



February 5, 2015

TO: Marin Clean Energy Board
FROM: Michael Maher, CPA
RE: Proposed Budgets for Fiscal Year 2016 (Agenda item #7c)
ATTACHMENT: Proposed Budgets for Fiscal Year Ending March 31, 2016

Dear Board Members:

SUMMARY:

Before the end of every fiscal year, MCE's Board has the responsibility to set forth a budget for the upcoming fiscal year. An initial FY2016 budget draft was reviewed in the January Executive Committee meeting. The attached budget reflects MCE's anticipated revenue and expenditures for the 2016 fiscal year which will run from April 1st of 2015 until March 31st of 2016.

The attached Proposed Budgets for Fiscal Year Ending March 31, 2016 set forth the following line items:

OPERATING FUND

- **Revenue:** The proposed FY 2016 budget reflects a rise in the unit cost of energy, as well as an increase in the number of customers.
- **Cost of Energy:** MCE's per unit cost of energy will increase due to rising energy procurement costs.
- **Personnel:** The FY 2016 budget reflects increases in staffing costs to facilitate its growing territory. MCE also desires to reduce its consulting needs in the regulatory and the communications departments by bringing some of these services in-house.
- **Technical Consultants:** MCE's technical consultant costs will increase in FY 2016 with the increased customer territories.
- **Legal Counsel:** MCE's legal costs are expected to decrease with the planned hiring of staff to assist with regulatory filings, legislative work, and other strategic planning.
- **Communications:** The amount budgeted for communications in FY 2016 is holding relatively flat from the prior year. Although there will be increased communications needs from the increased territories, MCE will be able to reduce some relative costs in this category through additional personnel hiring.
- **Data Manager:** Data management costs are charged on a per meter basis. The expanded territory has the effect of pushing the overall cost upward. It is relevant

to note that a new agreement effective December 2014 reduced the per meter cost which mitigated some of the costs associated with the expansion.

- PG&E Service Fees: PG&E service fees, which are primarily charged on a per customer basis, will increase in FY 2016 due to the increased number of customers.
- Other Services: The other services line item includes: audit, accounting, and information technology, etc.
- General and Administration: The general and administration line includes: data and office telephone service, insurance, equipment rentals, subscriptions, travel, business meals, other services, conferences, professional education, special events sponsorship, office supplies and postage, and small equipment. With office rent now being included in its own budget category, the G&A budget will see an overall decrease from the prior year. Despite the new classification, non-rent related G&A costs are expected to increase to accommodate new staff, expanded customer territory and various expenditures for new MCE office facility.
- Occupancy: MCE will begin the 2016 fiscal year in its new office. This budget category includes lease payments, utilities, and maintenance costs.
- Integrated demand side pilot programs: This budget category will assist MCE with achieving its strategic energy goals for integrated demand side management.
- Marin County Green Business Program: Contribution to the Marin County Green Business Program.
- Low income solar programs: MCE plans to increase its efforts to encourage solar installations in low income areas by alleviating some of the costs.
- Renewable Energy Fund: MCE plans to set aside funds for renewable energy opportunities not included in the main operating budget. Amounts budgeted in this category will be transferred into a separate fund.
- Local Renewable Energy Development Fund: MCE transfers 50% of the premium from deep green energy sales to fund local renewable projects.
- Capital Outlay: MCE anticipates the need for capital outlay related to the new office facility.
- Debt Service: This line item reflects MCE's debt service expenditures and is in line with its scheduled payments. One of the two lines of credit are set to mature this fiscal year.

ENERGY EFFICIENCY PROGRAM FUND

- The Energy Efficiency Program is financed through the CPUC and distributes funds through its multi-family, small commercial, single family, and financing sub-programs.

LOCAL RENEWABLE ENERGY DEVELOPMENT FUND

- This fund is financed by 50% of the premium from deep green customer sales. These resources are used to plan, create and develop local energy efficient projects.

RENEWABLE ENERGY FUND

- This fund is intended for the procurement or development of renewable energy not planned for in the operating fund. Resources may accumulate from year to year and be expended as management determines.

Recommendation: Approve Proposed Budgets for Fiscal Year Ending March 31, 2016.