



Draft Minutes

**Financial, Administrative and Procurement Subcommittee
Meeting**

Wednesday, November 8, 2023
1:00 pm

In Person:

Conference Room 5
Ava Community Energy
1999 Harrison Street, Suite 2300
Oakland, CA 94612

Or from the following location:

1755 Harvest Landing Lane, Tracy, CA 95376

Via Zoom:

<https://ebce-org.zoom.us/j/83599993289>

Or join by phone:

Dial (for higher quality, dial a number based on your current location): US: +1 669 900 6833 or +1 346 248 7799 or +1 253 215 8782 or +1 929 205 6099 or +1 301 715 8592 or 888 475 4499 (Toll Free) or 877 853 5257 (Toll Free)
Webinar ID: 835 9999 3289

Meetings are accessible to people with disabilities. Individuals who need special assistance or a disability-related modification or accommodation to participate in this meeting, or who have a disability and wish to request an alternative format for the meeting materials, should contact the Clerk of the Board at least 2 working days before the meeting at (510) 707-1764 or cob@ebce.org.

If you have anything that you wish to be distributed to the Finance, Administration and Procurement Subcommittee, please email it to the clerk by 5:00 pm the day prior to the meeting.

1. Welcome & Roll Call

Present: Directors: Andersen (Piedmont), Bedolla (Tracy), Gonzalez (San Leandro) and Chair Bauters (Emeryville)

Not Present: Director Cox (Fremont)

2. Public Comment

This item is reserved for persons wishing to address the FAP Subcommittee on any EBCE-related matters that are not otherwise on this meeting agenda. Public comments on matters listed on the agenda shall be heard at the time the matter is called. As with all public comment, members of the public who wish to address the Board are customarily limited to three minutes per speaker. The FAP Chair may increase or decrease the time allotted to each speaker.

(1:30) Public Comment – Audrey Ichinose, concerned about the rates that Ava charges to Commercial and Industrial customers, asked about the possibility of Ava Community Energy offering special discounts to new small businesses in disadvantaged communities to foster local development in the clean energy sector.

3. Approval of Minutes from September 5, 2023

(3:46) Director Andersen motioned to approve the minutes. Director Gonzalez seconded the motion, which passed 4/0/1.

Yes: Directors Andersen, Bedolla, Gonzalez and Chair Bauters.

Not Present: Director Cox

4. Workforce Guidelines and Policy (Informational Item)

Discussion of workforce related priorities and criteria in project/PPA selection

(4:17) Howard Chang discussed the development of project selection criteria related to workforce and environmental justice. The criteria were influenced by the CCA Workforce and EJ Standards Alliance and other CCAs, notably Central Coast Community Energy. The document aims to formalize the evaluation of energy off-take agreements and Ava-owned projects, emphasizing local hires, participation in target hire programs, and subcontracting with small, local, emerging businesses. It categorizes projects into high, medium, and low priority based on these criteria. The policy also addresses environmental stewardship, benefits to equity priority communities, and project evaluation and selection. Ava's commitment to advocating for similar criteria in California Community Power projects is also mentioned. The policy is designed to be consistent with Ava's historical project evaluation approach and aims to codify these priorities formally.

(18:16) Public Comment – Jessica Tovar, from the East Bay Clean Power Alliance, supported the Statewide Alliance's language for workforce and environmental justice. She spoke in support of creating opportunities for communities traditionally excluded from the union workforce and for small, local, emerging businesses in the clean energy sector. Jessica Tovar also advocated not to make changes to the original resolution language.

(20:52) Public Comment – Celina Feliciano, a customer of Ava Community Energy and a resident of West Oakland, recommended incorporating insights from the California Environmental Justice Alliance report for transparency in Ava's operations. Additionally, she urged careful consideration of language regarding environmental stewardship and advocated for the prioritization of all lands and ecosystems, not just those deemed important or sensitive.

(23:45) Public Comment – Tim Frank, representing the Alameda County Building and Construction Trades Council, praised Ava Community Energy's proposed policy as a

significant advancement and a potential standard for CCAs within the CC Power area. He suggested further refinement of the document, focusing on including pre-hire agreements for both construction and permanent jobs in utility-scale projects. Tim Frank also spoke about the importance of due diligence in site selection to avoid environmentally sensitive areas and recommended prioritizing projects that comply with habitat conservation plans.

(26:54) Public Comment – Eric Veium, speaking on behalf of the CCA Workforce and Environmental Justice Standards Alliance, thanked Ava Community's staff their collaborative efforts in drafting the policy. He spoke in support of the need for further refinement to address two outstanding issues – 1. to ensure consistent application of the project selection methodology across projects and 2. to encourage transparency in decision-making by the board.

(30:01) Public Comment – Margie Lewis, a member of the East Bay Clean Power Alliance and an East Oakland resident, spoke in support of the original CCA Workforce and Environmental Justice Standards Alliance resolution. She also stated that Ava Community Energy should adhere to the mandates laid out in its JPA and Local Development Business Plan.

(31:43) Public Comment – Elsa Wefes-Potter, from the Local Clean Energy Alliance, spoke in support of the inclusion of specific numerical metrics in the resolution to ensure accountability in subcontracting and local hiring. She also spoke in support of prioritizing energy projects in the built environment to protect ecosystems and promote local clean energy development.

(33:23) Public Comment – Nyah Tisdell, representing the Local Clean Energy Alliance and East Bay Clean Power Alliance, spoke in support of the CCA Workforce and Environmental Justice Alliance's resolution on workforce development. She stated that the resolution helped to ensure that Ava Community Energy would adhere to its Joint Powers Agreement and Local Business Development Plan, particularly regarding labor and subcontracting goals. Nyah Tisdell also spoke about the importance of prioritizing local clean energy projects and protecting ecosystems from further destruction.

(35:26) Public Comment – Leslie Austin, representing the CCA Workforce and Environmental Justice Standards Alliance, requested the formation of a public advisory committee for transparency and public engagement in CC Power's operations. She expressed appreciation for Ava staff's work and urged continued collaboration to address policy issues before presenting to the Board of Directors.

(38:37) Public Comment – Anne-Olivia Eldred expressed concerns about changes made by staff to the original document proposed by the CCA Workforce and Environmental Justice Standards Alliance. She spoke in support of including in the policy Ava Community Energy owned projects and other energy-related projects that would benefit the local community. She also spoke in opposition to replacing "specific goals" with "demonstrate commitment" for small local and emerging businesses (SLEBs). Anne-Olivia Eldred also advocated for the inclusion of a CC Power stakeholder advisory body to ensure transparency and accountability.

(41:25) Public Comment – Jason Gumatatao, an Oakland resident and organizer with IBEW Local 595, spoke in support of the standards presented by the CCA Workforce and Environmental Justice Standards Alliance. He also spoke in support of adopting the proposed standards to create more job opportunities and support local workforce development.

(42:43) Public Comment – Melissa Yu, representing the Sierra Club, expressed her support for the original resolution developed by Environmental Justice (EJ) groups. She thanked Howard and the staff for their work on the current proposal but emphasized the importance of the resolution in holding Ava Community Energy accountable for prioritizing local clean energy development within its service territory. Melissa Yu also suggested avoiding unbundled Category 3 Renewable Energy Certificates (RECs) and non-Renewable Portfolio Standard (RPS) carbon-free attributes, underscoring the need for the resolution to focus on local clean energy projects that do not harm biodiversity.

Member Cox submitted a letter in support of the CCA Workforce and Environmental Justice Standards Alliance’s recommendations. This letter is attached to these minutes as Exhibit 1.

(1:13:35) Chair Bauters motioned to provide specific direction to staff regarding the Workforce Guidelines and Policy. Chair Bauter’s motion responds in part to the table from pgs 4-7 of the November 7, 2023 letter titled “Re: Item 4 Workforce Guidelines and Policy (Informational Item)¹, reproduced in these minutes as Exhibit 1 and henceforth referred to as “coalition letter”. The key points of the motion are as follows:

- 1. Accept the language suggestions in Items 1, 2, and 7 from the coalition letter, with the caveat that any changes should be made only if necessary for clarity, consistency, or legal appropriateness.**
- 2. Exclude Items 3 and 6 from the coalition letter as they were deemed not germane to the document.**
- 3. Addressing Item 4, include construction but not operations and maintenance (O&M) in the policy.**
- 4. Addressing Item 5, instead of adopting a specific 20% goal for small local businesses (slebs), commit to tracking data on the amount spent and the types of contracts executed with slebs. This data would inform future updates to the document.**
- 5. Address the engagement issue raised in Item 9 of the coalition letter, either by including relevant sections or providing an explanation for its exclusion.**
- 6. Further refine the definition of 'local' in consultation with labor partners.**

¹ This letter is available on the Ava Community Energy website at <https://cdn.sanity.io/files/pc49kbjr/production/c31058df94a33f295f3351c15bebb2c1119584db.pdf>

7. **Allow for the possibility of the revised document to be presented directly to the full Board in December 2023 or to return to the Financial, Administrative and Procurement subcommittee in January 2024, depending on the progress made in resolving the remaining issues. This decision would be made in consultation with the Financial, Administrative and Procurement subcommittee chair.**

The motion was seconded by Director Andersen and was approved 4/0/1.

Yes: Directors: Andersen, Bedolla, Gonzalez and Chair Bauters.

Not Present: Director Cox

5. Fiscal Year 2022-2023 Financial Audit (Informational Item)

Present and review the results of the Fiscal Year Audit

(1:25:46) Jason Bartlett, the Senior Finance Manager at Ava Community Energy, presented the financial audit results. The audit, conducted by an independent auditor, covered financial activities from July 1, 2022, to June 30, 2023. The auditors worked with an ad hoc committee of board members and were assisted by staff.

The auditors declared that the financial statements were presented fairly and in accordance with generally accepted accounting standards in the United States. They exercised professional judgment, assessed risks of material misstatements, evaluated internal controls, and concluded that management operated with ethical standards and maintained sufficient controls.

6. Budget Surplus and Reserve Fund Contribution (Informational Item)

Discuss the budget surplus waterfall and contributions to reserve funds from FY22-23

(1:29:40) Howard Chang presented the budget surplus waterfall and contributions to the reserves for the fiscal year ending in 2023. He clarified the difference between GAAP financials and the non-GAAP budget perspective. The board had previously approved a budget that included a surplus revenue application: \$50 million for general working capital, \$75 million reserved for the reserve fund, and the remaining amount split 50/50 between one-time bill credits to customers and investments in long-term renewable or clean energy.

The actual numbers were presented, showing how the surplus was allocated according to the approved waterfall methodology. This included contributions to the local Development Fund, working capital, reserves, and the split of the remaining \$21 million for bill credits and renewable energy investments. The on-bill credits were expected to be issued in the December-January timeframe.

Howard Chang also discussed the reserve fund policy, originally approved in 2018 and amended in 2021. The policy aimed for a reserve fund target of 50% of operating expenses, with a range of 25-75%. The current contribution would bring the reserve balance to approximately \$231 million, about 32% of operating expenses.

(1:36:12) Public Comment – Anne-Olivia Eldred raised concerns about the allocation of the budget surplus, particularly the on-bill credits. She spoke in opposition to the disparity in the amounts received by residential customers compared to larger entities like the City of Oakland. Anne-Olivia Eldred suggested reconsidering the distribution of these credits and proposed exploring alternative uses for the funds, such as hiring additional staff for community projects or investing in local initiatives.

(1:38:51) Public Comment – Elsa Wefes-Potter sought clarification regarding the allocation of approximately \$20 million to the Local Development Fund as part of Ava Community Energy's budget surplus waterfall. She spoke in support of having a broader discussion on the most effective long-term investment of surplus funds, particularly focusing on how these investments could significantly impact disadvantaged communities. Elsa Wefes-Potter also spoke in support of directing surplus funds towards initiatives that address energy justice needs within disadvantaged communities.

(1:40:00) Public Comment – Jessica Tovar expressed concerns about the transparency of Ava Community Energy's budget, particularly regarding the allocation of bill credits. She highlighted the need for a detailed breakdown of who receives these credits and how much they receive. Jessica Tovar pointed out that the distribution of credits based on the size of the bill could lead to inequitable outcomes, with larger accounts like municipal or commercial entities potentially receiving more significant benefits than average residential customers. She spoke in support of investing surplus funds in community benefits, such as energy resilience and microgrids.

(1:43:15) Chair Bauters clarified that the surplus and reserve allocation being discussed was from a budget action approved in June 2022. The board had agreed to hold a portion of funds for discussion in the fiscal year ending 2024, and this would be addressed in January 2024. **Howard Chang** confirmed this and explained the timing was due to completing the financial audit. **Member Andersen** inquired about the reserve fund target range, and **Member Gonzalez** asked about working capital targets and the number of customers.

7. **Ava Energy Risk Management Program Overview (Informational Item)**

Introduction of Ava Community Energy Risk Management Policy and Regulations

(1:49:39) Marie Fontenot and **Ray Dai** presented an overview of Ava's Energy Risk Management Program. The program is governed by two main documents: the Energy Risk Management Policy and the Risk Management Regulations, which outline principles, objectives, and detailed guidelines for managing Ava's energy portfolio. The Risk Oversight Committee, comprising various members including Ava's CEO and COO, oversees the program, focusing on market and credit risk management. The presentation highlighted the importance of counterparty credit risk management, the use of tools like Moody's RiskCalc for creditworthiness evaluation and detailed the transaction authorities for different job functions within Ava.

(2:05:45) Member Gonzalez suggested including a section defining various types of risks in presentations about the Energy Risk Management (ERM) regulations document, emphasizing the board's role in assessing risk management objectives. In response, **Ray Dai** acknowledged the importance of this approach and mentioned plans for future

detailed presentations on risk management, focusing on delegation, duties, and specific risk methodologies.

8. Committee Member and Staff Announcements including requests to place items on future Board Agendas

(2:09:56) Member Andersen informed the committee that she would not be able to attend the January 10, 2024 Financial, Administrative and Procurement Subcommittee meeting.

9. Adjourned at 3:15 pm.

The next Financial, Administrative and Procurement Subcommittee meeting will be held on January 10, 2024 at 1pm.

Minutes written by Adrian Bankhead.



Raissa Arielle Kasa Ngoma <rngoma@avaenergy.org>

11/8 - FPAC Subcommittee Meeting Agenda Item 4 - Comments

1 message

'Teresa Cox' via Clerk of the Board <cob@avaenergy.org>

Wed, Nov 8, 2023 at 12:31 PM

Reply-To: Teresa Cox <tcoc@fremont.gov>

To: Adrian Bankhead <abankhead@avaenergy.org>, "COB@ebce.org" <COB@ebce.org>

Chair Bauters and Honorable Directors,

While I am not available to attend today's discussion of Item 4, I did want to share my thoughts with the subcommittee.

First let me express my gratitude to the staff for preparing this item for our consideration. The staff's draft guidelines and policy builds nicely off the recommendations from the CCA Workforce & Environmental Justice Standards Alliance.

The handful of revisions proposed by the W&EJ Alliance in the table attached to their letter of November 7 strike me as thoughtful additions that will strengthen the staff's draft.

I would recommend that we forward the staff proposal to the Board of Directors and direct the staff to prepare an option to incorporate these revisions.

Thank you!

Sincerely,

Teresa Cox
Ava Community Energy Director
City of Fremont Representative

Teresa Cox
CITY COUNCIL MEMBER, DISTRICT 6

City of Fremont | City Council
3300 Capitol Ave., Bldg. A, Fremont, CA 94538
(510) 284-4007 | tcoc@fremont.gov

