gas emissions. This will help reduce the potential effect of future energy market price volatility and create a stable environment for VCE and its ratepayers. Countervailing factors due to several regulatory and market factors, including rising Power Charge Indifference Adjustment (PCIA) costs, rising market costs to procure resource adequacy supplies, and impacts associated with COVID, are anticipated to present VCE with significant budgetary pressures over the next two fiscal years. In addition, it is researching the possibility of purchasing PGE's distribution system that is within its jurisdiction. A purchase of the magnitude would greatly change the finances and operations of the agency.

Recommendations

- Consider maintaining reserves in separate general ledger accounts.
- Consider submitting a list of disbursements to the board as part of the financial report.
- Develop and adopt finance and accounting policies by the end of 2021.

Shared Services Determination

In 2017, VCE entered into a five (5) year contract with the Sacramento Municipal Utility District (SMUD) to provide technical and financial analysis; data management and call center services; wholesale energy services; and operational staff services. As part of the contract, SMUD provides power portfolio purchase services to and on behalf of VCE. Electricity transmission infrastructure is provided by PG&E.

Accountability, Structure and Efficiencies Determination

VCE is very accountable for community service needs, including governmental structure and operational efficiencies. VCE is managed by a Board of Directors with designated representatives from each of the member agencies. Board meetings are open to the public and held once per month. In addition, a 12-member Community Advisory Committee meets monthly, with the goal of providing thoughtful input to the Board and representing each of the member agencies and their various perspectives. The public can also sign up on VCE's website to receive meeting agendas. VCE's website received a 97% transparency score in 2020. VCE continues to use both conventional media and social media to develop customer awareness and understanding of the Community Choice Aggregation (CCA) model and its role in planning for the local electricity system.

VCE has 7 staff members, 5 of which are employees of the JPA. VCE has an excellent employee manual and has adopted some other basic policies. According to the Interim General Manager, the accounting policies and procedures are internal procedures and not adopted policies. VCE plans to evaluate a Finance & Accounting Policy for Board consideration in the 2021 calendar year. VCE meets filing requirements set by the FPPC and is audited annually beginning in 2017 (agency inception).

Recommendation

- Develop and adopt finance and accounting policies by the end of 2021.

Attachments

ATT A-VCE JPA Service Review Reso 2021-03

ATT B-Public Hearing Draft VCE JPA Service Review 04.06.2021

Form Review

Inbox

Christine Crawford (Originator)

Form Started By: Christine Crawford

Final Approval Date: 04/06/2021

Reviewed By

Christine Crawford

Date

04/06/2021 10:38 AM

Started On: 04/05/2021 11:42 AM

YOLO LOCAL AGENCY FORMATION COMMISSION

Resolution № 2021-03

**Adopting the Joint Powers Agency/Authority (JPA) Service Review for the
Valley Clean Energy Alliance (VCEA)
(LAFCo No. 21-02)**

WHEREAS, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, set forth in Government Code Sections 56000 et seq., governs the organization and reorganization of cities and special districts by local agency formation commissions established in each county, as defined and specified in Government Code Sections 56000 et seq. (unless otherwise indicated all statutory references are to the Government Code); and

WHEREAS, Section 56378(a) provides for a local agency formation commission to initiate and make studies of existing governmental agencies, including inventorying those agencies and determining their maximum service area and service capacities requesting studies, joint powers agreements, and plans of joint powers agencies and joint powers authorities; and

WHEREAS, the cities within Yolo County and the County of Yolo adopted the Yolo Local Government Transparency and Accountability Program at the meeting of each respective governing body in fall 2017, which requested that the Yolo Local Agency Formation Commission (LAFCo) add selected types of joint powers authorities/agencies (JPA) to its municipal service review process; and

WHEREAS, the Yolo Local Government Transparency and Accountability Program implementation requests LAFCo conduct Municipal Service Reviews every five years of selected types of JPAs whose service area is mostly within the county and includes: (1) JPAs that provide municipal services; (2) JPAs that employ staff; and/or (3) JPAs with boards comprised of agency staff; and

WHEREAS, in 2020/21, LAFCo conducted a JPA Service Review of VCEA; and

WHEREAS, staff has reviewed the JPA Service Review pursuant to the California Environmental Quality Act (CEQA) and determined that a JPA Service Review is not a “project” per CEQA Guidelines Section 21065 because it is not an activity which may cause a direct or indirect physical change to the environment; and

WHEREAS, the Executive Officer set a public hearing for April 22, 2021, for consideration of the draft JPA Service Review and caused notice thereof to be posted, published, and mailed at the times and in the manner required by law at least twenty-one (21) days in advance of the date; and

WHEREAS, on April 22, 2021, the draft JPA Service Review came on regularly for hearing before LAFCo, at the time and place specified in the Notice; and

WHEREAS, at said hearing, LAFCo reviewed the draft JPA Service Review, and the Executive Officer's Report and Recommendations, and all other matters presented as prescribed by law; and

WHEREAS, at that time, an opportunity was given to all interested persons, organizations, and agencies to present oral or written testimony and other information concerning the proposal and all related matters; and

WHEREAS, the Commission received, heard, discussed, and considered all oral and written testimony related to the JPA Service Review, including but not limited to protests and objections, the Executive Officer's report and recommendations, and determinations and the service review.

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED that the Yolo Local Agency Formation Commission hereby adopts Resolution 2021-03 adopting the JPA Service Review for the Valley Clean Energy Alliance (VCEA) dated April 22, 2021, and incorporated herein by this reference, subject to the following finding and recommendations:

FINDING

Finding: Approval of the JPA Service Review is consistent with all applicable state laws and local Yolo Local Government Transparency and Accountability Program.

Evidence: The JPA Service Review was prepared consistent with the requirements in the Cortese-Knox-Hertzberg Act for requesting information from and furnishing studies for government agencies. Staff followed the steps outlined in the Program including: Compiling publicly and readily available information; requesting any additional information from the JPA, minimizing JPA staff time; developing JPA recommendations regarding each of the determinations; completing an administrative draft report for preview by JPA management; responding to any comments and preparing a draft report available for public review; publishing a hearing notice for public review and comment of the draft JPA Service Review; adopting the JPA Service Review at a public hearing, finalizing the report, and posting it online; and sharing findings with city/county managers, including any cumulative recommendations on ways to streamline and improve efficiencies with the governance structures countywide.

RECOMMENDATIONS

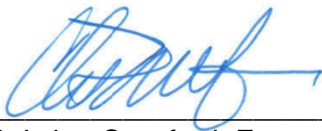
1. Consider maintaining reserves in separate general ledger accounts.
2. Consider submitting a list of disbursements to the Board as part of the financial report.
3. Develop and adopt finance and accounting policies by the end of 2021.

PASSED AND ADOPTED by the Yolo Local Agency Formation Commission, State of California, this 22nd day of April, 2021, by the following vote:

Ayes: Alcala, Sandy, Saylor, Stallard, Woods
Noes: None
Abstentions: None
Absent: None

Olin Woods, Chair
Yolo County Local Agency Formation Commission

Attest:



Christine Crawford, Executive Officer
Yolo County Local Agency Formation Commission

Approved as to form:



Eric May, Commission Counsel

Joint Powers Agency Service Review for the

Valley Clean Energy Alliance LAFCo No. 21-02



Public ~~Review Hearing~~ Draft ~~April 6~~ March 31,
2021



Joint Powers Agency Service Review for the Valley Clean Energy Alliance (LAFCo No. 21-02)

SUBJECT AGENCY:

Valley Clean Energy Alliance
604 2nd Street
Davis, CA 95616
(530) 446-2750
www.valleycleanenergy.org

Date last JPA Service Review adopted: N/A

Board Members:

Dan Carson, City of Davis, 2021 Chair
Wade Cowan, City of Winters
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BACKGROUND

ROLE AND RESPONSIBILITY OF LAFCo

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, as amended (“CKH Act”) (California Government Code §§56000 et seq.), is LAFCo’s governing law and outlines the requirements for preparing Municipal Service Reviews (MSRs) for periodic Sphere of Influence (SOI) updates. MSRs and SOIs are tools created to empower LAFCo to satisfy its legislative charge of “discouraging urban sprawl, preserving open-space and prime agricultural lands, efficiently providing government services, and encouraging the orderly formation and development of local agencies based upon local conditions and circumstances (§56301). CKH Act Section 56301 further establishes that “one of the objects of the commission is to make studies and to obtain and furnish information which will contribute to the logical and reasonable development of local agencies in each county and to shape the development of local agencies so as to advantageously provide for the present and future needs of each county and its communities.”

Based on that legislative charge, LAFCo serves as an arm of the State; preparing and reviewing studies and analyzing independent data to make informed, quasi-legislative decisions that guide the physical and economic development of the state (including agricultural uses) and the efficient, cost-effective, and reliable delivery of services to residents, landowners, and businesses. While SOIs are required to be updated every five years, they are not time-bound as planning tools by the statute, but are meant to address the “probable physical boundaries and service area of a local agency” (§56076). SOIs therefore guide both the near-term and long-term physical and economic development of local agencies, and MSRs provide the near-term and long-term time-relevant data to inform LAFCo’s SOI determinations.

PURPOSE OF A JPA SERVICE REVIEW

LAFCo has broad discretion in conducting informational studies, including geographic focus, scope of study, and the identification of alternatives for improving the efficiency, cost-effectiveness, accountability, and reliability of public services. In 2017, the cities and the County requested LAFCo apply its MSR process to some of the local joint power authorities/agencies (JPAs) in order to provide additional oversight¹. The intent of the JPA Services Review is to provide a comprehensive inventory and analysis of the services provided by local JPAs, service areas, and evaluation of the finances, structure and operation of the local agency and discuss possible areas for improvement and coordination. From the state required MSR determinations, the following determinations remain relevant to the comprehensive inventory and analysis of local JPAs:

1. Growth and population projections for the service area;
2. Present and planned capacity of any public facilities, adequacy of services, and infrastructure needs or deficiencies;
3. Financial ability of agencies to provide services;
4. Status of, and opportunities for, shared services and facilities; and
5. Accountability for community service needs, including governmental structure and operational efficiencies.

The JPA Service Review is organized according to these determinations listed above. Information regarding each of the above issue areas is provided in this document. This report has been organized in a checklist format to focus the information and discussion on key issues that may be particularly relevant to the subject agency.

¹ Yolo Local Government Transparency and Accountability Program adopted by the cities and County Oct/Nov 2017

MEMBER AGENCIES

Notice will be provided at least 21 days in advance to each JPA member agency and to any interested party who has filed a written request for notice with the Executive Officer. The member agencies for the subject JPA are:

County/Cities:

- City of Davis
- City of West Sacramento
- City of Winters
- City of Woodland
- County of Yolo

K-12 School Districts:

- Davis Joint Unified
- Esparto Unified
- Pierce Joint Unified
- River Delta Unified
- Washington Unified
- Winters Joint Unified
- Woodland Joint Unified

Community College Districts:

- Delta
- Los Rios
- Solano
- Yuba

Special Districts:

- Cemetery District – Capay, Cottonwood, Davis, Knight’s Landing, Mary’s, Winters
- Community Service District – Cacheville, Esparto, Knights Landing, Madison
- County Service Area - Dunnigan, El Macero, Garcia Bend, North Davis Meadows, Snowball, Wild Wings, Willowbank
- Fire Protection District – Capay, Clarksburg, Dunnigan, East Davis, Elkhorn, Esparto, Knights Landing, Madison, No Man’s Land, Springlake, West Plainfield, Willow Oak, Winters, Yolo, Zamora
- Sacramento-Yolo Port District
- Reclamation District – 150, 307, 537, 730, 765, 787, 900, 999, 1600, 2035
- Yolo Resource Conservation District
- Water District – Dunnigan, Knight’s Landing Ridge Drainage, Yolo County Flood Control & Water Conservation

Multi-County Districts:

- Dixon Resource Conservation District
- Reclamation District – 108 (Colusa), 2068 (Solano), 2093 (Solano)
- Water District – Colusa Basin Drainage
- Sacramento-Yolo Mosquito and Vector Control District

AGENCY PROFILE

Valley Clean Energy Alliance, known as “Valley Clean Energy” (VCE), was created in January 2017 as a California Joint Powers Authority (JPA) pursuant to the Joint Exercise of Powers Act and is a public agency separate from its members. VCE provides electric service to retail customers as a Community Choice Aggregation/Energy Program (CCA/CCE) under the California Public Utilities Code Section 366.2. The formation of VCE was made possible by the passage of California Assembly Bill 117 in 2002, enabling communities to purchase power on behalf of their residents and businesses, and creating competition in power generation.

VCE is the official electricity provider for customers in the cities of Davis, Winters, Woodland, and unincorporated Yolo County (collectively; member agencies) and in June 2018 VCE began providing service to approximately 56,000 customer accounts as part of its initial enrollment phase. In January 2020, VCE started phasing in approximately 7,000 Net Energy Metering (NEM) customers through 2020. In January 2021, VCE began phasing in approximately 2,900 customers from its new Winters jurisdiction. Current participation is 91% of eligible customer accounts (61,498 of 67,394)².

VCE has the rights and powers to set rates and charges for electricity services, incur indebtedness, and other obligations. VCE acquires electricity from commercial suppliers and delivers it through existing physical infrastructure and equipment managed by the California Independent System Operator (CAISO) and Pacific Gas and Electric Company (PG&E). Electricity costs include the cost of energy and ancillary services arising from bilateral contracts with energy suppliers as well as generation credits, and load and other charges arising from VCE’s participation in the California Independent System Operator’s centralized market.

VCE Mission:

“To provide clean electricity, product choice, and greenhouse gas emission reductions – all with local control at competitive prices.”

Objectives:

- Provide electric service to retail customers; and,
- Address climate change by reducing energy related greenhouse gas emissions through renewable energy supply and energy efficiency at stable and competitive rates for customers; and,
- Keep program control and revenues local, providing local economic and workforce benefits.

VCE Near-Term Vision

The near-term vision for VCEA is to provide electricity users with greater choice over the sources and prices of the electricity they use, by:

- Offering basic electricity service with higher renewable electricity content, at a rate competitive with PG&E;
- Developing and offering additional low-carbon or local generation options at modest price premiums;
- Establishing an energy planning framework for developing local energy efficiency programs and local energy resources and infrastructure; and
- Accomplishing the goals enumerated above while accumulating reserve funds for future VCEA energy programs and mitigation of future energy costs and risks.

² [Email from Mitch Sears, VCE Interim General Manager April 1, 2021](#)

VCE Long -Term Vision

The future vision for VCEA is to continuously improve the electricity choices available to VCEA customers, while expanding local energy-related economic opportunities, by:

- Causing the deployment of new renewable and low carbon energy sources;
- Evaluating and adopting best practices of the electricity service industry for planning and operational management;
- Substantially increasing the renewable electricity content of basic electricity service, with the ultimate goal of achieving zero carbon emissions electricity;
- Developing and managing customized programs for energy efficiency, on-site electricity production and storage;
- Accelerating deployment of local energy resources to increase localized investment, employment, innovation and resilience;
- Working to achieve the climate action goals of participating jurisdictions to shape a sustainable energy future; and
- Saving money for ratepayers on their energy bills.
- Remaining open to the participation of additional jurisdictions.

JPA Governance

VCE is governed by an eight-member Board of Directors; two representatives from each member agency. Board members are comprised of elected officials representing each of the following JPA members; the County of Yolo and the cities of Davis, Winters and Woodland. The Board regularly meets on the second Thursday of the month at 5:30 p.m. The regular meeting place(s) of the Board of Directors are held within the jurisdiction of one of its member agencies at the following locations: Davis City Council Chambers (Davis), City of Woodland Council Chambers (Woodland), City of Winters Police/Fire Station (Winters), or Yolo County Board of Supervisors Chamber (Woodland), and the meetings rotate from member to member, respectively.

VCE also has a 12-member Community Advisory Committee (CAC) that meets monthly, with the goal of providing thoughtful input to the Board and representing each of the member agencies and their various perspectives. Positions on this Advisory Board are voluntary.

JPA Staff

The JPA currently has 7 total staff members, with 5 as VCE employees as shown below. The interim general manager is a full-time employee of the City of Davis and the JPA reimburses the City of Davis for his services. The manager of key accounts is a part-time consultant working on an as needed basis. In the past, the JPA has employed paid interns, however, there currently are none.

VCE Staff Positions	FTE	VCE Employees
Interim General Manager (City of Davis employee)	1	0
Assistant GM & Director of Power Resources	1	1
Director of Finance & Internal Operations	1	1
Director of Customer Care & Marketing	1	1
Board Clerk / Administrative Analyst	1	1
Program & Community Engagement Specialist	1	1
Manager, Key Accounts (Part-Time Consultant)	0.5	0
Total FTE (full-time equivalent)	6.5	5

Contracted Services

In 2017, VCE entered into a five (5) year contract with the Sacramento Municipal Utility District (SMUD) to provide technical and financial analysis; data management and call center services; wholesale energy services; and operational staff services. As part of the contract, SMUD provides power portfolio purchase services to and on behalf of VCE.

JPA SERVICE REVIEW

POTENTIALLY SIGNIFICANT DETERMINATIONS

The JPA Service Review determinations checked below are potentially significant, as indicated by “yes” or “maybe” answers to the key policy questions in the checklist and corresponding discussion on the following pages. If most or all of the determinations are not significant, as indicated by “no” answers, the Commission may find that a JPA Service Review update is not warranted.

- Growth and Population
- Capacity, Adequacy & Infrastructure to Provide Services
- Financial Ability
- Shared Services
- Accountability
- Other

LAFCo JPA SERVICE REVIEW:

- On the basis of this initial evaluation, the required determinations are not significant and staff recommends that a comprehensive JPA Service Review is NOT NECESSARY. The subject agency will be reviewed again in five years per the Commission adopted review schedule.
- The subject agency has potentially significant determinations and staff recommends that a comprehensive JPA Service Review IS NECESSARY and has been conducted via this checklist.

This is Yolo LAFCo’s first JPA Service Review for VCE, and accordingly a comprehensive review was conducted. However, LAFCo did not find any significant issues and this review includes only minor recommendations. Due to the services provided by the JPA, it is highly regulated by the CPUC and already adhered to significant oversight. Therefore, a comprehensive review in five years may not be warranted.

1. GROWTH AND POPULATION			
Growth and population projections for the affected area.	YES	MAYBE	NO
a) <i>Will development and/or population projections over the next 5-10 years impact the subject agency’s service needs and demands?</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion:

- a) *Will development and/or population projections over the next 5-10 years impact the subject agency’s service needs and demands?*

According to State Department of Finance projections, the number of households countywide is expected to increase by 5% from 2020 to 2030 (although VCE does not currently provide service to the City of West Sacramento). According to VCE’s Interim General Manager³, acquiring additional energy as needed to meet demands of population growth is not an issue and is highly regulated by the CPUC.

³ Meeting with Mitch Sears, Interim General Manager, February 12, 2021

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Yolo County Household Projections

	2020	2025	2030
Total Households⁴	75,419	76,975	79,203

Growth and Population MSR Determination

According to VCE’s Interim General Manager, acquiring additional energy as needed to meet demands of population growth is not an issue and is highly regulated by the CPUC.

2. CAPACITY AND ADEQUACY OF PUBLIC FACILITIES AND SERVICES

Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies.

	YES	MAYBE	NO
a) <i>Are there any deficiencies in agency capacity to meet <u>existing</u> service needs for which the agency does not have a plan in place to resolve (including deficiencies created by new state regulations)? Also note how services are provided (i.e. number of staff and/or contracts).</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) <i>Are there any issues regarding the agency’s capacity to meet the service demand of reasonably foreseeable <u>future</u> growth?</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) <i>Is the agency needing to consider climate adaptation in its assessment of infrastructure/service needs?</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion:

a) *Are there any deficiencies in agency capacity to meet existing service needs for which the agency does not have a plan in place to resolve (including deficiencies created by new state regulations)? Also note how services are provided (i.e. number of staff and/or contracts).*

No. There are no deficiencies in agency capacity to meet existing service demand.

b) *Are there any issues regarding the agency’s capacity to meet the service demand of reasonably foreseeable future growth?*

No. According to VCE’s Interim General Manager, acquiring additional energy as needed to meet demands of population growth is not an issue and is highly regulated by the CPUC.

c) *Is the agency needing to consider climate adaptation in its assessment of infrastructure/service needs?*

No. VCE’s mission is to provide clean electricity, product choice, and greenhouse gas emission reductions. 260 VCE customer accounts participate in VCE’s UltraGreen 100% renewable power program. VCE will be initiating a marketing campaign in the future to drive greater awareness of the program and increase participation. Beginning in fall of this year, following energization of the first local solar + battery storage project resulting from VCE’s recent solicitation for local renewable power, VCE

⁴ Demographic Research Unit, California Department of Finance Table P-4 Project Households based on Baseline 2019 Population Projection Series, 6/12/2020

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will be supplying the UltraGreen program with Yolo County sourced renewable energy (solar). This is in addition to the current local small-hydro supply contracted for through the Yolo Flood Control and Water Conservation District's Indian Valley Reservoir⁵. It complies with the State of California's Renewable Portfolio Standards (RPS) and self-imposed benchmarks. VCE acquires RPS eligible renewable energy evidenced by Renewable Energy Certificates (Certificates) recognized by the Western Renewable Energy Generation Information System (WREGIS).

Capacity and Adequacy of Public Facilities and Services MSR Determination

There are no deficiencies in agency capacity to meet existing service demand. According to VCE's Interim General Manager, acquiring additional energy as needed to meet demands of population growth is not an issue and is highly regulated by the CPUC. VCE's mission is to provide clean electricity, product choice, and greenhouse gas emission reductions. It complies with the State of California's Renewable Portfolio Standards (RPS) and self-imposed benchmarks. VCE acquires RPS eligible renewable energy evidenced by Renewable Energy Certificates (Certificates) recognized by the Western Renewable Energy Generation Information System (WREGIS).

4. FINANCIAL ABILITY

Financial ability of agencies to provide services.

	YES	MAYBE	NO
a) <i>Is the subject agency in an unstable financial position, i.e. does the 5-year trend analysis indicate any issues?</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) <i>Does the subject agency fail to use generally accepted accounting principles including: summaries of all fund balances, summaries of revenues and expenditures, general status of reserves, and any un-funded obligations (i.e. pension/retiree benefits)? Does the agency have accounting and/or financial policies that guide the agency in how financial transactions are recorded and presented?</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
c) <i>Does the agency staff fail to review financial data on a regular basis and are discrepancies identified, investigated and corrective action taken in a timely manner? The review may include reconciliations of various accounts, comparing budgets-to-actual, analyzing budget variances, comparing revenue and expense balances to the prior year, etc. If the agency uses Yolo County's financial system and the County Treasury, does the agency review monthly the transactions in the County system to transactions the agency submitted to the County for processing?</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) <i>Does the agency board fail to receive regular financial reports (quarterly or mid-year at a minimum) that provide a clear and complete picture of the agency's assets and liabilities, fully disclosing both positive and negative financial information to the public and financial institutions?</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) <i>Is there an issue with the organization's revenue sources being reliable? For example, is a large percentage of revenue coming from grants or one-time/short-term sources?</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

⁵ [Email from Mitch Sears, Interim General Manager April 1, 2021](#)

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- | | | | |
|--|--------------------------|--------------------------|-------------------------------------|
| f) <i>Is the organization's rate/fee schedule insufficient to fund an adequate level of service, necessary infrastructure maintenance, replacement and/or any needed expansion? Is the fee inconsistent with the schedules of similar local agencies? Does the rate/fee schedule include a specific amount identified for capital asset replacement (tied to a capital improvement plan with implementation policies)?</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| g) <i>Is the organization needing additional reserves to protect against unexpected events or upcoming significant costs (excluding capital asset replacement, see 4f)? Has the agency identified and quantified what the possible significant risks and costs of infrastructure or equipment failure? Does the agency have a reserve policy?</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| h) <i>Does the agency have any debt, and if so, is the organization's debt at an unmanageable level? Does the agency need a clear debt management policy, if applicable?</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

Discussion:

**VALLEY CLEAN ENERGY ALLIANCE
STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET POSITION**

	2018	2019	2020	% of Total
<u>Revenue</u>				
Electricity sales, net	\$ 2,820,188	\$ 51,035,167	\$ 55,248,868	99.86%
Interest income	16,403	37,943	102,954	0.14%
Total Revenue	2,836,591	51,073,110	55,351,822	100.00%
<u>Expenses</u>				
Cost of electricity	2,237,352	38,539,605	41,538,258	88.82%
Contract services	1,848,165	2,309,962	2,854,222	7.57%
Staff compensation	17,922	981,805	1,059,829	2.22%
General and administrative	95,448	392,897	435,647	1.00%
Interest and related expenses	61,556	202,557	98,613	0.39%
Total Expenses	4,260,443	42,426,826	45,986,569	100.00%
Net Change in Net Position	(1,423,852)	8,646,284	9,365,253	
Net Position, Beginning of Year	-	(1,423,852)	7,222,432	
Net Position, End of Year	\$ (1,423,852)	\$ 7,222,432	\$ 16,587,685	

- a) *Is the subject agency in an unstable financial position, i.e. does the 5-year trend analysis indicate any issues?*

No. VCE was established in January 2017 and began providing service in June of 2018 so 3 years of financial data is presented. The JPA maintains its accounting data on an accrual basis of accounting which is a consistent for a government-provider of electricity. The accrual basis of accounting focuses on the long-term health of an entity and includes non-cash transactions such as depreciation of capital asset, adjustments to accrued liabilities, such as pension obligation, other post-employment benefits (OPEB) liability and accrued compensated absences. The data presented above is based on the accrual basis, however the JPA, at this time, does not have any capital assets, accrued compensated absences nor provides retiree health insurance or a defined benefit retirement plan. The above accrual

basis data does not present data related to increases or decrease in debt balances, which is discussed in 4 h) below.

VEC revenues primarily consists of the sale of electricity to its customers. It also earns interest surplus cash, which is maintained in a commercial bank. Expenses consists of the following: cost of electricity, which make up almost 90% of total expenses, contracted services, staff compensation, general and administration, and debt service.

Since inception VCE has accumulated a \$16.6 million surplus and \$15.5 million of working capital (unrestricted current assets less current liabilities). At this early stage VCEA's financial outlook is very good. The agency is administered by very capable staff and contractors and so far has the support of the community with only 10% of eligible customers opting out. To maintain its continued financial success VCE will be focusing on limiting customer opt outs by keeping rates competitive, increasing brand recognition, and providing a superior customer experience. VCE has recently started to procure power through long-term power purchase agreements to assist in stabilizing renewable power costs in the future and help VCE accomplish its mission of providing renewable energy and reducing greenhouse gas emissions. This will help reduce the potential effect of future energy market price volatility and create a stable environment for VCE and its ratepayers. Countervailing factors due to several regulatory and market factors, including rising Power Charge Indifference Adjustment (PCIA) costs, rising market costs to procure resource adequacy supplies, and impacts associated with COVID, are anticipated to present VCE with significant budgetary pressures over the next two fiscal years. In addition, is researching the possibility of purchasing PGE's distribution system that is within its jurisdiction. A purchase of the magnitude would greatly change the finances and operations of the agency.

- b) *Does the subject agency fail to use generally accepted accounting principles including: summaries of all fund balances, summaries of revenues and expenditures, general status of reserves, and any un-funded obligations (i.e. pension/retiree benefits)? Does the agency have accounting and/or financial policies that guide the agency in how financial transactions are recorded and presented?*

Maybe. VCE's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements. VCE's operations are accounted for as a governmental enterprise fund, and is reported using the economic resources measurement focus and the accrual basis of accounting, similar to business enterprises. Accordingly, revenues are recognized when they are earned, and expenses are recognized at the time liabilities are incurred. Enterprise fund type operating statements present increases (revenues) and decreases (expenses) in total net position. Notwithstanding, LAFCo has some very minor recommendations below regarding reserve accounting, items included in Board financial reports and continuing to adopt accounting and finance policies.

VCE is audited annually by external, independent certified public accountants in accordance with US generally accepted accounting principles (GAAP) and has additional oversight from regulatory agencies such as the California State Controller's Office.

- c) *Does the agency staff fail to review financial data on a regular basis and are discrepancies identified, investigated and corrective action taken in a timely manner? The review may include reconciliations of various accounts, comparing budgets-to-actual, analyzing budget variances, comparing revenue and expense balances to the prior year, etc. If the agency uses Yolo County's financial system and the County Treasury, does the agency review monthly the transactions in the County system to transactions the agency submitted to the County for processing?*

No. According to VCE staff segregation of duties related to processing, approvals, and recording of transactions has been implemented. Financial statements and reconciliations are prepared by the County and variance analysis is performed by VCE staff. The County is reviewing, recording, and approving all transactions that are recorded in the County's financial system, Infor.

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The current expenditure payment process begins with the Interim GM approving and invoice, the Director of Finance and Internal Operations processes the payment by either writing a check or initiating banking transactions and County staff approves the banking transactions. Although the Board receives a monthly financial report it does not include a listing of approved expenditures.

VCE gives the County bank statements, check book and copies of invoices. These documents are then the source of accounting data entered into Infor and used to reconcile the bank account. Financial statements are prepared by the County and given to VCE staff for review.

- d) *Does the agency board fail to receive regular financial reports (quarterly or mid-year at a minimum) that provide a clear and complete picture of the agency's assets and liabilities, fully disclosing both positive and negative financial information to the public and financial institutions?*

No. Each month staff presents unaudited financial statements to the VCE board. The financial statements include, for the reporting month and year-to-date, a balance sheet, income statement, statement of cash flows and a budget-to-actual schedule. The statements are accompanied by a staff report that explains significant variances.

- e) *Is there an issue with the organization's revenue sources being reliable? For example, is a large percentage of revenue coming from grants or one-time/short-term sources?*

No. Revenue reliability depends on a couple of factors: whether a significant percentage of revenue is from a small percentage of customers (10% or more from a single customer and/or 25% or more is from a small number of customers), collectability of accounts receivable, volatility from year-to-year, the extent to which one-time revenues are used to fund current operations, and mitigation of other risks that may impact revenue.

VCE receives revenue by providing electricity to its customers, which are billed monthly. Accounts receivable as of June 30, 2019 and June 30, 2020 were \$5,426,377 and \$7,005,619 respectively, of which the allowance of uncollectible accounts was 8.73% and 14.92% of the year-end accounts receivable balance.

VCE does not have any concentration risk in the current customer profile.

The year-end accounts receivable balance increased by over 29% from 2019 to 2020. According to the VCE GM the increase of accounts receivable is related to the State of California's Utility Consumer Protections during COVID19. The CPUC has enacted a program called the Arrearage Management Plan (AMP) to stabilize low-income utility customers. VCE is participating in this program which is funded by the Public Purpose Program Charge fees collected from all utility customers in IOU service territories. The CPUC is currently considering additional financial support programs for moderate income customers that VCE may also participate in. These programs are anticipated to offset a portion of VCE uncollectible accounts receivable.

- f) *Is the organization's rate/fee schedule insufficient to fund an adequate level of service, necessary infrastructure maintenance, replacement and/or any needed expansion? Is the fee inconsistent with the schedules of similar local agencies? Does the rate/fee schedule include a specific amount identified for capital asset replacement (tied to a capital improvement plan with implementation policies)?*

No. VCE has accumulated a surplus of \$16.6 million as of June 30, 2020. VCE currently does not have any capital assets to maintain or replace.

VCE's standard rate customers pay exactly the same as PG&E customers, but receive higher renewable content power. Solar customers do receive 1 cent/kwh for excess generation (Solar Customers / Net Energy Metering (NEM) - Valley Clean Energy), which is slightly better than PG&E.

Sample Residential Cost Comparison

Typical Monthly Electric Charges*

VCE Standard Green 48% Renewable**	VCE UltraGreen 100% Renewable	PG&E 39% Renewable**
\$120.00[†] average total cost	\$128.26[†] average total cost	\$120.00 average total cost
\$57.00 PG&E Delivery Charge	\$57.00 PG&E Delivery Charge	\$57.00 PG&E Delivery Charge
\$48.00 VCE Electric Generation No Nuclear	\$48.00 100% Renewable, Carbon-free Energy; No Nuclear	\$63.00 PG&E Electric Generation 34% Nuclear
\$15.00 Additional PG&E Fees	\$15.00 Additional PG&E Fees	– Additional PG&E Fees
	\$8.26 UltraGreen Generation Premium	

*Based on typical usage of a residential customer in our service area at current PG&E rates and VCE rates effective as of July 1, 2019 under the E-1 rate schedule. Actual differences may vary depending on usage, rate schedule, and other factors. Estimate provided is an average of seasonal rates.

**Represents the most recent (2018) power content data reported to the California Energy Commission's Power Source Disclosure Program.

[†] Cost may be reduced through potential earnings from Customer Dividend Program



When VCE first launched, it was 2.5% less than PG&E's generation rates but that savings disappeared with CPUC changes to the Power Charge Indifference Adjustment (PCIA) after VCE launched in mid-2018. The PCIA is the recovery fee for PG&E's unavoidable above market costs for legacy power contracts. The impact of the PCIA on ratepayers is a major concern because it has increased by hundreds of millions of dollars in recent years.

Before that change to the PCIA, VCE had saved customers about \$500k. VCE and the other CCA's are working hard to make the PCIA more transparent, establish a sunset date, and reduce costs for all electricity customers⁶.

- g) *Is the organization needing additional reserves to protect against unexpected events or upcoming significant costs (excluding capital asset replacement, see 4f)? Has the agency identified and quantified what the possible significant risks and costs of infrastructure or equipment failure? Does the agency have a reserve policy?*

No. VCE has adopted a reserve policy that addresses the short-term liquidity of the agency by accumulating a cash reserve with a target of 90 days of expenses.

⁶ [Email from Mitch Sears, Interim General Manager April 1, 2021](#)

- h) *Does the agency have any debt, and if so, is the organization's debt at an unmanageable level? Does the agency need a clear capital financing and debt management policy, if applicable?*

No. Loans from member agencies: To finance the agency startup expenses before selling electricity, the agency borrowed \$1,500,000 from its original 3 members. This amount was paid back in fiscal year 2020.

Line of Credit: In May 2018, VCE entered into a non-revolving \$11,000,000 Credit Agreement (Agreement) with a commercial bank for the purpose of providing working capital to fund power purchases. The bank required collateral for the line of credit of \$1.1 million which is report as restricted cash. The agreement was set to expire in May 2019 but was continually extended until August 31, 2020. At the expiration of the agreement, any outstanding balance could be converted to an amortizing term loan which matures up to 5 years from conversion date. In October 2019, VCE converted the outstanding loan balance of \$1,976,610 balance to an amortizing 5-year term loan and has paid down the loan to \$1,746,006 as of June 30, 2020. In September 2020, VCE has agreed in principle to one-year renewal to September 1, 2021 for both the agreement and loan. The Agreement limit was reduced from \$11,000,000 to \$7,000,000. The 5-year term loan has been shortened to a maturity date of September 1, 2021.

VCE has not issued any bonded or secured debt at this time. According to VCE GM, the credit and banking agreement with River City Bank is specific to CCA startup support and coordinated through the Board designated Treasurer (Yolo County CFO). We will evaluate a Finance & Accounting Policy (including debt component) for Board consideration in the 2021 calendar year.

Financial Ability MSR Determination

Since inception VCE has accumulated a \$16.6 million surplus and \$15.5 million of working capital (unrestricted current assets, less current liabilities). At this early stage VCEA's financial outlook is very good. The agency is administered by very capable staff and contractors and so far has the support of the community with only 10% of eligible customers opting out. To maintain its continued financial success VCE will be focusing on limiting customer opt outs by keeping rates competitive, increasing brand recognition, and providing a superior customer experience. VCE has recently started to procure power through long-term power purchase agreements to assist in stabilizing renewable power costs in the future and help VCE accomplish its mission of providing renewable energy and reducing greenhouse gas emissions. This will help reduce the potential effect of future energy market price volatility and create a stable environment for VCE and its ratepayers. Countervailing factors due to several regulatory and market factors, including rising Power Charge Indifference Adjustment (PCIA) costs, rising market costs to procure resource adequacy supplies, and impacts associated with COVID, are anticipated to present VCE with significant budgetary pressures over the next two fiscal years. In addition, is researching the possibility of purchasing PGE's distribution system that is within its jurisdiction. A purchase of the magnitude would greatly change the finances and operations of the agency.

Financial Ability MSR Recommendation(s)

- Consider maintaining reserves in separate general ledger accounts.
- Consider submitting a list of disbursements to the Board as part of the financial report.
- Develop and adopt finance and accounting policies by the end of 2021.

5. SHARED SERVICES AND FACILITIES

Status of, and opportunities for, shared facilities.

	YES	MAYBE	NO
a) <i>Are there any opportunities for the organization to share services or facilities with neighboring, overlapping or other organizations that are not currently being utilized?</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion:

- a) *Are there any opportunities for the organization to share services or facilities with neighboring, overlapping or other organizations that are not currently being utilized?*

No. In 2017, VCE entered into a five (5) year contract with the Sacramento Municipal Utility District (SMUD) to provide technical and financial analysis; data management and call center services; wholesale energy services; and operational staff services. As part of the contract, SMUD provides power portfolio purchase services to and on behalf of VCE. Electricity transmission infrastructure is provided by PG&E.

Shared Services MSR Determination

In 2017, VCE entered into a five (5) year contract with the Sacramento Municipal Utility District (SMUD) to provide technical and financial analysis; data management and call center services; wholesale energy services; and operational staff services. As part of the contract, SMUD provides power portfolio purchase services to and on behalf of VCE. Electricity transmission infrastructure is provided by PG&E.

6. ACCOUNTABILITY, STRUCTURE AND EFFICIENCIES

Accountability for community service needs, including governmental structure and operational efficiencies.

	YES	MAYBE	NO
a) <i>Are there any recommended changes to the organization's governmental structure or operations that will increase accountability and efficiency (i.e. overlapping boundaries that confuse the public, service inefficiencies, and/or higher costs/rates)?</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) <i>Are there any issues with filling board vacancies and maintaining board members? Is there a lack of board member training regarding the organization's program requirements and financial management?</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) <i>Are there any issues with staff capacity and/or turnover? Is there a lack of staff member training regarding the organization's program requirements and financial management?</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) <i>Does the agency have adequate policies (as applicable) relating to personnel/payroll, general and administrative, board member and meetings, and segregating financial and accounting duties among staff and/or board to minimize risk of error or misconduct (see suggested policies list)?</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
e) <i>Are any agency officials and designated staff <u>not</u> current in making their Statement of Economic Interests (Form 700) disclosures?</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

YOLO LAFCo JOINT POWERS AGENCY SERVICE REVIEW

f) <i>Does the agency need to secure independent audits of financial reports that meet California State Controller requirements? Are the same auditors used for more than six years? Are audit results <u>not</u> reviewed in an open meeting?</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
g) <i>If the agency is not audited annually, does the agency need to have a qualified external person review agency finances each year (at a minimum), comparing budgets to actuals, comparing actuals to prior years, analyzing significant differences or changes, and determining if the reports appear reasonable?</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
h) <i>Does the organization need to improve its public transparency via a website (see https://www.yololafco.org/yolo-local-government-website-transparency-scorecards)?</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion:

- a) *Are there any recommended changes to the organization’s governmental structure or operations that will increase accountability and efficiency (i.e. overlapping boundaries that confuse the public, service inefficiencies, and/or higher costs/rates)?*

No. There was some public confusion over the transition from PG&E to VCE. However, this has been addressed through VCE’s active outreach program and recent updates to its Outreach and Marketing Plan. The Plan includes strategies and actions to increase customer awareness of VCE and the programs offered. VCE will continue to use both conventional media and social media to develop customer awareness and understanding of the CCA model and its role in planning for the local electricity system. In addition, there have been speculative discussions about future potential government structures to be prepared in the event PG&E enters bankruptcy again or loses its franchise.

- b) *Are there any issues with filling board vacancies and maintaining board members? Is there a lack of board member training regarding the organization’s program requirements and financial management?*

No. VCE is managed by a Board of Directors with designated representatives from each of the member communities it serves: 2 each from the Woodland, Davis and Winters City Councils, and 2 from the Yolo County Board of Supervisors. The VCE Board Members are appointed annually by their respective agencies and are not paid by VCE to serve on our board. Monthly Board meetings are typically held on the 2nd Thursday of each month, alternating locations between the City of Davis Community Chambers and City of Woodland Council Chambers. Although during COVID, the Board’s regular meetings have been scheduled for 4 p.m. via teleconference. The public can sign up on VCE’s website to receive Board meeting agendas.

In addition, a 12-member Community Advisory Committee meets monthly, with the goal of providing thoughtful input to the Board and representing each of the member agencies and their various perspectives. Positions on this Advisory Board are voluntary. At this time there is one vacancy on the Committee and applications are being invited from residents of unincorporated Yolo County.

- c) *Are there any issues with staff capacity and/or turnover? Is there a lack of staff member training regarding the organization’s program requirements and financial management?*

VCE has 7 staff members, 5 of which are employees of the JPA. Significant turnover has not occurred over its 4-year lifetime. The Interim General Manager is on loan from the City of Davis because the JPA is not a member of the CALPERS pension program.

- d) *Does the agency have adequate policies (as applicable) relating to personnel/payroll, general and administrative, board member and meetings, and segregating financial and accounting duties among staff and/or board to minimize risk of error or misconduct?*

Maybe. VCE has an excellent employee manual and has adopted some other basic policies. According to the Interim General Manager, the accounting policies and procedures are internal procedures and not adopted policies. VCE plans to evaluate a Finance & Accounting Policy for Board consideration in the 2021 calendar year.

YOLO LAFCo JOINT POWERS AGENCY SERVICE REVIEW

e) *Are any agency officials and designated staff not current in making their Statement of Economic Interests (Form 700) disclosures?*

No. VCE meets filing requirements set by the FPPC. The VCE Clerk of the Board coordinates and submits all FPPC documents.

f) *Does the agency need to secure independent audits of financial reports that meet California State Controller requirements? Are the same auditors used for more than six years? Are audit results not reviewed in an open meeting?*

No. VCE is audited annually beginning in 2017 (agency inception) through 2020 by James Marta & Co.

g) *If the agency is not audited annually, does the agency need to have a qualified external person review agency finances each year (at a minimum), comparing budgets to actuals, comparing actuals to prior years, analyzing significant differences or changes, and determining if the reports appear reasonable?*

No. Not applicable since VCE is audited annually.

h) *Does the organization need to improve its public transparency via a website (see <https://www.yololafco.org/yolo-local-government-website-transparency-scorecards>)?*

No. VCE received a 97% transparency score in 2020.

Accountability, Structure and Efficiencies MSR Determination

VCE is very accountable for community service needs, including governmental structure and operational efficiencies. VCE is managed by a Board of Directors with designated representatives from each of the member agencies. Board meetings are open to the public and held once per month. In addition, a 12-member Community Advisory Committee meets monthly, with the goal of providing thoughtful input to the Board and representing each of the member agencies and their various perspectives. The public can also sign up on VCE's website to receive meeting agendas. VCE's website received a 97% transparency score in 2020. VCE continues to use both conventional media and social media to develop customer awareness and understanding of the Community Choice Aggregation (CCA) model and its role in planning for the local electricity system.

VCE has 7 staff members, 5 of which are employees of the JPA. VCE has an excellent employee manual and has adopted some other basic policies. According to the Interim General Manager, the accounting policies and procedures are internal procedures and not adopted policies. VCE plans to evaluate a Finance & Accounting Policy for Board consideration in the 2021 calendar year. VCE meets filing requirements set by the FPPC and is audited annually beginning in 2017 (agency inception).

Accountability, Structure and Efficiencies MSR Recommendation(s)

- Develop and adopt finance and accounting policies by the end of 2021.

7. OTHER ISSUES

Any other matter related to effective or efficient service delivery, as required by commission policy.

	YES	MAYBE	NO
a) <i>Are there any recommendations from the agency's previous JPA Service Review that have not been implemented?</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion:

- a) *Are there any recommendations from the agency's previous JPA Service Review that have not been implemented?*

No. This is VCE's first JPA Service Review conducted by LAFCo.

Other Issues MSR Determination

There are no other matters related to effective or efficient service delivery, nor previous LAFCo JPA Service Review recommendations to check status of.

LAFCO

Meeting Date: 04/22/2021

Information

SUBJECT

Consider adopting modifications to the Yolo LAFCo Deposit/Fee Schedule effective May 1, 2021

RECOMMENDED ACTION

Adopt the attached modifications to the Yolo LAFCo Deposit/Fee Schedule to revert Standard Jurisdictional Changes back to the pre July 1, 2020 deposit system, among other minor updates.

FISCAL IMPACT

In May 2020, LAFCo adopted a new fee schedule which changed the typical proposal application processing costs from actual staff time to a flat-fee scheme. This amendment would revert typical application processing costs back to actual staff time.

Over the last 10 years, LAFCo has received anywhere from zero to six applications per year. Since application fee revenue is uncertain, LAFCo does not rely on it to balance its budget. However, application revenue is net positive and will carryover and be used to offset agency costs the following fiscal year. Therefore, the updated fee schedule will have either a neutral or positive fiscal impact to the LAFCo budget depending on the complexity of applications received.

REASONS FOR RECOMMENDED ACTION

Since LAFCo last discussed the fee/deposit schedule in May 2020, staff purchased some inexpensive online time tracking software. Therefore, forensic time accounting is no longer a staff concern. Although, in theory, the flat-fee application system should have averaged out application processing costs, concerns remained that for an unusually complex application (such as the reclamation district reorganizations in 2019), LAFCo would suffer a financial loss and fail to capture reasonable costs.

BACKGROUND

Changes to the deposit/fee schedule are attached and shown in "track changes". The primary change is for the most common category of "standard jurisdictional changes", applications will revert back to a deposit system. Applicant costs will be trued-up before filing the Certificate of Completion at the end of the process. Other minor updates/clarifications are included as well.

LAFCo has not received any "standard jurisdictional changes" applications since July 1, 2020 so there is no information available on cost comparisons under the flat-fee scheme. Two Agency Service Extension applications were received during this timeframe, however they have remained a \$1,500 flat-fee application throughout these updates (which for the 2020 fee

schedule analysis showed was set at an appropriate amount).

Attachments

ATT A-Updated Yolo LAFCo Fee Schedule 04.22.21

Form Review

Inbox

Christine Crawford (Originator)
Form Started By: Christine Crawford
Final Approval Date: 04/06/2021

Reviewed By

Christine Crawford

Date

04/06/2021 11:08 AM
Started On: 04/05/2021 04:10 PM

Yolo LAFCo Deposit/Fee Schedule

Effective May 1, 2021

Standard Jurisdictional Changes (Deposit)

Annexation, detachment, dissolution, consolidation, merger, and/or establishment of a subsidiary district (can also include a minor sphere of influence amendment).

Base application fee-deposit (for 1 or more changes listed above):	\$4,000
If protest process is required (i.e. not 100% consent), add:*	\$1,600
If application involves agency boundary change(s): <ul style="list-style-type: none"> • Requires LAFCo surveyor review of map/description, cost to revise GIS layer <u>and</u> LAFCo agency map, add for each contiguous territory/area: * • State Board of Equalization Boundary Change Fees (contact LAFCo Executive Officer to confirm fee): * 	\$900 <u>Per each BOE Area</u> See BOE rates below
CEQA (this assumes LAFCo is acting as a "Responsible Agency". If LAFCo is the "Lead Agency", see "Other Deposits" below)	\$0
Total application fee-deposit (consult with LAFCo Executive Officer to confirm fee amount):	TBD

** Fee will be refunded if proposal is withdrawn, denied or terminated prior to this step in the process commencing (i.e. any time spent or costs incurred). The base application fee is non-refundable.*

Other Requests (Fee)

Outside Agency Service Extension application fee	\$1,500
District Request to Exercise New Powers or Divest Powers application fee	\$1,500
LAFCo Reconsideration application fee	\$1,000
Request for Time Extension fee	\$500
Fee Waiver Request	Free

Other Jurisdictional Changes (Deposit)

City Incorporation/Disincorporation	Actual time + consultant costs starting with a \$16,000 deposit (covers approximately first 100 staff hours)
District Formation	Actual time + consultant costs starting with a \$11,375 deposit (covers approximately first 75 staff hours)

Other Deposits

CEQA (if LAFCo is Lead Agency and project is not exempt)	Actual time + consultant costs starting with a \$7,400 deposit (covers approximately first 40 hours of EO hours)
Municipal Service Reviews and Sphere of Influence updates (outside of LAFCo's 5-year cycle)	Actual time + consultant costs starting with a \$16,000 deposit (covers approximately first 100 staff hours)

Third-Party Charges Fee quoted as of date schedule published, actual charge is as currently adopted by State

California Department of Fish and Wildlife CEQA Filing Fees (only required if LAFCo is acting as the Lead Agency for CEQA).		ND/MND = \$2, 280 480.25 EIR = \$3, 168.00 445.25
State Board of Equalization Boundary Change Fees		
<u>Acreage</u>	<u>Fee</u>	<u>Special Fee Provision</u>
For each separate area/GIS polygon:		The following transactions may supersede or combine with the fees for single area transactions:
< 1	\$300	
1.00-5.99	\$350	Additional county, per transaction \$300
6.00 – 10.99	\$500	Consolidation \$300
11.00 – 20.99	\$800	Entire district transaction \$300
21.00 – 50.99	\$1,200	Coterminous transaction \$300
51.00 – 100.99	\$1,500	District dissolution or name change \$0
101.00 – 500.99	\$2,000	
501.00 – 1,000.99	\$2,500	
1,001.00 – 2,000.99	\$3,000	
2001.00 or more	\$3,500	

For proposals/requests by deposit, actual time charges will be based on staff hourly rates (LAFCo staff rates are calculated by current hourly rate multiplied by a 2.7 markup for overhead costs). Fees due to the State of California can be paid by the applicant up front or at the appropriate time and prior to final recordation of the Certificate of Completion. State Board of Equalization fees or Department of Fish and Wildlife fees will be refunded if the proposal is not completed (i.e. either withdrawn, denied by LAFCo or otherwise terminated).

All deposits listed are required to be paid by the applicant upon submittal of a proposal. Any additional expenses incurred by LAFCo, in excess of the deposited amount, will be billed to and paid by the applicant before completion of the LAFCo proceedings, including, but not limited to, consultant costs, feasibility studies, final recordation, and filings. If a proposal is abandoned or terminated for any reason, the deposit amount not expended prior to that termination point will be refunded to the applicant/proponent.

If contracting with a consultant or specialized expert is deemed necessary by LAFCo for a proposal, the proponent will be contacted to agree to reimburse LAFCo all contract costs prior to work commencing. LAFCo will determine the consultant through the appropriate selection process, enter into the contract and oversee the management of the contract with the selected consultant.

Request for waivers or exceptions to this [fees schedule](#) must be submitted to the Commission for action prior to work on the proposal commencing. The Commission may reduce or waive [deposit](#)/fees if a financial hardship is demonstrated or if the proposal/request is in response to a LAFCo condition or recommendation. ~~The Executive Officer is authorized to reduce at his/her discretion the base application fee by 50% for the annexation of either an “island” under Government code 56375.3 or a “disadvantaged unincorporated community” under Government Code 56375(a)(8). Additional fee reductions or waivers require Commission approval.~~ [EO note: this reference is recommended for deletion because EO authorization to apply a 50% reduction is not as clear-cut with a deposit system. We only have two or so island or DUCs countywide where this would come into play, cost is not likely the limiting factor, and the Commission would still be authorized to make any adjustments]

Regular 9.

LAFCO

Meeting Date: 04/22/2021

Information

SUBJECT

Consider the status of broadband services and provide staff direction regarding LAFCo Shared Services initiatives for the FY 2021/22 Annual Work Plan

RECOMMENDED ACTION

Consider the information presented and provide staff direction on broadband tasks for the FY 2021/22 Annual Work Plan.

FISCAL IMPACT

The recommended tasks would not result in a fiscal impact.

REASONS FOR RECOMMENDED ACTION

LAFCo considered its FY 2021/22 Annual Work Plan at its March 25, 2021 meeting. After significant discussion on how COVID-19 has exacerbated broadband access and equity issues countywide, staff was asked to bring back additional information and recommendations regarding if/how agencies should invest American Rescue Plan funding on broadband and what LAFCo should include in its Annual Work Plan.

BACKGROUND

Staff prepared the attached presentation to provide an overview on LAFCo efforts to date, broadband 101, existing California Public Utilities Commission (CPUC) speed data for the cities and Yolo County, and recommended next steps. Staff will walk through this presentation and answer questions during the meeting. The purpose of this agenda item is to provide direction on LAFCo broadband-related tasks for the FY 2021/22 Annual Work Plan.

Attachments

ATT A-LAFCo Broadband Work Plan 04.22.21

Form Review

Inbox

Christine Crawford (Originator)
Form Started By: Christine Crawford
Final Approval Date: 04/14/2021

Reviewed By

Christine Crawford

Date

04/14/2021 10:54 AM
Started On: 04/13/2021 03:27 PM

Yolo LAFCo Countywide Broadband Efforts

LAFCo April 22, 2021

Christine Crawford, Executive Officer



Broadband is Critical



- It's a complicated, critical issue across the nation
- COVID has exacerbated access, affordability & equity issues
- Improved technology and speed data is becoming available
- New funding sources are coming

Collaboration for Better Government



Opportunity Timing/Questions

- Should cities/County use their American Rescue Plan funding for broadband?
- How to invest for “transformative change”?
- What should LAFCo include in its Annual Work Plan for broadband?



LAFCo framing questions from the March 25, 2021 meeting directing staff to return with more information.

LAFCo Efforts To Date

- 2015 Yolo Broadband Strategic plan
 - Very high-level strategies and action items for each agency
 - Policy templates
 - Handoff to cities and County
- Ongoing coordination, support and advocacy at federal, state and local levels
- Cities/County determine and act on their individual priorities

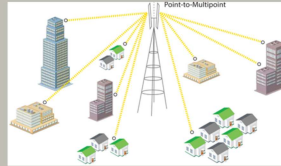


Broadband 101 Context

Wireline (best fit - urban)



Wireless (best fit - rural)



- Different ISPs in different communities
- Generally, public fiber (i.e. schools, libraries, government, etc.) cannot be used to compete with private ISPs
- Too high cost/risk for cities and counties to provide themselves
- Its about ACCESS and AFFORDABILITY



Wireline and wireless technology has changed drastically since the 2015 Strategic Plan. Better technology can boost speeds of existing cable. For wireless, 2015 speeds of 6-10Mbps can now deliver 1 gigabit speeds.

Starlink satellite is also a potential game changer. There is promising beta testing happening now and we're waiting to see how ongoing speeds fare as more subscribers compete for bandwidth.

Speed – What's the Standard?

- 6/1Mbps = CA existing standard
- **25/3 Mbps** = FCC standard (and soon to be CA)
- 100/20 Mbps = CA State Plan (aspirational goal)



Estimated \$30-\$50 million
to achieve 25/3Mbps countywide

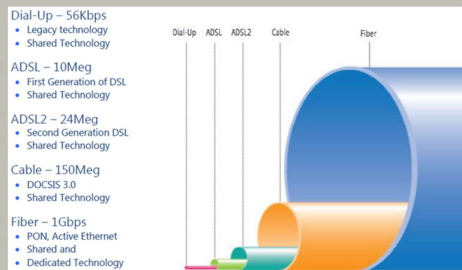


25/3Mbps is not ideal, but it's currently the "best" standard to measure basic access needs.

Cost estimates are from the Connected Capitol Area Broadband Consortium (CCABC)

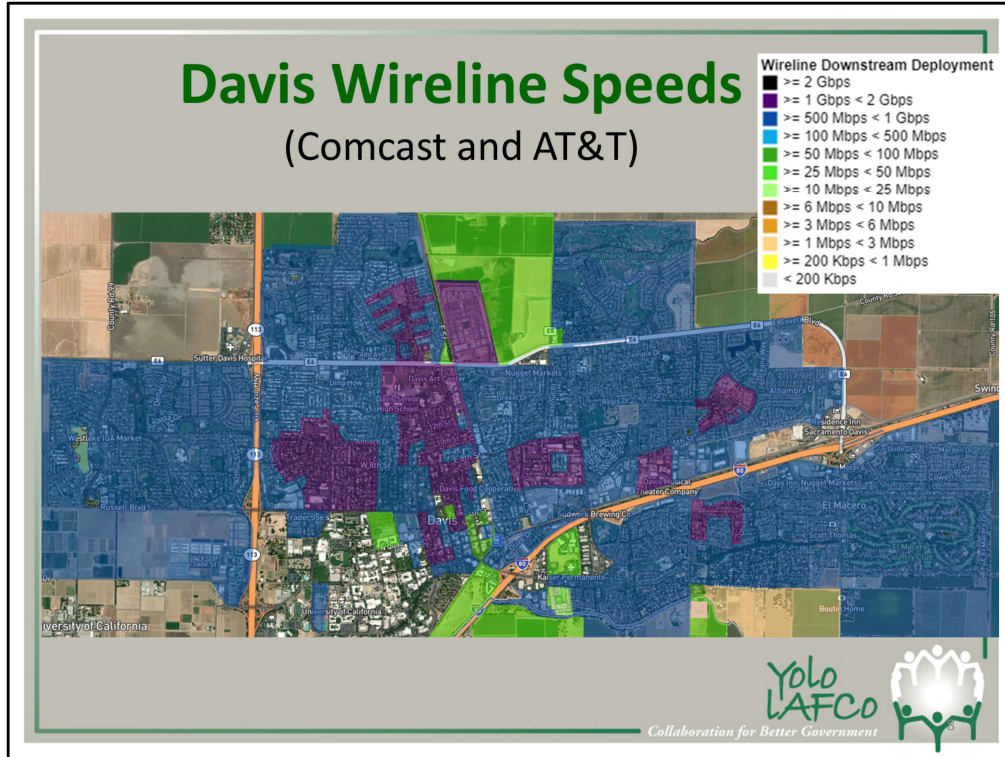
CPUC Speed Data

- Data is provider reported marketing data
- CPUC map data today is from 12/31/2019
- We know reported speeds are ISP aspirational
- Even so, CPUC data highlights gaps to work on



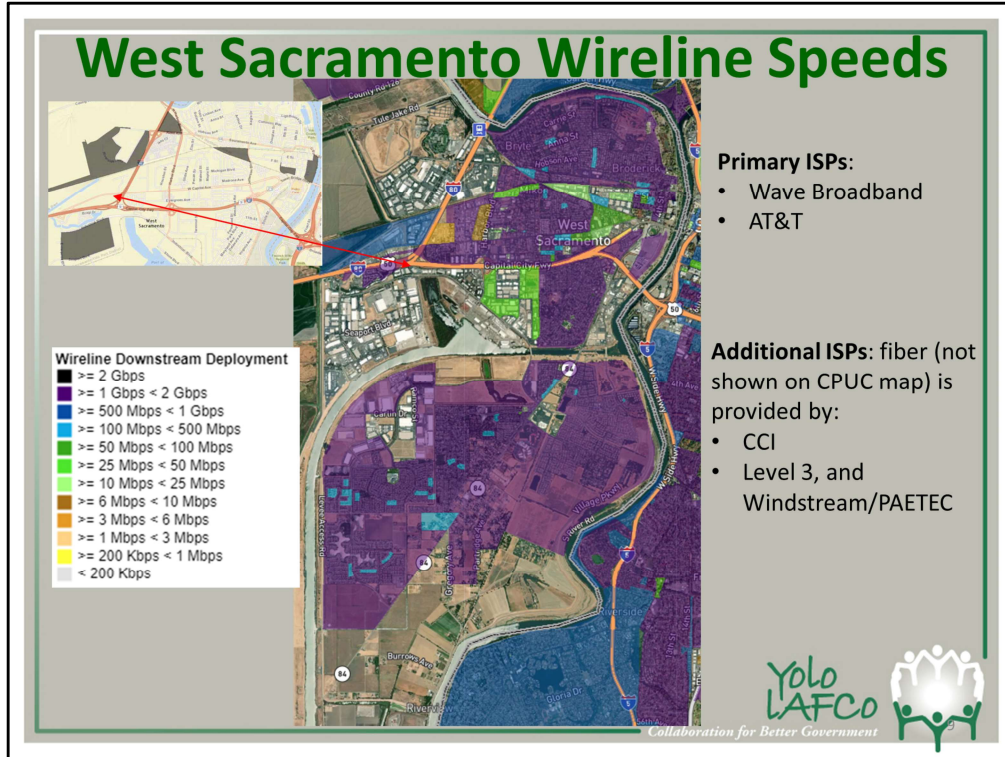
ISP speed reporting often reflects speeds measured at fastest one moment in time (i.e. 2 am), not sustained speeds (with 2-4 screens going at home/work during the day).

Speeds can be validated, however, it is resource intensive to do. Its best to do targeted validation when going after grant funding in a specific location.

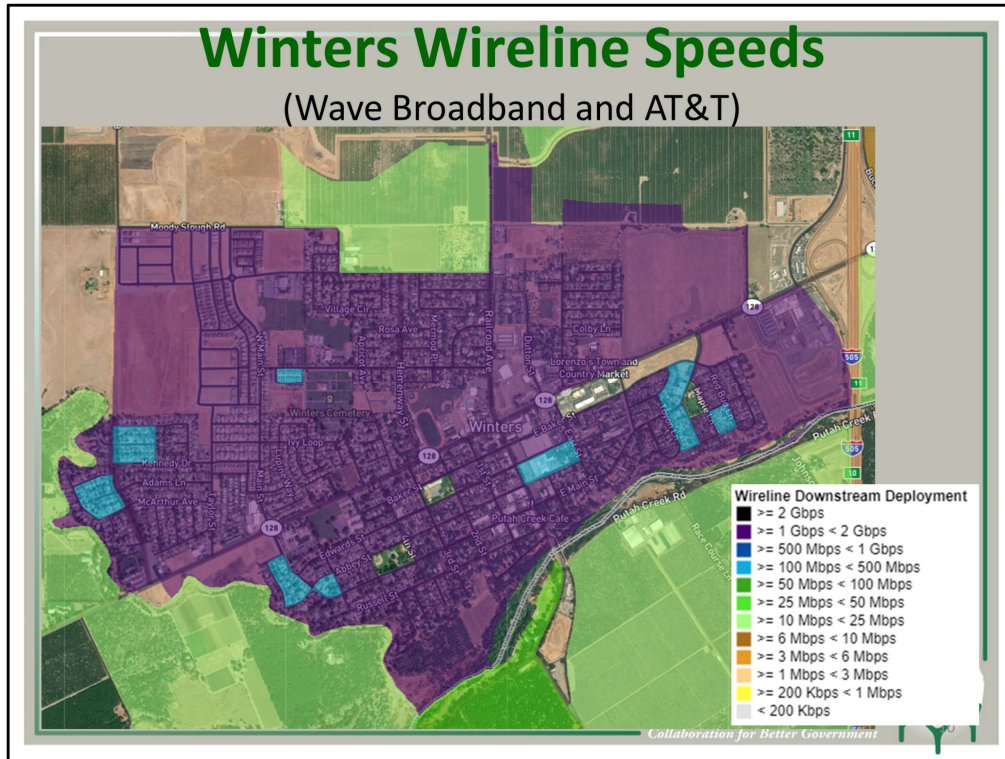


Davis convened a multi-year broadband ad hoc committee to study building a municipal fiber network for the City. The LAFCo Executive Officer served as Vice Chair of the committee.

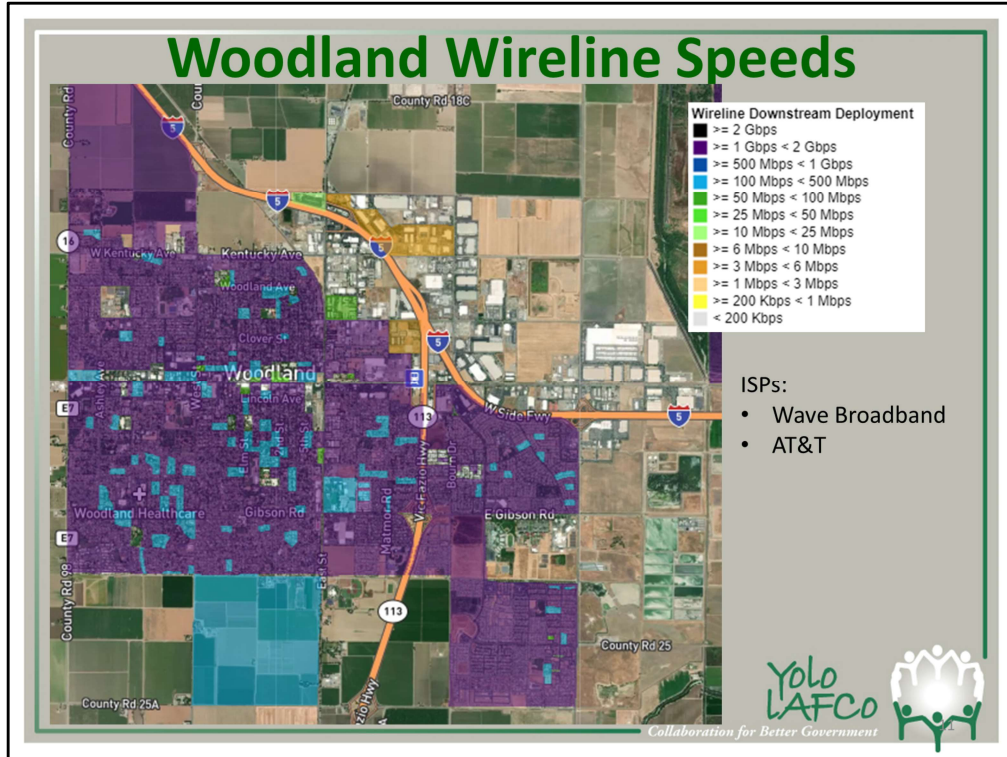
The Broadband Advisory Task Force completed its assigned duties and was disbanded by the City in June 2019. Municipal fiber was found to be very expensive and there were other competing priorities.



The City hired a consultant to prepare a City of West Sacramento Broadband Infrastructure Assessment and Action Plan in 2017. City status on Action Plan is not known.



Winters worked with Wave Broadband and AT&T to install fiber for all new construction.



Woodland worked with Wave Broadband and AT&T to install fiber for all new construction.

Yolo County Underserved Communities Resolved Since 2015

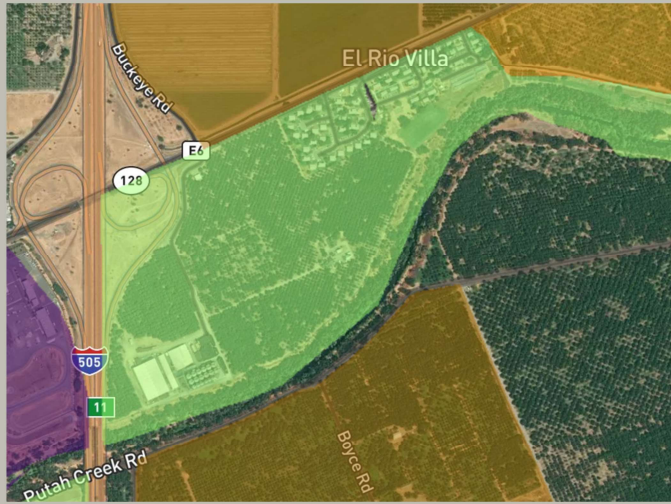
- Binning Tract – Starlink satellite
- El Macero – Comcast Broadband
- Knights Landing – Wave Broadband fiber
- North Davis Meadows – OmSoft fiber
- Patwin Road – Valley Internet (point to point wireless)
- West Plainfield – Starlink satellite
- Wild Wings – Starlink satellite (pending)

Collaboration for Better Government



This list highlights the point that different communities require different solutions.

Yolo County Communities < 25/3 Mbps



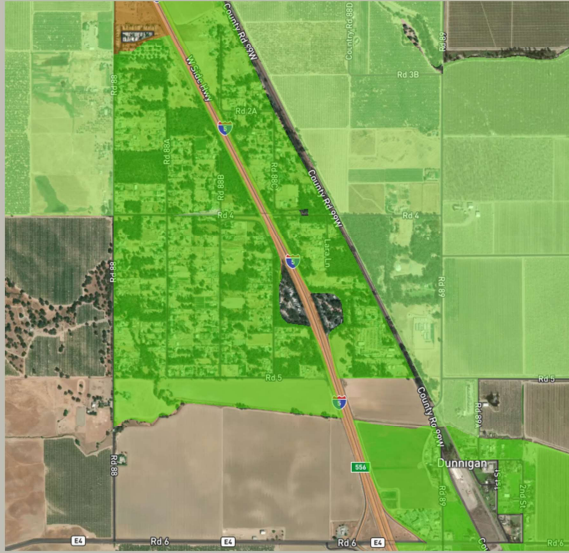
El Rio Villa

AT&T Reports 10/0.6 Mbps (DSL copper phone lines)



These slides show the unincorporated communities that remain underserved.

Yolo County Communities < 25/3 Mbps



Dunnigan

AT&T Reports 25/2 Mbps
(DSL copper phone lines)



Collaboration for Better Government

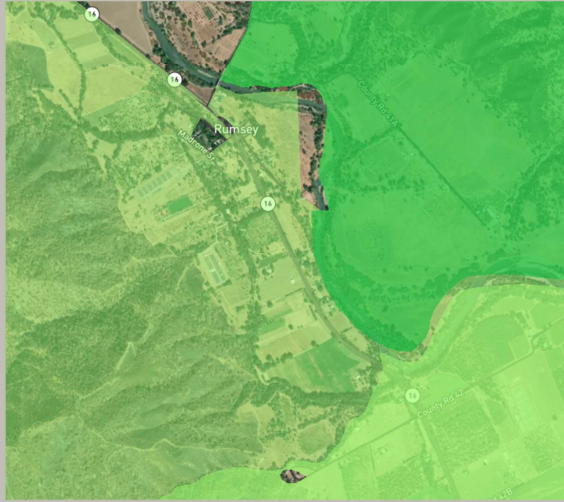
Yolo County Communities < 25/3 Mbps



Davis Creek MHP (unincorporated island surrounded by Davis)
AT&T Reports 12/0.5 Mbps (DSL copper phone lines)



Yolo County Communities < 25/3 Mbps



Rumsey

AFES Wireless Reports 15/15 Mbps
(fixed wireless)



Yolo County Communities < 25/3 Mbps



Yolo

AFES Wireless Reports 15/15 Mbps
(fixed wireless)



Yolo County Communities < 25/3 Mbps



Zamora

AFES Wireless Reports 15/15 Mbps
(fixed wireless)



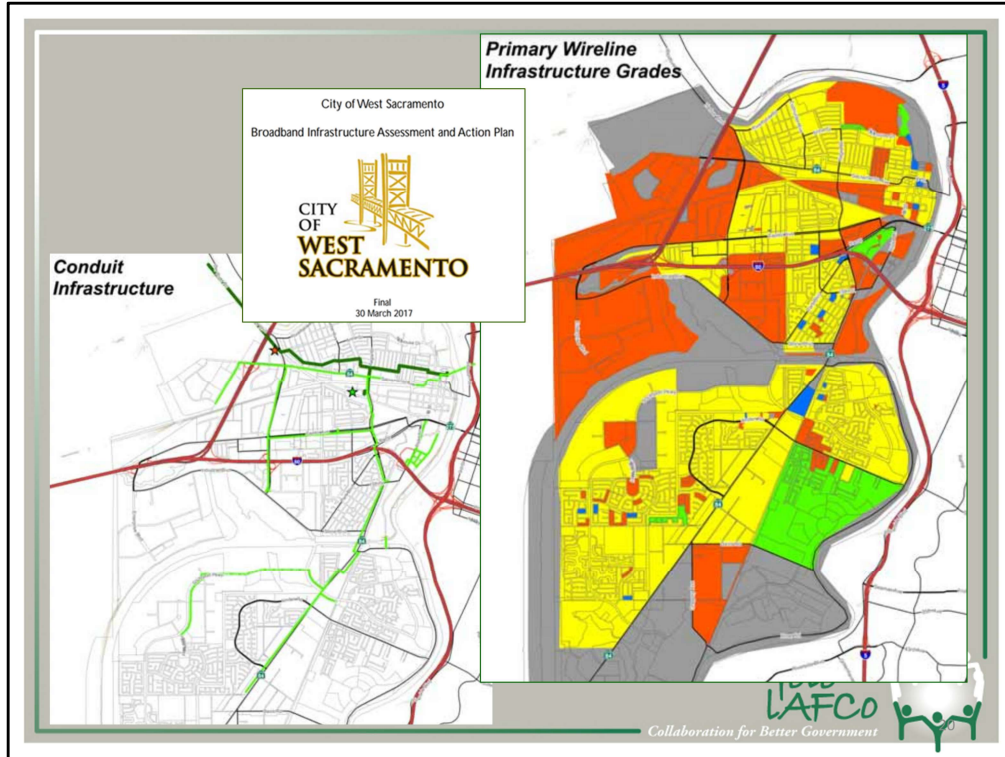
Collaboration for Better Government

City/County Learnings So Far

- If the economics “penciled out”, providers would be serving already
- There is no “one size fits all” solution, each community has unique challenges
- Each community needs to figure out if/how to change the economics such that an ISP will serve it



Collaboration for Better Government



This plan is an example of what agencies can do to change the economics such that an ISP will serve a given area.

The 2015 Yolo Broadband Strategic Plan was successful in terms of educating elected officials on the need for connectivity and elevating agency awareness to think about broadband as an essential piece of infrastructure at a broad level. However, the Plan was admittedly weak on specific action steps.

A localized plan is what's needed now to better understand existing infrastructure, gaps and develop more targeted strategies. And ideally, to have projects ready as funding programs are identified and become available.

City/County Investment for Transformative Change

- LAFCo can shine a spotlight, but agencies need to lead actions
- Agencies need a localized plan, one size does not fit all
- Cities/County should consider American Rescue Plan to fund a local plan and staff to implement it



City/County Strategy (Access)

- Make broadband a local priority at the city council/BOS level
- Consider funding a infrastructure assessment and action plan
- Consider funding a staff position to implement plan
- Work with local ISPs to improve infrastructure cooperatively if possible (but adversarial if necessary)
- Dedicate funding for dedicated infrastructure subsidies (conduit, towers, etc.)
- Lease agency conduit to reduce ISP construction costs by approximately 80%
- Streamline local policies and permitting process

Yolo
LAFCO
Collaboration for Better Government



City/County Strategy (Affordability)

- Publicize existing low cost programs available via schools and social media platforms
- Negotiate with ISPs to offer low cost programs to qualifying households
- Consider a local investment fund and/or partner with a non-profit to connect people to programs



Staff Recommendations on LAFCo's Role

- Reset convener role (cities need to determine interest for engagement)
- Include broadband in Municipal Service Reviews for cities, CSDs and CSAs (but would still miss some unincorporated communities)
- Add broadband status to annual Website Transparency Scorecard to maintain awareness (would be based on CPUC data, which has its flaws)



Discussion and Direction

- Public and agency comments
- Commission questions
- Discussion and direction on LAFCo's Annual Work Plan



Additional Resources

The 2015 Yolo Broadband Strategic Plan is available at: www.yololaftco.org

The City of Davis Broadband Advisory Task Force information is available at:
<https://www.cityofdavis.org/city-hall/commissions-and-committees/broadband-advisory-task-force>

The City of West Sacramento
2017 Broadband Infrastructure Assessment and Action Plan
is available at:
https://www.tellusventure.com/downloads/west_sac/

The CPUC California Interactive Broadband Map is available at:
<http://www.broadbandmap.ca.gov/>

The Connected Capitol Area Broadband Consortium info is available at:
<https://www.valleyvision.org/projects/connected-community-initiative/>



Regular 10.

LAFCO

Meeting Date: 04/22/2021

Information

SUBJECT

Consider and approve reappointment of Richard DeLiberty as the Alternate Public Member to another four-year term through May 2025

RECOMMENDED ACTION

Consider and approve reappointment of Richard DeLiberty as the Alternate Public Member to another four-year term through May 2025.

FISCAL IMPACT

None.

REASONS FOR RECOMMENDED ACTION

Alternate Public Member Richard DeLiberty's term of office expires May 2021. Mr. DeLiberty has indicated his interest in continuing to serve as the Yolo LAFCo Alternate Public Member.

BACKGROUND

The Yolo LAFCo Policy and Procedures for the selection and appointment of the Yolo LAFCo Regular and Alternate Public Member was amended In March 2011 to allow the Commission to reappoint an incumbent before their term of office expires.

Mr. DeLiberty was appointed to the Yolo LAFCo as a Alternate Public Member in July 2017 after a public recruitment process. Mr. DeLiberty has been an active Commissioner attending most Commission meetings since his appointment. Additionally, Mr. DeLiberty has been actively involved and interested in the California Association of LAFCos (CALAFCO) by participating in the annual conferences.

If the Commission reappoints Mr. DeLiberty, he would serve for another 4 year term.

Attachments

No file(s) attached.

Form Review

Inbox	Reviewed By	Date
Christine Crawford	Christine Crawford	04/06/2021 09:53 AM

Form Started By: Terri Tuck
Final Approval Date: 04/06/2021

Started On: 04/05/2021 12:29 PM

Regular 11.

LAFCO

Meeting Date: 04/22/2021

Information

SUBJECT

Elect a Chair and Vice Chair for the Commission to serve one-year terms, beginning May 1, 2021 and ending May 1, 2022

RECOMMENDED ACTION

Elect a Chair and Vice Chair for the Commission to serve one-year terms, beginning May 1, 2021 and ending May 1, 2022.

FISCAL IMPACT

None.

REASONS FOR RECOMMENDED ACTION

Each year, the members of the Commission elect a Chair and Vice Chair to serve a one-year term as stated in the Yolo LAFCo Administrative Policies and Procedures and consistent with state law.

BACKGROUND

The current Chair is Public Member Olin Woods. The current Vice Chair is County Member Don Saylor.

Attachments

No file(s) attached.

Form Review

Form Started By: Terri Tuck
Final Approval Date: 04/05/2021

Started On: 04/05/2021 11:43 AM

Executive Officer Report 12.

LAFCO

Meeting Date: 04/22/2021

Information

SUBJECT

A report by the Executive Officer on recent events relevant to the Commission and an update of staff activity for the month. The Commission or any individual Commissioner may request that action be taken on any item listed.

- a. Long Range Planning Calendar
 - b. EO Activity Report - March 22 through April 16, 2021
-

Attachments

ATT a-04.22.2021 Long Range Planning Calendar
ATT b-EO Activity Report Mar22-Apr16

Form Review

Form Started By: Terri Tuck
Final Approval Date: 04/06/2021

Started On: 04/06/2021 10:58 AM



Long Range Meeting Calendar – Tentative Items

April 22, 2021 LAFCo Meeting

Meeting Date	Tentative Agenda Items
May 27, 2021	<ul style="list-style-type: none"> • Final LAFCo FY 2021/22 Budget • JPA Service Review for the Yolo Habitat Conservancy (LAFCo No. 21-03)
Jun 24, 2021	<ul style="list-style-type: none"> • MSR/SOI for the County Service Areas (CSAs) (LAFCo No. 21-04) • Contract Approval for LAFCo Auditor for last three FYs • Executive Officer Annual Performance Evaluation
Jul 22, 2021	<ul style="list-style-type: none"> • Status update of MSR recommendations for Community Service Districts (CSDs) (Commission requested 6-month status report)
Sep 30, 2021	<ul style="list-style-type: none"> • FY 20/21 Q4 Financial Update

New Proposals Received Since Last Meeting

Date Received	Proposal
	None

LAFCo EO Activity Report March 22 through April 16, 2021

Item 12-ATT b

Date	Meeting/Milestone	Comments
03/22/2021	Staff Meeting	Weekly Zoom meetings
03/22/2021	Shared Services – Yolo Leaders/YEDTalks Planning Committee Meeting	Final Agenda Adjustments
03/23/2021	Shared Services – Yolo Leaders/YEDTalks Planning Committee Meeting	YEDSpring2021 Test Run
03/24/2021	Yolo Leaders Forum	YEDSpring2021 Leaders Summit – Yolo United Against Hate
03/25/2021	Meeting w/Ric Reinhardt, MBK Engineers	Reclamation district updates
03/25/2021	Fire Protection Sustainability Ad Hoc Committee Meeting	Participant
04/05/2021	Staff Meeting	Weekly Zoom meetings
04/07/2021	Yolo County – Woodland 2x2	Attended
04/07/2021	Shared Services – Yolo Leaders/YEDTalks Planning Committee Meeting	Debrief
04/07/2021	Attend Wild Wings CSA Advisory Committee Meeting	MSR/SOI for CSAs
04/08/2021	GoToWebinar by CA Forward: Broadband Governance Innovations	Attended
04/08/2021	Meeting w/Olin Woods	LAFCo Agenda Review
04/12/2021	Shared Services-Broadband meeting w/Valley Visions, County IT staff, Deputy to Supervisor Saylor	Yolo Broadband-CCABC Info/Data/Support
04/13/2021	Staff Meeting	Weekly Zoom meetings
04/14/2021	Yolo County – Davis 2x2	Attended
04/14/2021	Fire Protection Sustainability Ad Hoc Committee Meeting	Participant
04/15/2021	Meeting w/Alex Tengolics (YHC Executive Director)	Yolo Habitat Conservancy JPA Service Review
04/15/2021	GoToWebinar by CA Forward: Broadband for All: Provider Innovations	Attended