



# LAKE COUNTY/CITY AREA PLANNING COUNCIL

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Lisa Davey-Bates, Executive Director  
www.lakeapc.org

525 South Main Street, Ukiah, CA 95482  
Administration: Suite G ~ 707-234-3314  
Planning: Suite B ~ 707-263-7799

## EXECUTIVE COMMITTEE AGENDA

DATE: Wednesday, May 29, 2024  
TIME: 10:00 a.m.  
PLACE: City of Lakeport  
Large Conference Room  
225 Park Steet  
Lakeport, California

### Audioconference

Dial-in number: 1 (669) 900-6833 / Meeting ID: **836 3724 8809#** Passcode: **553168**

*\*Zoom link provided to the public by request.*

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1. Call to Order/Roll Call
  2. Approval of April 17, 2024 Minutes
  3. Discussion and Recommendation on the Proposed Operations Contract Extension between Paratransit Services and Lake Transit Authority
  4. Discussion and Recommendation on the FY 2024/25 Lake Transit Authority Budget
  5. Rural Regional Energy Network (REN) Update and Recommended Action on How to Proceed
  6. Public Input on any item under the jurisdiction of this agency, but which is not otherwise on the above agenda
  7. Reports/Information
  8. Adjourn Meeting

### AMERICANS WITH DISABILITIES ACT (ADA) REQUESTS

To request disability-related modifications or accommodations for accessible locations or meeting materials in alternative formats (as allowed under Section 12132 of the ADA) please contact the Lake County/City Area Planning Council office at (707) 234-3314, at least 72 hours before the meeting.

POSTED: May 23, 2023



# LAKE COUNTY/CITY AREA PLANNING COUNCIL

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## EXECUTIVE COMMITTEE (DRAFT) MEETING MINUTES

Tuesday, April 17, 2024

**Location:** Lake Transit Authority  
9240 Highway 53  
Lower Lake, California

### **Present**

Stacey Mattina, City Council Member, City of Lakeport  
Russell Perdock, City Council Member, City of Clearlake  
Moke Simon, Supervisor, County of Lake

### **Also Present**

Charlene Parker, Admin. Staff - Lake APC  
Maura Twomey, Executive Director - Regional Analysis and Planning Services  
Diane Eidam, Staff - Regional Analysis and Planning Services

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### **1. Call to Order/Roll Call**

The meeting was called to order at 1:35 pm. Members present: Mattina, Perdock

### **2. Public Input**

Chair Mattina asked for any public input on any item under the jurisdiction of this agency, but which is not otherwise on the above agenda but there was none.

Director Simon joined the meeting at 1:36.

### **3. CLOSED SESSION - Pursuant to Government Code Section 54957 – (b)(1): Personnel Employment – Review of Proposals and Recommendations of Contractor for Professional Services for Administrative and Planning Services (RAPS). Any public reports of action taken under this item in closed session will be made in accordance with Govt. Code sections 54957.1**

Charlene Parker, Administrative Associate, Lake APC, excused herself at 1:36 from the meeting to allow the Executive Committee members to discuss and evaluate the professional service proposals with the consultants for administrative and planning services to the Lake APC.

Chair Mattina called the end of the closed session and requested Lake APC staff to re-enter to continue the Executive Committee meeting at 1:51 p.m.

Maura Twomey, Executive Director, RAPS announced that the reportable action was that the Executive Committee would make a recommendation to the board at the May meeting and direct Regional Analysis and Planning Services (RAPS) to negotiate with the successful proposer for a contract.

**4. Approval of February 13, 2024 Minutes**

*Director Simon made a motion to approve the February 13, 2024 Minutes, as presented. The motion was seconded by Director Perdock. Ayes (3)-Directors Mattina, Perdock, Simon; Noes (0); Abstain (0); Absent (0).*

**5. ADJOURNMENT**

The meeting was adjourned at 1:55 p.m.

Respectfully Submitted,

***DRAFT***

Charlene Parker  
Administrative Associate



## LAKE COUNTY/CITY AREA PLANNING COUNCIL STAFF REPORT

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**TITLE:** Paratransit Services, Inc. Proposed Contract Extension  
with Lake Transit Authority

**DATE PREPARED:** MAY 28, 2024  
**MEETING DATE:** May 29, 2024

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**SUBMITTED BY:** Lisa Davey-Bates, Executive Director

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### **BACKGROUND:**

In 2017, Lake Transit Authority entered into a three-year agreement with Paratransit Services, Inc. That agreement allowed for up to five option periods of one-year duration. This is the final option period to be considered before a new Request for Proposals will be issued. The current agreement allows for increases for each option period, but states the increase “shall be no more than either (1) the percentage annual increase in the US Average Consumer Price Index (CPI-U) for the most recently concluded calendar year, or (2) a percentage equal to seventy percent (70%) of the percentage increase in the state minimum wage for the calendar year in which the option term will commence, whichever is higher”.

To address the first option, the CPI-U was 3.4% in calendar year 2023, which would result in an increase of \$101,017 over the previous year’s contracted price. Minimum wage increased on January 1, 2024, from \$15.50 to \$16.00 per hour, which was a 3.23% increase, therefore the CPI would be the higher option. The proposed increase identified in the most recent extension proposes an increase of \$501,350, or an overall 16.9% increase over the previous year, or about 5 times higher than the CPI increase.

The proposed Paratransit Services extension suggests a 3.4% increase in alignment with the CPI-U on all items except for insurance and wages. These line items are increased by 20% to provide hourly wage increases to compete with the fast-food industry and address projected insurance rate increases. Management would receive a 10% wage increase. Mechanics’ wages would be increased to \$40 per hour.

The reason I’m bringing this proposed extension to the Executive Committee is multi-faceted: 1) Paratransit Services’ proposal exceeds either option identified in the current agreement; 2) Lake Transit Authority’s current draft budget identifies a deficit of \$769,526 (identifies full funding of operations contract); 3) Lake Transit Authority is struggling to maintain employees at current wage rates; 4) Current contract extension ends June 30<sup>th</sup>, and circulating Request for Proposals and procuring a new contractor will take months, however 30 day extensions (up to 3) are allowed under current contract; 5) Caltrans must approve extensions as well as Lake Transit Authority.

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**ACTION REQUIRED:** Suggest recommended direction to Executive Director on how to proceed on negotiations with operations contractor.

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**ALTERNATIVES:** Provide other suggestions for the negotiation process.

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**RECOMMENDATION:** Consider options presented and provide the Executive Director with direction on how to proceed with negotiations. If an agreement is made with Paratransit Services, Inc. the one-year extension will be presented to the Lake Transit Authority for its consideration on June 12, 2024.

**V. PROPOSAL FORM**

This PROPOSAL FORM is to be used to submit the OFFEROR's firm fixed price proposal for all work described in the DRAFT AGREEMENT and EXHIBIT "A" - SCOPE OF WORK.

The OFFEROR'S price proposal must consist of a fixed hourly rate, fixed monthly rate, and fixed rate per bus stop cleaned, all in accordance with Section 9.1 - Price Formula, and 9.4 - Bus Stop Shelter and Bench Cleaning and Maintenance Rate of the DRAFT AGREEMENT. Such rates shall be proposed for each of the three (3) years contemplated in this RFP, and shall be based on the levels of service, in terms of vehicle service hours and bus stops as stated below. The detailed budget breakdown on pages 21 through 25 of the RFP should be consistent with the rates proposed.

**A. Price Proposal**

Service Level	Year 5	Year 6	Year 7	Year 8 <i>Extension</i>
Vehicle Revenue Service Hours	40,000±15%	40,000±15%	40,000±15%	<b>40,000±15%</b>
Bus Stops with Shelters	47 ± 15%	47 ± 15%	47 ± 15%	<b>46 ± 15%</b>
<b>Price Formula</b>				
Fixed Hourly Rate	\$ 35.81	\$ 38.32	\$ 40.80	\$ <b>48.06</b>
Fixed Monthly Rate	\$ 95,519.00	\$ 102,210.00	\$ 108,854.00	\$ <b>126,340.00</b>
Fixed Rate Per Bus Stop Cleaned	\$ 17.54	\$ 18.77	\$ 19.99	\$ <b>20.67</b>
<b>Calculation of Maximum Annual Cost</b>				
Fixed Hourly Rate X Vehicle Revenue Service Hours	\$ 1,432,400.00	\$ 1,532,800.00	\$ 1,632,000.00	\$ <b>1,922,400.00</b>
Fixed Monthly Rate X 14 Months for Year 1 and X 12 Months for Years 2 & 3	\$ 1,146,228.00	\$ 1,226,520.00	\$ 1,306,248.00	\$ <b>1,516,080.00</b>
Fixed Rate Per Bus Stop Cleaned X Quantity of Shelters and Benches	\$ 28,835.76	\$ 30,857.88	\$ 32,863.56	\$ <b>33,981.48</b>
<b>*TOTAL MAXIMUM ANNUAL PRICE</b>	<b>\$ 2,607,463.76</b>	<b>\$ 2,790,177.88</b>	<b>\$ 2,971,111.56</b>	<b>\$ 3,472,461.48</b>

\* Based on the Service Level set out above at OFFEROR'S Proposed Fixed Hourly Rate and Fixed Monthly Rate, and based on forty-six (46) bus stops with shelters or benches at OFFEROR'S proposed Rate Per Bus Stop Cleaned, said rates consistent with Draft Agreement and the detailed budget breakdown on the following pages.

**B. Budget Breakdown**

**1. FIXED HOURLY RATE**

Fixed Hourly Rate Cost Elements	Year 5		Year 6		Year 7 Extension Proposal		Year 8 Extension Proposal	
	Cost Per Hour	Extension Costs	Cost Per Hour	Extension Costs	Cost Per Hour	Extension Costs	Cost Per Hour	Extension Costs
Driver Wages	20.88	835,200	22.34	893,600	23.79	951,600	28.55	1,142,000
Driver Health Insurance	3.11	124,400	3.33	133,200	3.55	142,000	4.26	170,400
Driver Life Insurance	inc	inc	inc	inc	inc	inc	inc	inc
Other Driver Fringes	4.09	163,600	4.38	175,200	4.66	186,400	5.59	223,600
Prev Maint Parts/Supplies	0.59	23,600	0.63	25,200	0.67	26,800	0.69	27,600
Vehicle Repair Parts/Supplies	2.35	94,000	2.51	100,400	2.67	106,800	2.76	110,400
Tires	1.44	57,600	1.54	61,600	1.64	65,600	1.70	68,000
Outside Repairs	0.41	16,400	0.44	17,600	0.47	18,800	0.49	19,600
Driver Workers Comp	2.94	117,600	3.15	126,000	3.35	134,000	4.02	160,800
<b>TOTAL:</b>	<b>35.81</b>	<b>1,432,400</b>	<b>38.32</b>	<b>1,532,800</b>	<b>40.80</b>	<b>1,632,000</b>	<b>48.06</b>	<b>1,922,400</b>

**2. FIXED MONTHLY RATE**

Fixed Monthly Rate Cost Elements	Year 5		Year 6		Year 7 Extension Proposal		Year 8 Extension Proposal	
	Cost Per Month	Extension Costs	Cost Per Month	Extension Costs	Cost Per Month	Extension Costs	Cost Per Month	Extension Costs
Project Manager Salary	6,186.00	74,232	6,619	79,428	7,049	84,588	8,459	101,508
Project Manager Fringes	1,725.00	20,700	1,846	22,152	1,966	23,592	2,359	28,308
Dispatch/Info/Supervisor Staff Wages	10,167.00	122,004	10,879	130,548	11,586	139,032	13,903	166,836
Dispatch/Info/Supervisor Staff Fringes	2,766.00	33,192	2,960	35,520	3,152	37,824	3,782	45,384
Clerical Staff Wages	3,308.00	39,696	3,540	42,480	3,770	45,240	4,524	54,288
Clerical Staff Fringes	597.00	7,164	639	7,668	681	8,172	817	9,804
Maint Supervisor Salary	5,251.00	63,012	5,619	67,428	5,984	71,808	7,181	86,172
Maint Supervisor Fringes	1,580.00	18,960	1,691	20,292	1,801	21,612	2,161	25,932
Mechanic Wages	4,686.00	56,232	5,014	60,168	5,340	64,080	6,408	76,896
Mechanic Fringes	1,477.00	17,724	1,580	18,960	1,683	20,196	2,020	24,240
Other Maint Wages	2,902.00	34,824	3,105	37,260	3,307	39,684	3,968	47,616
Other Maint Fringes	1,155.00	13,860	1,236	14,832	1,316	15,792	1,579	18,948
Road Sup/Asst Gm Wages	8,882.00	106,584	9,504	114,048	10,122	121,464	12,146	145,752
Road Sup/Asst Gm Fringes	2,236.00	26,832	2,393	28,716	2,549	30,588	3,059	36,708
Hiring/Training Expenses	994.00	11,928	1,064	12,768	1,133	13,596	1,172	14,064
Safety Expenses	711.00	8,532	761	9,132	810	9,720	838	10,056
Janitorial	822.00	9,864	880	10,560	937	11,244	969	11,628
Utilities	1,535.00	18,420	1,642	19,704	1,749	20,988	1,808	21,696
Telephone	2,085.00	25,020	2,231	26,772	2,376	28,512	2,457	29,484
Office Supplies	1,653.00	19,836	1,769	21,228	1,884	22,608	1,948	23,376
Radio System Maint	157.00	1,884	168	2,016	179	2,148	185	2,220

Fixed Monthly Rate Cost Elements	Cost Per Month	Extension Costs	Cost Per Month	Extension Costs	Cost Per Month	Extension Costs	Cost Per Month	Extension Costs
Insurance - Liability/Property	1,566.00	18,792	1,676	20,112	1,785	21,420	2,142	25,704
Insurance - Collision/Comp	18,387.00	220,644	19,674	236,088	20,953	251,436	25,144	301,728
Worker's Comp (Admin/Dispatch)	1,769.00	21,228	1,893	22,716	2,016	24,192	2,085	25,020
Insurance Fire & Casualty	940.00	11,280	1,006	12,072	1,071	12,852	1,107	13,284
Performance Bond	230.00	2,760	246	2,952	262	3,144	271	3,252
Accounting	4,097.00	49,164	4,384	52,608	4,669	56,028	4,828	57,936
Non-Revenue Vehicle Expense	212.00	2,544	227	2,724	242	2,904	250	3,000
Other Expense	999.00	11,988	1,069	12,828	1,138	13,656	1,177	14,124
Management Fee/Profit	3,381.00	40,572	3,618	43,416	3,853	46,236	3,984	47,808
Other:								
Uniforms	986.00	11,832	1,055	12,660	1,124	13,488	1,162	13,944
Employee Welfare	110.00	1,320	118	1,416	126	1,512	130	1,560
Travel/Conferences	563.00	6,756	602	7,224	641	7,692	663	7,956
Employee Incentive Program	131.00	1,572	140	1,680	149	1,788	154	1,848
Vehicle Cleaning	607.00	7,284	649	7,788	691	8,292	714	8,568
Licenses & Permits (GPPV)	33.00	396	35	420	37	444	38	456
Lift Maintenance Contract	183.00	2,196	196	2,352	209	2,508	216	2,592
Property & Use Taxes	50.00	600	54	648	58	696	60	720
Environmental Fees	400.00	4,800	428	5,136	456	5,472	472	5,664
<b>TOTAL:</b>	<b>95,519.00</b>	<b>1,146,228</b>	<b>102,210</b>	<b>1,226,520</b>	<b>108,854</b>	<b>1,306,248</b>	<b>126,340</b>	<b>1,516,080</b>
<b>3. FIXED RATE PER BUS STOP CLEANED</b>								
Fixed Rate Per Bus Stop Cleaned Cost Elements	Price per Bus Stop Cleaned	Extension Costs	Price per Bus Stop Cleaned	Extension Costs	Price per Bus Stop Cleaned	Extension Costs	Price per Bus Stop Cleaned	Extension Costs
Cost per Shelter Cleaned	17.54	28,836	18.77	30,857.88	19.99	32,863.56	20.67	33,981.48
<b>TOTAL:</b>	<b>17.54</b>	<b>28,836</b>	<b>18.77</b>	<b>30,857.88</b>	<b>19.99</b>	<b>32,863.56</b>	<b>20.67</b>	<b>33,981.48</b>

Offeror: Paratransit Services

Phone: 360-377-7176 Fax:

Address: 4810 Auto Center Way, Ste. Z  
Bremerton, WA 98312

Signature:  Date: 4/11/2024

Title: President/CEO



# LAKE COUNTY/CITY AREA PLANNING COUNCIL

## EXECUTIVE COMMITTEE

### STAFF REPORT

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**TITLE:** Draft 2024/25 LTA Budget

**DATE PREPARED:** May 23, 2024

**MEETING DATE:** May 29, 2024

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**SUBMITTED BY:** Lisa Davey-Bates, Executive Director

James Sookne, Program Manager

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#### **BACKGROUND:**

Attached to this staff report you will find an unbalanced draft 2024/2025 Lake Transit Authority Budget. In its current form, the projected revenues total \$6,580,271.88 and the projected expenditures total \$7,340,245.56, resulting in a deficit of \$759,973.68. This deficit is based on current service levels and would be larger if service on all routes was fully restored.

There is a total of \$3,090,027.08 in capital expenditures that have dedicated funding sources and an additional \$158,789 in projected capital expenditures without dedicated funding. On the operations side, there is a total of \$4,091,429.48 in projected expenditures, the largest item being the proposed extension to the operations contract of \$3,472,461.48.

One thing not currently shown in the budget is approximately \$1.9M in LTF funds that were reimbursed with federal COVID-relief funds over the last couple of fiscal years. Since these funds were a one-time infusion to the transit system, staff felt it was appropriate to look beyond the 2024-25 Fiscal Year and discuss a more sustainable strategy rather than just closing the deficit with these funds. Based on the currently available funding for operations, staff anticipates a similar, if not larger, deficit in FY 25/26 and beyond, as contractor rates would increase and service would be fully restored.

Below are four possible options for balancing the FY 24/25 Budget.

1. Close the deficit with a portion of the \$1.9M in LTF funds and put the balance in reserve. Additionally, evaluate the existing schedule and see where service can be cut beginning in FY 25/26 to make the system financially sustainable.
2. Lessen the deficit with some of the \$1.9M and close the remaining deficit with service cuts that would go into effect in FY 24/25.
3. Negotiate a lower total cost for the proposed contract extension with the operations contractor to lessen the total operations cost. This wouldn't close the deficit so it would have to be done in combination with either Option #1 or Option #2.
4. A combination of Option #1/#2 and Option #3.

Staff is seeking direction from the Executive Committee on how to address the current deficit in the draft FY 2024/25 Budget. Following direction from the Executive Committee, staff will prepare the Final FY 2024/25 Budget for adoption at the June Board meeting.

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**ACTION REQUIRED:** Provide direction on a preferred option to balance the FY 2024/25 Budget.

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**ALTERNATIVES:** Offer another scenario to address the budget deficit.

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**RECOMMENDATION:** Provide direction on a preferred option to balance the FY 2024/25 Budget.



# Lake Transit Authority

## 2024/25 Draft Budget

<b>REVENUE</b>	2023/24 Budget	2023/24 Estimated Actual	2024/25 Budget	Notes
7401 Passenger Fares	\$ 137,498.55	\$ 116,331.96	\$ 123,475.00	1
Intercity Passenger Fares	\$ 126,012.60	\$ 81,732.15	\$ 129,320.00	1
7402 Special Transit Fares	\$ 10,973.80	\$ 4,730.00	\$ 10,973.80	2
7406 Auxilliary Transportation Revenues	\$ 81,000.00	\$ 56,134.00	\$ 75,000.00	3
7407 Non-Transportation Revenue				
APC Planning Work Program Reimbursement				
Miscellaneous Revenue	\$ 26,400.00	\$ 19,800.00	\$ 26,400.00	
7409 Local Cash Grants & Reimbursements				
Local Transportation Fund	\$ 977,181.00	\$ 977,181.00	\$ 1,015,719.00	4
LTF Carryover (unearned revenue)				
7411 State Cash Grants & Reimbursements				
State Transit Assistance	\$ 868,546.00	\$ 502,422.00	\$ 839,582.00	5
State of Good Repair	\$ 113,247.00	\$ -	\$ 116,644.00	5
State of Good Repair Carryover	\$ 209,407.00	\$ 55,846.00	\$ 322,654.00	
Low Carbon Trans. Oper. Program (LCTOP)				
Solar Canopy - FYs 18-19 thru 21-22	\$ 463,988.00	\$ -	\$ 463,988.00	
Two ZEVs (Paratransit) - FY 22-23	\$ 173,882.00	\$ 173,882.00	\$ 173,882.00	
Battery Storage System - FY 23-24	\$ -	\$ -	\$ 185,971.00	
Transit & Intercity Rail Capital Program (TIRCP)	\$ 144,367.08	\$ -	\$ 144,367.08	
7413 Federal Cash Grants & Reimbursements				
Section 5310 - 2022	\$ 375,000.00	\$ 57,922.75	\$ 75,170.00	6
Section 5311 Annual Apportionment	\$ 538,964.00	\$ 517,386.81	\$ 560,168.00	
Section 5311(f) Operating Assistance	\$ 507,220.00	\$ 469,546.64	\$ 624,885.00	
Section 5311(f) CARES Act Phase 2	\$ 63,338.00	\$ 63,337.74	\$ -	
Section 5311 CRRSAA	\$ 1,074,575.00	\$ 1,074,575.00	\$ -	
Section 5311 ARPA	\$ 640,000.00	\$ 640,000.00	\$ -	
Section 5311(f) ARPA	\$ 208,681.00	\$ 208,681.00	\$ -	
FTA 5339 Capital - Bus Replacement (2019)	\$ 951,497.00	\$ -	\$ 951,497.00	
FTA 5339 Capital - Bus Replacement (2022)	\$ -	\$ -	\$ 731,024.00	
<b>TOTAL REVENUE</b>	<b>\$ 7,691,778.03</b>	<b>\$ 5,019,509.05</b>	<b>\$ 6,570,719.88</b>	

# Lake Transit Authority

## 2024/25 Draft Budget

		2023/24 Budget	2023/24 Estimated Actual	2024/25 Budget	Notes
<b><u>OPERATING EXPENSE</u></b>					
50.01	Oper. Exp. Accounting Services	\$ 6,000.00	\$ 6,000.00	\$ 6,000.00	
50.03	Oper. Exp. Legal Services	\$ 5,000.00	\$ 125.00	\$ 5,000.00	
50.04	Oper. Exp. Management Contract -DBC	\$ -	\$ -	\$ -	7
50.04	Oper. Exp. Management Consulting Contract - MWA	\$ 8,314.00	\$ 415.70	\$ 8,314.00	8
50.05	Oper. Exp. Operations Contract	\$ 2,166,102.61	\$ 1,185,301.65	\$ 2,406,412.69	9
50.05	Oper. Exp. Operations Contract - 5311(f) - Route 30	\$ 459,268.35	\$ 538,764.07	\$ 526,078.19	9
50.05	Oper. Exp. Operations Contract - 5311(f) - Route 40	\$ 405,740.60	\$ 357,548.58	\$ 464,800.60	9
51.05	Oper. Exp. Operations Contract - 5310 - 2022	\$ 375,000.00	\$ 101,137.53	\$ 75,170.00	
50.10	Oper. Exp. Printing	\$ 12,000.00	\$ 13,316.05	\$ 12,000.00	
50.11	Oper. Exp. Promotional Materials	\$ 2,400.00	\$ 9.65	\$ 2,400.00	
50.20	Oper. Exp. Advertising/Web Site Expenses	\$ 5,000.00	\$ -	\$ 5,000.00	
50.21	Oper. Exp. Promotional Campaigns/Translation	\$ 2,000.00	\$ -	\$ 2,000.00	
50.22	Oper. Exp. Fuel	\$ 271,315.00	\$ 189,594.81	\$ 265,433.00	10
50.22	Oper. Exp. Fuel - 5311(f) - Route 30	\$ 148,148.00	\$ 110,805.84	\$ 155,128.00	10
50.22	Oper. Exp. Fuel - 5311(f) - Route 40	\$ 107,730.00	\$ 80,494.89	\$ 112,693.00	10
50.22	Oper. Exp. Fuel - 5310	\$ -	\$ 19,851.18	\$ -	11
50.25	Oper. Exp. Facility Maintenance	\$ 25,000.00	\$ 18,622.13	\$ 20,000.00	
	Oper. Exp. Rents & Leases - Repeater Sites	\$ 8,500.00	\$ 6,096.20	\$ 8,000.00	
	Oper. Exp. Utilities	\$ 7,000.00	\$ 5,185.76	\$ 7,000.00	
	Oper. Exp. Fleet Maintenance	\$ 10,000.00	\$ 13,616.59	\$ 10,000.00	
	Oper. Exp. Operating Funds Reserve	\$ 1,504,697.40	\$ -	\$ -	
	Total Operating Expense	<u>\$ 5,529,215.95</u>	<u>\$ 2,646,885.63</u>	<u>\$ 4,091,429.48</u>	
<b><u>CAPITAL EXPENSE</u></b>					
	Capital Exp SGR - 21/22 Project(s) - Bus Replacement	\$ 99,707.00	\$ -	\$ 99,707.00	
	Capital Exp SGR - 22/23 Project(s) - Transit Center	\$ 109,700.00	\$ -	\$ 109,700.00	
	Capital Exp SGR - 23/24 Project(s) - Vehicle Replacement	\$ 113,247.00	\$ -	\$ 113,247.00	
	Capital Exp SGR - 24/25 Project(s) - TBD	\$ -	\$ -	\$ 116,644.00	
	Capital Exp FTA 5339 Bus Replacement (2019)	\$ 951,497.00	\$ -	\$ 951,497.00	
	Capital Exp FTA 5339 Bus Replacement (2022)	\$ -	\$ -	\$ 731,024.00	
	Capital Exp LCTOP Solar Canopy FYs 18-19 thru 21-22	\$ 463,988.00	\$ -	\$ 463,988.00	
	Capital Exp LCTOP Two ZEVs (Paratransit) 22-23	\$ 173,882.00	\$ -	\$ 173,882.00	
	Capital Exp LCTOP Battery Storage System 23-24	\$ -	\$ -	\$ 185,971.00	
	Capital Exp Transit & Intercity Rail Capital Program (TIRCP)	\$ 144,367.08	\$ -	\$ 144,367.08	
	Capital Exp Software	\$ 40,000.00	\$ 21,444.65	\$ 40,000.00	
	Capital Exp Equipment	\$ 12,000.00	\$ 12,160.00	\$ 64,615.00	
	Capital Exp Reserve (for Capital projects)	\$ 54,174.00	\$ 370.76	\$ 54,174.00	
	Total Capital Expense/Reserve	<u>\$ 2,162,562.08</u>	<u>\$ 33,975.41</u>	<u>\$ 3,248,816.08</u>	
	<b>TOTAL EXPENDITURES</b>	<u>\$ 7,691,778.03</u>	<u>\$ 2,680,861.04</u>	<u>\$ 7,340,245.56</u>	

# Lake Transit Authority

## 2024/25 Draft Budget

### NOTES

- 1 Projected fare revenue is based on FY 23-24 July-March data
- 2 Includes Medi-Links fares
- 3 Based on current revenue (FY 23/24) from Helen & Company Advertising, Inc.
- 4 Estimate provided by Lake APC
- 5 Based on SCO Estimate dated 1/31/2024
- 6 The 5310 grant funds the NEMT program
- 7 Administration Services for LTA are covered under Lake APC contract with DBC.
- 8 Based on continuation of the FY 23/24 consulting contract with Mark Wall
- 9 Based on current schedules and proposal from Paratransit Services contract.
- 10 24/25 projections based on July-March FY 23/24 data plus 5%
- 11 Fuel for the NEMT program is included in the Operations Contract for this program



## LAKE EXECUTIVE COMMITTEE STAFF REPORT

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**TITLE:** Rural Regional Energy Network (REN) Update

**DATE PREPARED:** May 28, 2024

**MEETING DATE:** May 29, 2024

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**SUBMITTED BY:** Lisa Davey-Bates, Executive Director

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### **BACKGROUND/ DISCUSSION:**

In late 2021, the Lake APC began discussions of becoming involved with energy efficiency programs along with Mendocino Council of Governments (MCOG). In December 2021, the Lake APC Board gave direction to the Executive Committee to further explore the opportunity. Based on that direction, Lake APC staff and Executive Committee Members, along with MCOG staff and their Ad-Hoc Committee, met with staff of the Redwood Coast Energy Authority and Association of Monterey Bay Area Governments (AMBAG) to learn more about the Regional REN. Ultimately, the Executive committee voted unanimously to move forward with this project and the Lake APC Board approved the Memorandum of Understanding on February 9<sup>th</sup>.

At that time, development of the RuralREN had been underway for quite some time, and the business plan was nearly complete. Due to the timing of the addition of Mendocino and Lake Counties to the RuralREN, Lake APC's initial participation was to be via subcontract with RCEA, with the intent to work toward becoming full a RuralREN partner. In addition to RCEA, the RuralREN partner agencies include Sierra Business Council, San Luis Obispo County, Association of Monterey Bay Area Governments, Kern County, Ventura Regional Energy Alliance, High Sierra Energy Foundation and San Joaquin Valley Clean Energy Organization.

The business plan for the RuralREN was filed with the California Public Utilities Commission in spring of 2022. Once the motion and proposal were submitted, each of the official parties to the CPUC energy efficiency proceeding had the opportunity to make comments, request additional information, and reply comments, after which a CPUC administrative law judge would issue an official decision. Action was initially expected in fall of that year, but was delayed by the CPUC until June of 2023. Following approval by the CPUC, the RuralREN partners began meeting regularly to work out details of implementation and administration. Unfortunately, the discussions over administration led to disagreements among partners about roles, responsibilities and level of authority of the Portfolio Administrator (PA) for the program, identified as RCEA in the business plan. The primary issues of concern expressed were the level of authority of RCEA as the PA compared to the authority of the Leadership Team and the speed at which RCEA was executing tasks and rolling out.

In September, an impromptu vote was held at a Leadership Team meeting to remove RCEA as the PA and designate the County of San Luis Obispo as the PA. Because Lake APC is not a full REN partner, we were excluded from that meeting and other Leadership Team meetings. Although we have been receiving periodic updates from RCEA and AMBAG, staff was not aware of the extent of the conflicts, and we believed that it would be resolved. RCEA has continued to carry out responsibilities as PA, however, all communications ceased between RCEA and the five southern partners, and a total of three Petition(s) for Modification (PFM) were filed with the CPUC, recommending a variety of changes to the original RuralREN business plan submittal. Subsequent replies and supplemental replies to the three PFM's occurred over the next few months, and it was up to the Administrative Law Judge and CPUC to respond on if or how the RuralREN would move forward.

On February 8<sup>th</sup> the Lake APC Executive Committee met and recommended that no further action be taken until a formal ruling was made to accept one of the solutions offered in the three PFMs, or some variation on the option put forward in this ruling. The options put forward in the three PFMs are: 1) Move forward with a RREN only in the North Coast and Northern Sierra regions, with RCEA as the lead administrator, with a smaller budget roughly proportional to the geography served (RCEA PFM); 2) Transfer SLO into the role of lead administrator for the entire RREN geography as approved in D.23-06-055 (Joint Petitioners' PFM); or 3) Cancel RREN entirely, but potentially allow new REN proposals to come forward in the future to serve rural customers (Cal Advocates PFM).

On May 21, 2024 the Administrative Law Judge issued a potential path forward for the RuralREN. In short, the proposal seeks feedback from parties on the following structure and budget allocations (taken directly from the ALJ's proposal): *"First, RREN would be divided by geography. RREN-North, with RCEA as the lead administrator, would include the following counties: Humboldt, Lake, Mendocino, Alpine, Amador, Butte, Calaveras, El Dorado, Lassen, Mariposa, Nevada, Placer, Plumas, Sierra, Sutter, Tuolumne, and Yuba. RREN-Central, with SLO as the lead administrator, would include the following counties: Monterey, San Benito, Santa Cruz, San Luis Obispo, Fresno, Kern, Kings, Madera, Merced, San Joaquin, Stanislaus, Tulare, Inyo, and Mono. Second, on budget allocations, if the Commission adopts this option, funding would be available for the remainder of the 2024-2027 portfolio period. Originally, RREN was approved in D.23-06-055 for a total of \$19.9 million in funds for 2024, and a total of \$84 million for the four-year period. Some of these 2024 funds would not be necessary, given that the soonest the Commission could adopt a decision is likely September 2024, and therefore 2024 funding could be significantly reduced. A.22-02-005, et al. ALJ/JF2/smt - 16 - Commission staff evaluated the appropriate funding levels given the programs planned to be delivered in each area, with some programs approved as region-specific. Based on this analysis, this ruling proposes to allocate a total of \$33.1 million to RREN-North and \$41.1 million to RREN-Central, with funding available through the end of 2027."*

Comments are due from all partners by June 28<sup>th</sup> at which time the Commission will determine if the Rural REN will be split into two separate areas. If that occurs, both RENs would be required to submit updated business plans and advice letters within 120 days. The advice letters would require a vote for change in lead administrators.

This item is presented to the Executive Committee as an opportunity to weigh in on the issue. Under this proposal, Lake APC and MCOG would become full members of the RuralREN and new MOUs would need to be written in addition to revising the business plan. I've attached a copy of the ALJ's proposal for reference.

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**ACTION REQUIRED:** None.

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**ALTERNATIVES:** The Executive Committee could recommend the Lake APC Board continue to maintain a position of neutrality and move forward with the ALJ's recommendations to become a full member of the RuralREN (North). On the other hand, a recommendation could be warranted to pull away from the RuralREN entirely.

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**RECOMMENDATION:** Lake APC continue to maintain a position of neutrality until an official ruling is made by the CPUC and ALJ, at which point additional action and direction may be necessary.

ALJ/JF2/smt 5/21/2024



**FILED**

05/21/24

11:14 AM

A2202005

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Application of Pacific Gas and Electric Company for Approval of 2024-2031 Energy Efficiency Business Plan and 2024-2027 Portfolio Plan (U39M).

Application 22-02-005

And Related Matters.

Application 22-03-003

Application 22-03-004

Application 22-03-005

Application 22-03-007

Application 22-03-008

Application 22-03-011

Application 22-03-012

**ADMINISTRATIVE LAW JUDGE’S RULING SEEKING COMMENT ON POTENTIAL PATH FORWARD FOR RURAL REGIONAL ENERGY NETWORK**

This ruling proposes a potential path forward in response to three petitions for modification (PFM) of the Rural Regional Energy Network (RREN), which was approved by the Commission in Decision (D.) 23-06-055. The proposal is to divide the RREN into two separate entities, one serving the North Coast and Northern Sierra regions, with the other serving the Central Coast and Central Valley areas. Comments in response to this ruling shall be filed and served by no later than June 14, 2024. Reply comments may be filed and served by no later than June 28, 2024.

## **1. Background**

Decision (D.) 23-06-055 approved the energy efficiency portfolios for all portfolio administrators for program years 2024-2027. D.23-06-055 also authorized a total of \$84 million over the four-year program period for a new regional energy network (REN) designed to target and serve rural customers in California. The RREN proposal was submitted by Redwood Coast Energy Authority (RCEA) on behalf of itself and several partners, including County of San Luis Obispo (SLO), County of Ventura (Ventura), Association of Monterey Bay Area Governments (AMBAG), High Sierra Foundation (HSF), San Joaquin Valley Clean Energy Association (SJVCEO), and Sierra Business Council (SBC); RCEA was later named as the lead portfolio administrator by the Commission in D.23-06-055.

### **1.1. Redwood Coast Energy Authority's Petition for Modification**

On December 15, 2023, RCEA filed a PFM of D.23-06-055, stating that leadership disputes had arisen among various parties with interest in the REN that led RCEA to “the unfortunate, but inescapable conclusion that the RuralREN Program, as originally proposed, is no longer viable.” RCEA states that it has been prevented from fully initiating RREN by AMBAG, SLO, HSEF, SJVCEO, and Ventura, who, according to RCEA, wrongfully claim that RCEA is not the legitimate portfolio administrator for RREN. In addition, RCEA states that these partners have been unable to reach agreement on a Successor Memorandum of Understanding (Successor MOU), which is necessary to begin implementing the programs approved by the Commission in D.23-06-055. These disagreements culminated in a vote of the RREN leadership team in September 2023 to remove RCEA as the portfolio administrator and transfer that responsibility to SLO.

Thus, RCEA concludes that it is prevented from fulfilling its duties as the portfolio administrator for RREN, as required in D.23-06-055.

Nonetheless, RCEA expresses interest in continuing the REN activities in Northern California. RCEA proposes the following changes to D.23-06-055, which would allow RCEA to move forward to implement the RREN programs in a more limited geographic area:

- Redefine RREN's service area to cover only the geographic areas served by RCEA and SBC, which is the North Coast region and the Northern Sierra region);
- Redefine RREN's programmatic offerings to consist only of those programs identified in the RREN Business Plan for implementation in the North Coast and Northern Sierra regions;
- Reduce RREN's budget to the amount needed for the reduced geographic area;
- Reduce the investor-owned utility (IOU) funding allocations for RREN;
- Reaffirm RCEA as the portfolio administrator for the smaller RREN, and update the membership to consist of RCEA, SBC, Lake Area Planning Council (Lake APC), and Mendocino County Association of Governments (MCOG);
- Authorize RCEA to submit a revised business plan for the redefined RREN via a Tier 2 advice letter within 60 days of the Commission's approval of the PFM.

**1.1.1. Responses to Redwood Coast Energy Authority Petition for Modification**

On January 22, 2024, SLO, SJVCEO, AMBAG, HSF, and Ventura jointly opposed the RCEA PFM, disputing RCEA's narrative on the situation and suggesting that the Commission simply modify D.23-06-055 to remove references to RCEA and allow SLO to assume portfolio administrator responsibilities on



behalf of RREN, asserting that doing so would be consistent with the vote of the RREN leadership team to remove RCEA as the portfolio administrator.

The Joint response argues that the vote of the leadership team was procedurally valid and consistent with the existing MOU between the parties. In addition, the response accuses RCEA of attempting to exercise unilateral decision making on RREN matters and being at fault for the breakdown in the process to create a successor MOU for the leadership of RREN. In addition, the Joint response accuses RREN of making unauthorized changes to the RREN budgets, and calls into question the integrity of RCEA's calculations for budgets for the communities RREN was designed to serve. Finally, the Joint response accuses RCEA of factual omissions and misrepresentations, calling the RCEA PFM "closer to a work of fiction than a sworn legal filing."

The Association of Bay Area Governments (ABAG) and Ventura, on behalf of Bay Area Regional Energy Network (BayREN) and Tri-County Regional Energy Network (3C-REN), respectively, also filed a joint response to the RCEA PFM on January 25, 2024. BayREN and 3C-REN, among other things:

- Recommend that the Commission authorize the REN as the portfolio administrator and not specify the lead administrator, whose purpose they argue is purely administrative;
- Request that the Commission acknowledge that the determination of REN lead administrator occurs pursuant to the governance processes of the REN;
- Request confirmation by the Commission that a Notice filed and served on the service list of the energy efficiency rulemaking is the appropriate procedural mechanism for a REN to effectuate a leadership change; and
- Request that the Commission clarify that RENs are not a program of any one member of the REN.

On January 25, 2024, the Yurok Tribe also responded to the RCEA PFM. The Yurok Tribe strongly supports RCEA's PFM and urges the Commission to approve it without modification. The Yurok Tribe is a member of the RCEA governing board and a strong supporter of the RREN proposal, because of the need for economic development opportunities and energy efficiency benefits for its community. The Yurok Tribe argues that the disruptive conduct of the RREN members who voted to remove RCEA as the portfolio administrators is the reason RREN is no longer viable as approved by the Commission. In addition, the Yurok Tribe states that SLO becoming the portfolio administrator for RREN would not serve the interest of the Tribe, which is located in the far Northern part of the state and has needs that differ greatly from those of SLO and Ventura in central California. Thus, the Yurok Tribe argues that RCEA's PFM is the best solution for its interests.

SBC also responded to the RCEA PFM on January 25, 2024 and expressed its preference that the leadership issues be resolved as soon as possible in order to launch the RREN and begin benefiting rural communities. SBC expresses willingness to work with either SLO or RCEA as the designated portfolio administrator.

Finally, on January 25, 2024, the Public Advocates Office (Cal Advocates) responded to the RCEA PFM and recommended that the Commission reject it. Cal Advocates argues that the RCEA PFM would effectively create a completely new REN, and depart significantly from the original program and budget structure approved in D.23-06-055. Cal Advocates argues that the changes proposed by RCEA make it unlikely that RREN will still achieve the goals and benefits described in D.23-06-055. In addition, Cal Advocates raises the concern that RCEA's request is for 44 percent of the original RREN budget, but would

only serve 37 percent of the original territory and 23 percent of the original target population. Thus, the RCEA PFM budget, according to Cal Advocates, fails to align with either the reduced service territory or population served.

### **1.1.2. Reply to Responses**

On February 5, 2024, RCEA filed a reply to the responses to its PFM. RCEA argues that its proposal in the PFM is the only viable solution to the situation, and is consistent with the public interest. RCEA argues that its opposing RREN partners would maintain the status quo for a REN that is fundamentally broken. RCEA argues that the Cal Advocates solution is essentially starting over, and would delay or deny the important RREN program offerings to some of California's hardest to reach and most underserved communities located in the North Coast and Northern Sierra regions.

RCEA also points out that SLO and Ventura Counties are both members of the Tri-County REN (3C-REN), which RCEA argues could lead to conflicts of interest in the implementation of the RREN programs because SLO may have other priorities. RCEA also addresses some particulars of interpretation of the RREN MOU. RCEA also rejects the BayREN and 3C-REN argument that a REN's portfolio administrator is the REN itself, and not the lead administrator. RCEA argues that the REN itself is not a freestanding legal entity, but is instead a program of a host governmental agency. Therefore, RCEA argues, the REN itself cannot be the portfolio administrator.

Finally, RCEA rejects the Cal Advocates criticism of its PFM budget request, stating that it reduced the budget proportionally to serve the reduced population proposed in its PFM.

### **1.1.3. Supplemental Reply**

BayREN and 3C-REN also received Administrative Law Judge (ALJ) permission to file a supplemental reply (surreply) to the RCEA reply to responses to its PFM, because BayREN and 3C-REN were concerned that their REN governance was mischaracterized by RCEA. The surreply was filed on February 9, 2024.

With respect to the “conflict of interest” alleged by RCEA about Ventura, the surreply clarifies that although Ventura is part of the RREN Governing Board, the County of Ventura is not actually part of the RREN Service Area approved by the Commission in D.23-06-055.

The surreply also refutes the RCEA assertion about BayREN that it is a program of ABAG, clarifying that BayREN is a program of ABAG and the nine Bay Area counties, with citations to its Governing MOU.

### **1.2. Joint Petition for Modification**

On January 22, 2024, SLO, SJVCEO, AMBAG, HSF, and Ventura (Joint Petitioners) filed their own PFM of D.23-06-055. The Joint Petitioners’ PFM requests discrete modifications to remove the decision’s reference to RCEA as the portfolio administrator, along with related clarifications. The Joint Petitioners’ PFM otherwise would leave intact the basic structure of the RREN as approved in D.23-06-055. The Joint Petitioners’ PFM argues that the REN members should have the right to change the leadership of the group according to their internal governance procedures, if the majority of their board determines that a leadership change is merited.

The Joint Petitioners’ PFM provides history of how the RREN proposal came about, as well as the vote on a leadership change to remove RCEA as the lead administrator, in favor of SLO. The ALJ issued an email ruling clarifying

that this vote, along with the filing of a notice, was not sufficient to modify the leadership designation with the Commission, because D.23-06-055 specifically names RCEA as the portfolio administrator.<sup>1</sup>

Ultimately, the Joint Petitioners' PFM seeks to remove RCEA as the lead administrator for RREN and substitute SLO. In addition, the Joint Petitioners' PFM seeks clarity that if a future modification to the lead administrator is necessary, that the internal REN leadership team be authorized to make that change and that a notice or advice letter filing be deemed the appropriate notification for such action.

### **1.2.1. Responses to the Joint Petitioners' Petition for Modification**

RCEA filed a response opposing the Joint Petitioners' PFM on February 21, 2024. RCEA argues that the Joint PFM would redefine the concept of a REN and its relationship to the Commission's processes. RCEA argues that the Commission has complete authority over REN funding and any rules or conditions it wants to impose, including over REN governance, even though not over the local governments that comprise the REN.

RCEA emphasizes the importance of having a responsible entity accountable for fiscal and administrative functions, as the lead administrator for the REN, as named in the Commission decision. RCEA argues the Joint PFM conflates the role of the portfolio administrator for the Commission with leadership of the REN itself, failing to distinguish between programs and legal entities. RCEA points out that a REN is not a free-standing legal entity, but rather must be housed within and administered by a legal entity.

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<sup>1</sup> See ALJ Email Ruling Issued December 19, 2023 in this proceeding and Rulemaking (R.) 13-11-005.

Ultimately, RCEA argues that the Commission should reject the Joint PFM and adopt its proposed solution in its own PFM, making RCEA the responsible portfolio administrator for RREN in Northern California.

On February 21, 2024, a response to the Joint PFM was filed by BayREN and 3C-REN, jointly. In the response, BayREN and 3C-REN urge the Commission to adopt the Joint PFM, and clarify that the REN, but not its lead administrator, should be named in Commission decisions going forward. BayREN and 3C-REN argue that the lead administrator should be selected among the partner entities and that a PFM of a Commission decision should not be required to change the lead administrator. BayREN and 3C-REN also argue that a change in lead administrator could be made by advice letter, unless there is a change in the service area of the REN, in which case a PFM should be filed.

Pacific Gas and Electric Company (PG&E) also filed a response to the Joint PFM on February 21, 2024. In its response, PG&E does not oppose a streamlined process for changing a lead administrator for a REN, but notes that the requirements for Joint Cooperation Memoranda (JCMs), as well as the utilities' roles as fiscal agents for the RENs, require knowing which entity is the lead administrator and having that endorsed by the Commission. PG&E suggests that a change in lead administrator could be made via an advice letter or a motion followed by ruling, depending on the exact circumstances. PG&E also notes that changes to the lead administrator may require contract changes or fund distribution process changes, resulting in the need for additional time.

Cal Advocates also filed a response to the Joint PFM on February 21, 2024. Cal Advocates recommends that the Commission reject the Joint PFM, because the petitioners have not shown that removing RCEA as the lead administrator will resolve the internal dispute that caused RREN to fail to perform its

obligations after the Commission's approval of the REN in D.21-06-055.

Cal Advocates believes that the RREN is no longer a functional entity based on the internal disputes, and that initial approval of the REN by the Commission does not confer permanent status, in the event of changed circumstances such as those that have occurred.

In addition, Cal Advocates argues that the Joint PFM raises several new issues, including: 1) whether the new proposed lead administrator can effectively administer RREN; 2) whether the new proposed lead administrator can effectively serve the RCEA geographic area impartially and fairly, in light of the internal dispute; 3) how frequently a REN can change its lead entity and whether such a change requires the filing of a PFM each time; and 4) the appropriate budget size for a newly-constituted RREN with redefined territories, either as requested in the Joint PFM or in the RCEA PFM.

Finally, Cal Advocates argues that the proposed modifications in the Joint PFM go beyond the scope of D.23-06-055, raising issues of RREN authority and internal organization that were not scoped or decided in the proceeding, which was focused on energy efficiency portfolios for 2024 through 2027. Cal Advocates argues that the energy efficiency rulemaking (R.113-11-005 or its successor) would be a more appropriate venue for considering broader REN policies.

### **1.2.2. Joint Reply to Responses**

The Joint Petitioners filed a joint reply to the responses to their PFM. In the reply, they argue that RREN is viable in its original form, but simply requires a change in the lead administrator. They state that six of the seven original RREN members are ready to finalize the REN implementation plan and begin operations. Thus, they argue that the RREN, minus RCEA, is closest to the original proposal and reasonable for the Commission to endorse. The Joint

Petitioners claim that the dispute is due to RCEA's alleged attempt to unilaterally control the RREN and misinterpret the governing documents for the REN.

The Joint Petitioners specifically argue that nothing about their PFM would change the fundamentals of how the Commission interacts with or oversees a REN. They reject the RCEA argument that the lead administrator being named by the Commission confers special status and allowing the lead to change would undermine the Commission's authority and create an improper governance structure.

The Joint Petitioners also dispute the RCEA claim that any of them have a conflict of interest, some by virtue of being members of another REN, and state that RCEA was aware of this status all along, and only began objecting after the vote to remove RCEA as lead administrator by a vote of the RREN member organizations.

In response to Cal Advocates, the Joint Petitioners argue that SLO is poised to step in as the lead administrator and continue the implementation and operation of the RREN as originally proposed.

The Joint Petitioners do not object to the procedural suggestions for notification of a change in lead administrator for a REN, such as suggested by PG&E or BayREN and 3C-REN, so long as the procedures are not too onerous and do not delay progress. The Joint Petitioners agree that a PFM should be required if there is a change to the geographic reach of a REN. Ultimately, they argue that this proceeding is an appropriate venue to answer these procedural questions.



### **1.3. Public Advocates Office Petition for Modification**

On January 31, 2024, Cal Advocates filed its own PFM of D.23-06-055, seeking a halt to funding for RREN. Cal Advocates argues that the disputes that have arisen between the member organizations of RREN call into question whether the REN can effectively deliver services to customers, as required by the Commission decision. Basically, Cal Advocates is concerned that ratepayers are at risk of funding an ineffective program. They cite to RCEA's statements in its PFM to demonstrate that the REN is no longer viable. Under the solution offered in the Cal Advocates PFM, a new RREN proposal would have to come back before the Commission before the REN and its programs could be launched.

#### **1.3.1. Responses to the Cal Advocates Petition for Modification**

On March 1, 2024, RCEA responded to the Cal Advocates PFM. While RCEA asks that the Commission deny the Cal Advocates PFM, it also expresses agreement with the focus on ensuring ratepayer dollars are used responsibly and efficiently. RCEA expresses that its own PFM or the one from Cal Advocates are the only viable options for the Commission, because they both provide "actual, workable solutions to the RuralREN conflict," request relief that falls within the scope of this proceeding, and are consistent with established Commission rules and definitions for RENs. RCEA argues that its PFM is more consistent with the public interest, because it would maintain the Commission's original intent in approving RREN. RCEA reiterates that its PFM does not propose any changes to the program offerings for the North Coast and Sierra Regions from the originally-approved RREN, and that the budget reduction is appropriate, only covering the actual implementation costs for RREN programs already approved in its region. RCEA argues that its budget is geographically proportional to the

originally-approved RREN budget. Further, RCEA states that its proposal does not reduce the investment in the equity portion of the RREN portfolio.

BayREN and 3C-REN also jointly filed a response to the Cal Advocates PFM on March 1, 2024. They argue that the implementation of RREN has already been paused by an ALJ ruling,<sup>2</sup> to give time to sort out the leadership dispute, but that a complete cancellation of RREN is not warranted at this time. BayREN and 3C-REN argue that the RREN should not be eliminated entirely, since it was a legitimate proposal considered and adopted by the Commission originally. They argue rural customers should not be deprived of the benefits and program offerings of RREN. Instead, they contend the Commission should “allow the dust to settle and temperatures and reactions to cool.” They suggest that the RREN can be modified and not totally eliminated.

### **1.3.2. Cal Advocates Reply to Responses**

On March 11, 2024, Cal Advocates filed a reply to the responses to its PFM. In its reply, Cal Advocates continues to argue that the Commission should revoke the RREN originally approved in D.23-06-055 because of all of the disputes that have arisen, suggesting that benefits will not be effectively delivered to rural customers under these circumstances. In addition, Cal Advocates argues that the RCEA PFM proposal effectively creates a new REN different from the one approved by the Commission. Further, Cal Advocates argues that the proposal from the Joint Petitioners reveals that their proposed REN membership structure and business plan are “incomplete and tenuous.”

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<sup>2</sup> See ALJ Email Ruling Issued December 19, 2023 in this proceeding and R.13-11-005.

## 2. Discussion

From the description of the background of the various PFMs of D.23-06-055 summarized above, it is clear that there has been a significant fracture in the relationship between the original members of the RREN leadership group. This ruling does not propose to insert the Commission into the role of adjudicating the source of the dispute or interpreting the governing documents negotiated by the various entities for the original leadership of the group.

Rather, this ruling puts forward a potential solution that would preserve the value of the RREN portfolio, as approved by the Commission in D.23-06-055, based on the benefits it would deliver to rural customers in California who are historically and generally underserved. The purpose of this ruling is to take party comments on the proposal set forth below. Ultimately, the Commission will make the determination about whether to accept one of the solutions offered in the three PFMs, or some variation on the option put forward in this ruling.

In broad brush, the options put forward in the three PFMs are:

1. Move forward with a RREN only in the North Coast and Northern Sierra regions, with RCEA as the lead administrator, with a smaller budget roughly proportional to the geography served (RCEA PFM);
2. Transfer SLO into the role of lead administrator for the entire RREN geography as approved in D.23-06-055 (Joint Petitioners' PFM); or
3. Cancel RREN entirely, but potentially allow new REN proposals to come forward in the future to serve rural customers (Cal Advocates PFM).

This ruling introduces another potential option, which is somewhat of an amalgamation of the three presented above. Namely, the RREN would be split into two parts, one serving the North Coast and Northern Sierra regions (RREN-

North), and the second serving the Central Coast and San Joaquin Valley regions (RREN-Central). The proposal would split the budget based on the programs planned to be offered to customers in each geographic region, in the same manner as originally proposed and approved by the Commission in D.23-06-055. Potentially RCEA could act as the lead administrator for RREN-North, with SLO acting as the lead administrator for RREN-Central. Program offerings would be unchanged from those approved in D.23-06-055, with administrative responsibilities and budget divided proportionally according to the types and numbers of customers being served.

This ruling seeks feedback from parties on the following structure and budget allocations.

First, RREN would be divided by geography. RREN-North, with RCEA as the lead administrator, would include the following counties: Humboldt, Lake, Mendocino, Alpine, Amador, Butte, Calaveras, El Dorado, Lassen, Mariposa, Nevada, Placer, Plumas, Sierra, Sutter, Tuolumne, and Yuba. RREN-Central, with SLO as the lead administrator, would include the following counties: Monterey, San Benito, Santa Cruz, San Luis Obispo, Fresno, Kern, Kings, Madera, Merced, San Joaquin, Stanislaus, Tulare, Inyo, and Mono.

Second, on budget allocations, if the Commission adopts this option, funding would be available for the remainder of the 2024-2027 portfolio period. Originally, RREN was approved in D.23-06-055 for a total of \$19.9 million in funds for 2024, and a total of \$84 million for the four-year period. Some of these 2024 funds would not be necessary, given that the soonest the Commission could adopt a decision is likely September 2024, and therefore 2024 funding could be significantly reduced.

Commission staff evaluated the appropriate funding levels given the programs planned to be delivered in each area, with some programs approved as region-specific. Based on this analysis, this ruling proposes to allocate a total of \$33.1 million to RREN-North and \$41.1 million to RREN-Central, with funding available through the end of 2027.

The funding sources would be as detailed below in Tables 1 and 2. As discussed in D.23-06-055, the funding would be collected as detailed below, but the total four-year budget is fungible across years (meaning, all funding becomes available once the Commission approves the RREN recommendation). In order to accomplish the appropriate funding split between RREN-North and RREN-Central related to the balance of programs planned to be delivered in each geographic area, the fund collections proposed are higher, only in 2024, for RREN-Central than strict proportionality would dictate.

Table 1. Proposed Budget for RREN-North, by Source

Year	PG&E		Total \$
	Electric \$	Gas \$	
2024	1,916,590	383,410	2,300,000
2025	8,401,193	1,680,239	10,081,432
2026	8,644,244	1,728,849	10,373,093
2027	8,653,794	1,730,759	10,384,553
Total	27,615,821	5,523,257	33,139,078

Table 2. Proposed Budget for RREN-Central, by Source

Year	Southern California Edison	Southern California Gas	Total \$
	Electric \$	Gas \$	
2024	5,929,000	1,771,000	7,700,000
2025	8,401,193	2,520,358	10,921,551
2026	8,644,244	2,593,273	11,237,517
2027	8,653,794	2,596,138	11,249,932
Total	31,628,231	9,480,769	41,109,000

Further, in D.23-06-055, the Commission did not name an IOU to act as the fiscal agent<sup>3</sup> responsible for contracting and funding flow with RREN. Given this ruling proposes to split the REN, it would be appropriate to name two separate IOUs as fiscal agents for the two proposed new REN entities. This ruling proposes that, if the Commission adopts this alternative, PG&E would be named as the fiscal agent for RREN-North, with Southern California Edison Company (SCE) serving as the fiscal agent for RREN-Central.

If the Commission were to split RREN into two separate areas, both of the new RENs would be required to file Tier 3 advice letters with updated business plan and forecasts within 120 days of a decision adopting the RREN split.

Finally, this ruling proposes that the Commission consider clarifying the rules and requirements for the situation where there is a proposed change to a REN lead administrator. This ruling proposes the following requirements:

- All REN lead administrators shall be required to be a local government entity or a Joint Powers Authority; and
- Any REN wishing to change lead administrators must file a Tier 2 Advice Letter notifying the Commission of the proposed change and seeking approval of such change. The change would not take effect until the Commission or its staff, acting under delegated authority, approved the Advice Letter.

The required advice letter would be required to include the following information:

- A record of the vote for the change in lead administrator;

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<sup>3</sup> The role of the fiscal agent was first discussed in D.05-01-055 and generally refers to the collection and disbursement of energy efficiency funding to a portfolio administrator named by the Commission.

