



Finance & Risk Management Committee Meeting

February 20, 2025





**Welcome
and
Call to
Order**




Roll Call





**Items to
be Added,
Withdrawn
or
Reordered
on the
Agenda**



**Public
Comment
for Items
not
on the
Agenda**

Consent Calendar

- 1. Approve January 16, 2025, Meeting Minutes**



**Public
Comment
for
Consent
Calendar**

Regular Agenda

- 2. Amendment of the FY 2024-25 Operating Budget, the FY 2024-25 Capital Budget, and the FY 2025-29 Capital Investment Plan**
- 3. Treasurer's Report for Period Ending December 31, 2024**

Item No. 2

Amendment of the FY 2024-25 Operating Budget, the FY 2024-25 Capital Budget, and the FY 2025-29 Capital Investment Plan

Recommendation:

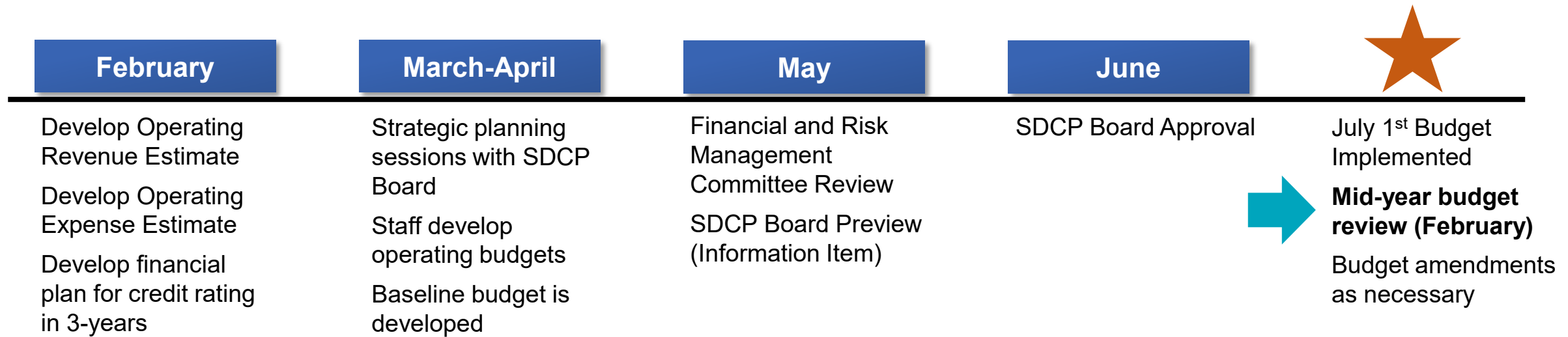
Recommend Board approval amending the FY 2024-2025 Operating Budget, the FY 2024-2025 Capital Budget, and the FY 2025-2029 Capital Investment Plan.

Presenter:

Dr. Eric Washington, Chief Financial Officer
Timothy Manglicmot, Director of Finance

Budget Timeline

The Board adopted schedule for budget development is the following.



Budget Principles for FY 2024-25



- **Maintain Fiscal Responsibility**
- **Maintain Sufficient Reserves**
- **User-Friendly Financial Reports**
- **Model Best Practices**
- **Facilitate Engagement**
- **Promote Transparency**
- **Community Focused**

Proposed FY 2024-25 Amended Budget

FY 2025

Operational Revenue
\$1,177.9M

Total Expense
\$1,143.9M

Net Position
+\$34.0M

FY 2025 Amended

Operational Revenue
\$1,221.3M

Total Expense
\$1,187.1M

Net Position
+\$34.2M

Proposed FY 2024-25 Amended Budget

FY 2025

FY 2025 Amended

Net Revenue

\$1,177.9M

+\$43.3 million

Approved rate change,
effective February 1, 2025

Net Revenue

\$1,221.3M

Total Expense

\$1,143.9M

+\$43.2 million

Higher energy costs,
reduced non-energy
costs, and CIP investment

Total Expense

\$1,187.1M

Net Position

+\$34.0M

+\$0.2 million

Increase to net position
over adopted budget

Net Position








+\$34.2M

Budget Amendment – Summary

Item	FY 25 Amended Budget, \$M	FY 25 Approved Budget, \$M	Difference
Gross Revenue	1,243.0	1,233.4	9.6
Less Uncollectible Accounts	(21.7)	(54.5)	(33.7)
Net Revenue	1,221.3	1,177.9	43.3
Cost of Energy	1,116.8	1,073.7	43.2
Non-Energy Costs	50.8	53.8	(3.0)
Subtotal Operating Expense	1,167.6	1,127.5	40.2
Debt Service	1.3	1.3	0.0
Capital Investment Program	18.2	15.2	3.0
Total Expense	1,187.1	1,143.9	43.2
Net Position	34.2	34.0	0.2

Proposed FY 2024-25 Budget Amendment

Budget Changes by Category

	Revenue	Board approved rate change on 2/7/2025.	FY25 (amendment) \$1,243.0m	FY25 (approved) \$1,233.4m
	Revenue	Board approved rate change on 2/7/2025.	FY25 (amendment) \$1,243.0m	FY25 (approved) \$1,233.4m
	Cost of Energy	Increases in renewable and resource adequacy energy prices.	FY25 \$1,116.8m	FY25 \$1,073.6m
	Professional Services	Increase in personnel is lowering the need for professional services.	FY25 \$24.3m	FY25 \$24.8m
	Personnel	Recruitment strategy of 7 new staff growing the agency to 87 total staff.	FY25 \$18.6m	FY25 \$18.6m
	Marketing and Outreach	Marketing and Outreach budget remains relatively even.	FY25 \$2.9m	FY25 \$3.0m
	General and Administrative	Reduced spending through fiscal prudence.	FY25 \$4.9m	FY25 \$7.4m
	Capital Budget	Proposed SBS investment of an additional \$3.0 million.	FY25 \$147.6m	FY25 \$144.6m

Budget – CCA Comparison

Community Choice Aggregator	Years Est. (JPA eff. Date)	Customer Accounts*	Cost of Energy, \$M**	Non-Energy Costs, \$M	Net Ratepayer Revenue, \$M	Energy Costs/Net Revenue (%)
Clean Power Alliance	Jun 2017	1,044,116	1,393.3	67.5	1,582.4	88%
San Diego Community Power	Oct 2019	954,418	1,073.7	53.8	1,177.9	91%
Ava Community Energy	Dec 2016	643,500	771.9	45.3	881.7	88%
Marin Clean Energy	Dec 2008	586,906	668.8	45.5	787.9	85%
Central Coast Community Energy	Mar 2018	447,166	665.3	65.1	745.9	89%
Peninsula Clean Energy	Feb 2016	314,175	423.4	57.1	451.9	94%

*Customer are from CalCCA as of December 2024 (<https://cal-cca.org/cca-impact/>).

**Cost of energy, non-energy costs and ratepayer revenue are from FY25 adopted budgets. SDCP costs and revenue are from its proposed FY25 budget amendment.

***SDCP includes CIP and debt service costs whereas most other CCAs do have minimal or zero debt service costs.



**Public
Comment for
Item No. 2**

Item No. 3

Treasurer's Report for Period Ending December 31, 2024

Recommendation:

Receive and File Treasurer's Report for Period Ending December 31, 2024.

Presenter:

Dr. Eric Washington, Chief Financial Officer

Item 3: Treasurer's Report

YTD FY25 Budget v. Actual

Results for the period underperformed overall compared to the adopted budget:

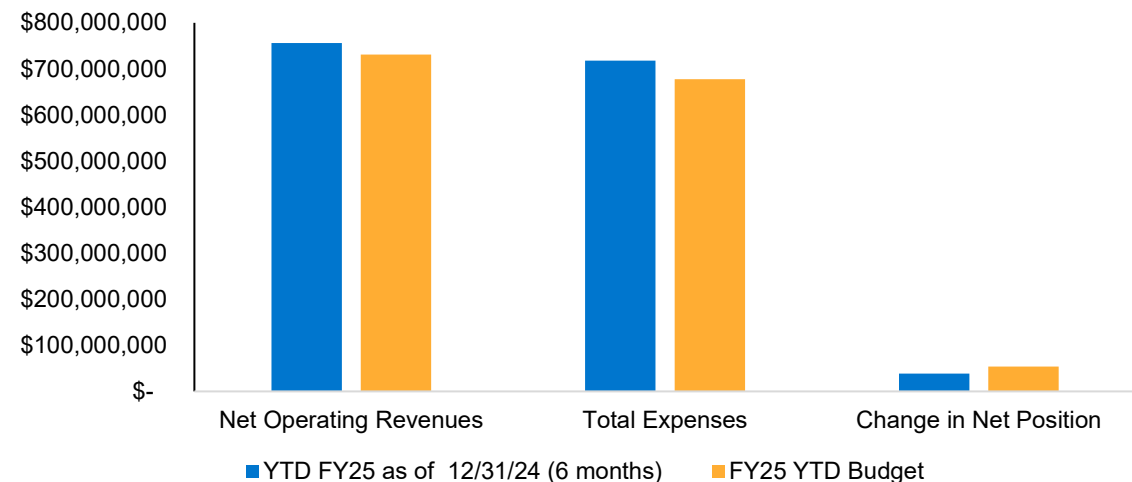
- Net operating revenues 3.0 percentage points over budget.
- Operating expenses came in 6.0 percentage points over budget.

Financial results for the YTD FY25:

- \$756.0M in net operating revenues
- \$717.7M in total expenses (includes energy costs of \$687.7M or 91% of net revenues)
- \$38.4M change in YTD net position

Budget Comparison					
	YTD FY25 as of 12/31/24 (6 months)		FY25 YTD Budget	Budget Variance (\$)	Budget (%)
Net Operating Revenues	\$	756,048,845	\$	731,417,225	\$ 24,631,620 103%
Total Expenses	\$	717,660,481	\$	677,423,389	\$ 40,237,092 106%
Change in Net Position	\$	38,388,364	\$	53,993,836	\$ (15,605,472) -29%

YTD FY25 Results v. Budget



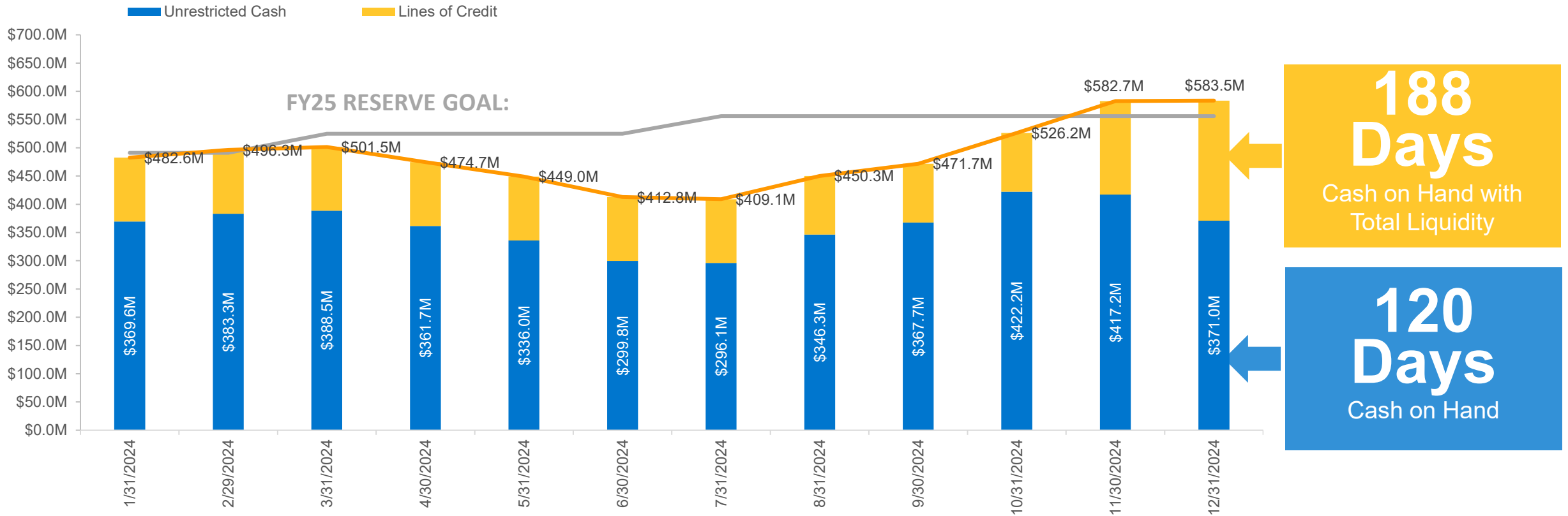
Item 3: Treasurer's Report



\$556M 180-DCOH Reserve Target FY25

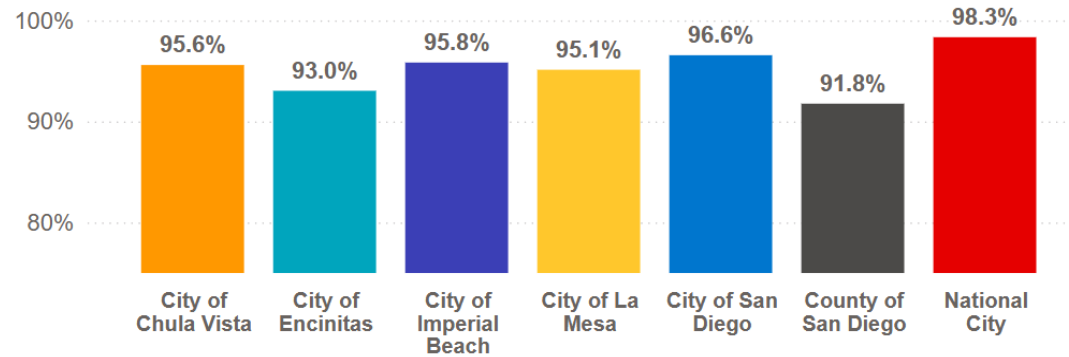
Item 3: Treasurer's Report

Rolling 12 Month Reserves FY 2024-25



Item 3: Treasurer's Report

Participation by Jurisdiction



Jurisdiction	Service Option Default	Eligible Accounts	Enrolled Accounts	Participation Rate
City of Chula Vista	PowerOn	98,450	94,107	95.6%
City of Encinitas	Power100	28,756	26,754	93.0%
City of Imperial Beach	PowerOn	10,846	10,394	95.8%
City of La Mesa	PowerOn	29,321	27,890	95.1%
City of San Diego	PowerOn	623,821	602,339	96.6%
County of San Diego	PowerOn	190,361	174,678	91.8%
National City	PowerOn	19,334	19,013	98.3%
Total		1,000,889	955,175	95.4%

INVESTMENT REPORT

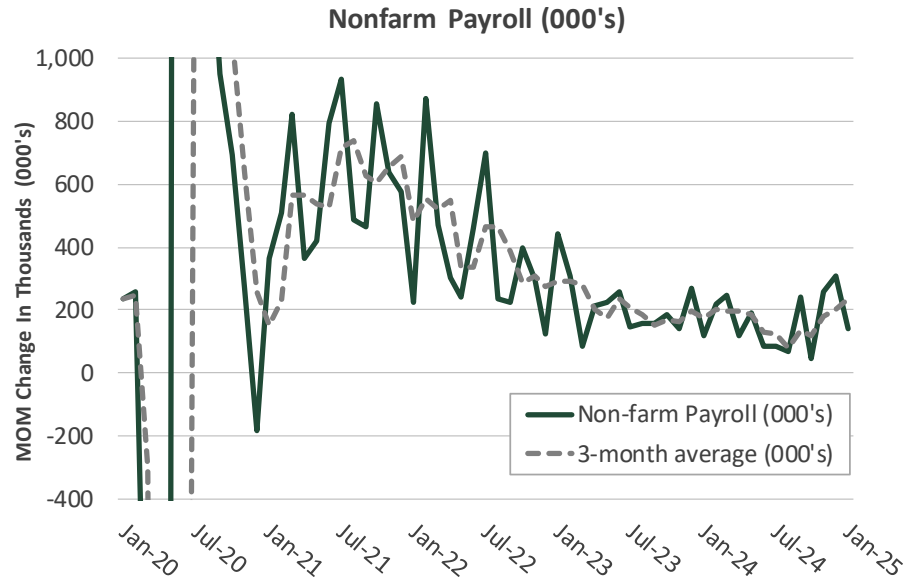
San Diego Community Power | As of December 31, 2024

CHANDLER ASSET MANAGEMENT | chandlerasset.com

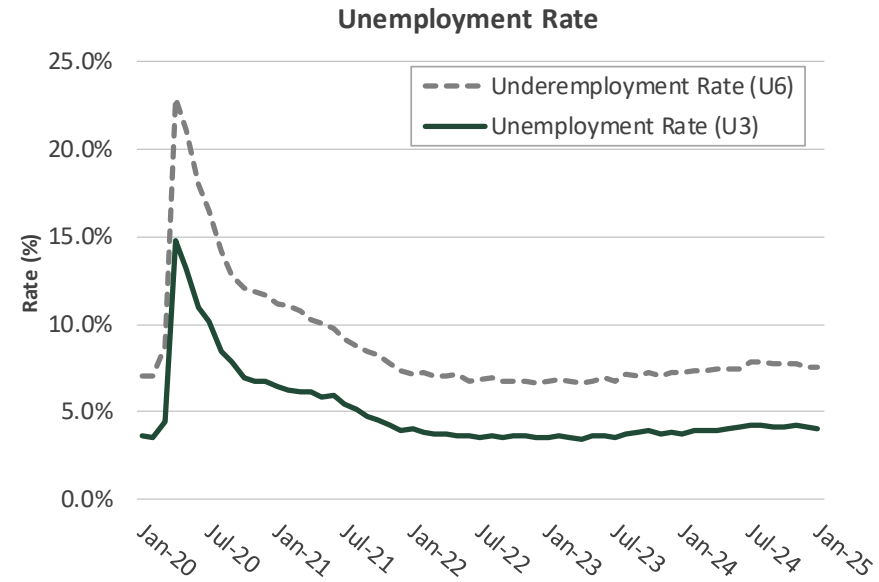
Chandler Team:

For questions about your account, please call (800) 317-4747,
or contact clientservice@chandlerasset.com

ECONOMIC UPDATE

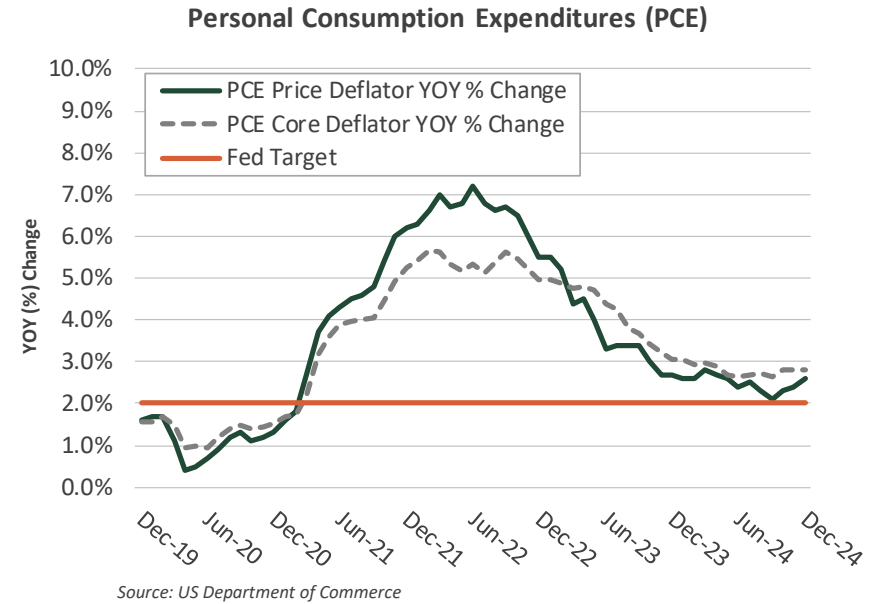
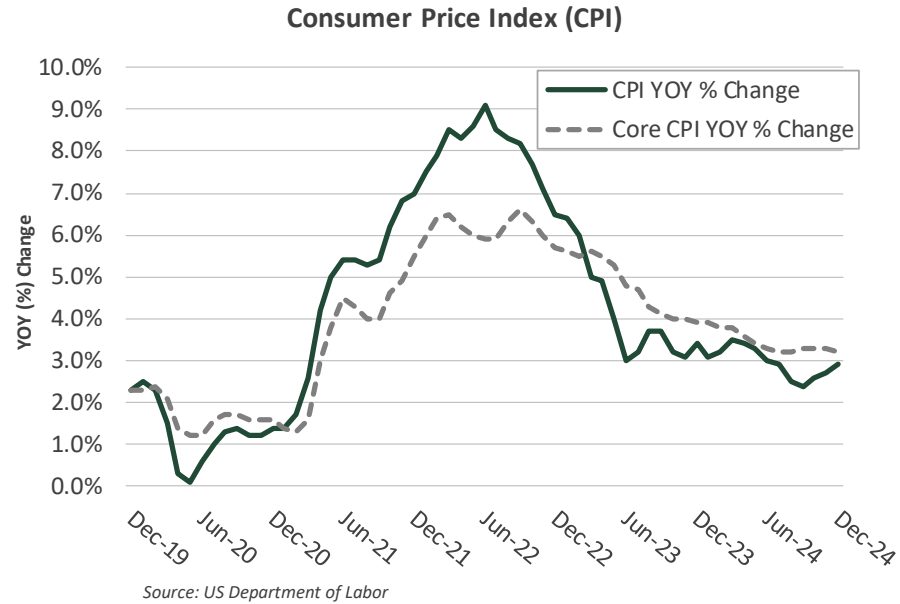


Source: US Department of Labor

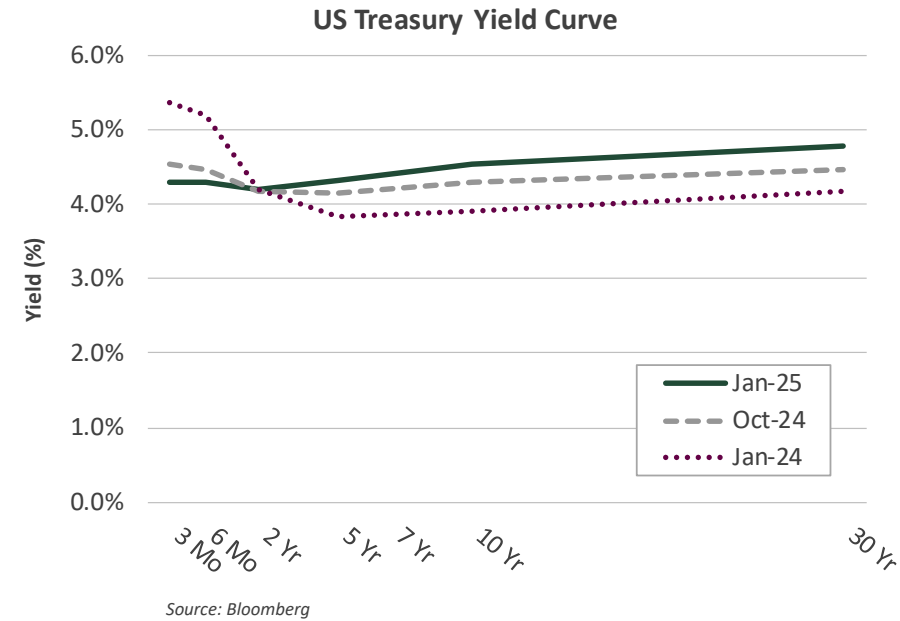
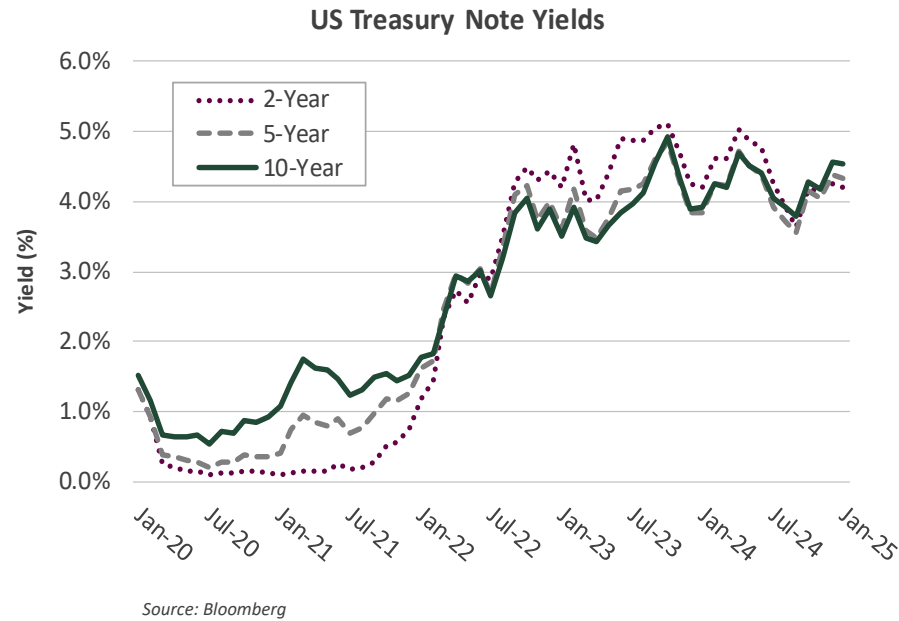


Source: US Department of Labor

The U.S. economy added 143,000 jobs in January, below consensus expectations, and the last two months were revised up by 100,000. Gains were led by retail and health care. The three-month moving average and six-month moving average payrolls totaled 237,000 and 178,000 respectively. The unemployment rate declined to 4.0% in January, and the labor participation rate edged up to 62.6%, remaining below the pre-pandemic level of 63.3%. The U-6 underemployment rate, which includes those who are marginally attached to the labor force and employed part time for economic reasons remained unchanged at 7.5%. Average hourly earnings ticked up to an increase of 4.1% year-over-year in January.



In December, the Consumer Price Index (CPI) rose 0.4% month-over-month and 2.9% year-over-year. The Core CPI, which excludes volatile food and energy components, rose 0.2% month-over-month and 3.2% year-over-year, slowing from last month and coming in lower than consensus expectations. The Personal Consumption Expenditures (PCE) Index rose 0.3% from the previous month and 2.6% year-over-year in December versus a 2.4% increase in November. The Core PCE deflator (the Fed’s preferred gauge) increased 0.2% month-over-month and 2.8% over the past year. Although inflation has moderated, price increases remain above the Fed’s 2% target.



At the end of January, the 2-year Treasury yield was 1 basis point lower, and the 10-Year Treasury yield was 63 basis points higher, year-over-year. The spread between the 2-year and 10-year Treasury yield points on the curve increased slightly to +34 basis points at January month-end versus +33 basis points at December month-end. The yield curve inversion which began in July 2022 was historically long. The average historical spread (since 2005) is about +99 basis points. The spread between the 3-month and 10-year Treasury yield points on the curve was +25 basis points in January, unchanged from December.

ACCOUNT PROFILE

Investment Objectives

The investment objectives of the San Diego Community Power are first, to provide safety of principal to ensure the preservation of capital in the overall portfolio; second, to provide sufficient liquidity to meet all disbursement requirements; and third, to earn an acceptable rate of return after first considering safety of principal and liquidity.

Chandler Asset Management Performance Objective

The performance objective for the portfolio is to earn a total rate of return through a market cycle that is equal to or above the return on the benchmark index.

Strategy

In order to achieve this objective, the portfolio invests in high-quality fixed income securities that comply with the investment policy and all regulations governing the funds.

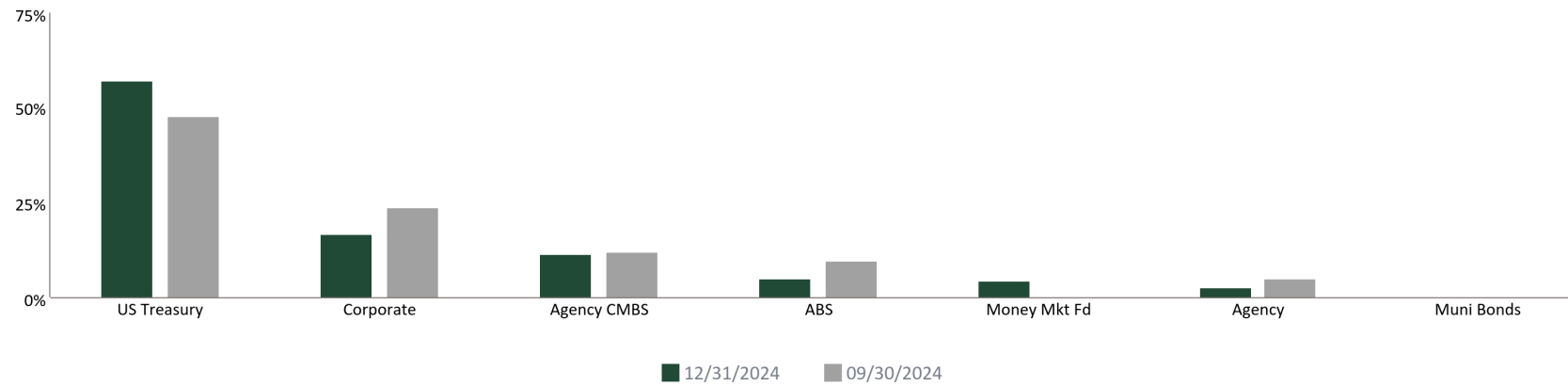
PORTFOLIO CHARACTERISTICS

San Diego Community Power | Account #XXXXX | As of December 31, 2024

	Benchmark*	12/31/2024 Portfolio	9/30/2024 Portfolio
Average Maturity (yrs)	2.66	2.43	3.20
Average Modified Duration	2.48	2.06	2.70
Average Purchase Yield		4.30%	4.25%
Average Market Yield	4.29%	4.41%	3.88%
Average Quality**	AA+	AA+	AA+
Total Market Value		50,337,325	25,462,904

SECTOR DISTRIBUTION

San Diego Community Power | Account #XXXX | As of December 31, 2024



Sector as a Percentage of Market Value

Sector	12/31/2024	09/30/2024
US Treasury	57.53%	47.79%
Corporate	16.93%	24.10%
Agency CMBS	11.73%	12.03%
ABS	5.28%	9.70%
Money Mkt Fd	4.90%	0.79%
Agency	2.79%	5.56%
Muni Bonds	0.80%	--

STATEMENT OF COMPLIANCE

San Diego Community Power | Account # XXXX | As of December 31, 2024

Rules Name	Limit	Actual	Compliance Status	Notes
AGENCY MORTGAGE SECURITIES (CMOS)				
Max % (MV)	100.0	11.7	Compliant	
Max % Issuer (MV)	30.0	11.7	Compliant	
Max Maturity (Years)	5.0	4.9	Compliant	
Min Rating (A-1 by 1, A- by 1)	0.0	0.0	Compliant	
ASSET-BACKED SECURITIES (ABS)				
Max % (MV)	20.0	5.3	Compliant	
Max % Issuer (MV)	5.0	0.9	Compliant	
Max Maturity (Years)	5.0	4.6	Compliant	
Min Rating (AA- by 1)	0.0	0.0	Compliant	
BANKERS' ACCEPTANCES				
Max % (MV)	40.0	0.0	Compliant	
Max % Issuer (MV)	5.0	0.0	Compliant	
Max Maturity (Days)	180.0	0.0	Compliant	
Min Rating (A-1 by 1)	0.0	0.0	Compliant	
CERTIFICATE OF DEPOSIT PLACEMENT SERVICE				
Max % (MV)	50.0	0.0	Compliant	
Max % Issuer (MV)	5.0	0.0	Compliant	
Max Maturity (Years)	5.0	0.0	Compliant	
Min Rating (A-1 by 1, A- by 1)	0.0	0.0	Compliant	
COLLATERALIZED BANK DEPOSITS				
Max % (MV)	100.0	0.0	Compliant	
Max % Issuer (MV)	5.0	0.0	Compliant	
Max Maturity (Years)	5.0	0.0	Compliant	
COLLATERALIZED TIME DEPOSITS (NON-NEGOTIABLE CD/TD)				
Max % (MV)	100.0	0.0	Compliant	
Max % Issuer (MV)	5.0	0.0	Compliant	
Max Maturity (Years)	5.0	0.0	Compliant	
Min Rating (A-1 by 1)	0.0	0.0	Compliant	

STATEMENT OF COMPLIANCE

San Diego Community Power | Account # XXXX | As of December 31, 2024

Rules Name	Limit	Actual	Compliance Status	Notes
COMMERCIAL PAPER				
Max % (MV)	25.0	0.0	Compliant	
Max % Issuer (MV)	5.0	0.0	Compliant	
Max Maturity (Days)	270.0	0.0	Compliant	
Min Rating (A-1 by 1, A- by 1)	0.0	0.0	Compliant	
CORPORATE MEDIUM TERM NOTES				
Max % (MV)	30.0	16.9	Compliant	
Max % Issuer (MV)	5.0	1.2	Compliant	
Max Maturity (Years)	5.0	4.9	Compliant	
Min Rating (A- by 1)	0.0	0.0	Compliant	
FDIC INSURED TIME DEPOSITS (NON-NEGOTIABLE CD/TD)				
Max % (MV)	100.0	0.0	Compliant	
Max % Issuer (MV)	5.0	0.0	Compliant	
Max Maturity (Years)	5.0	0.0	Compliant	
Min Rating (A-1 by 1, A- by 1)	0.0	0.0	Compliant	
FEDERAL AGENCIES				
Max % (MV)	100.0	2.8	Compliant	
Max % Issuer (MV)	30.0	1.8	Compliant	
Max Maturity (Years)	5.0	2.6	Compliant	
Min Rating (A-1 by 1, A- by 1)	0.0	0.0	Compliant	
LOCAL AGENCY INVESTMENT FUND (LAIF)				
Max % (MV)	100.0	0.0	Compliant	
MONEY MARKET MUTUAL FUNDS				
Max % (MV)	20.0	4.9	Compliant	
Max % Issuer (MV)	20.0	4.9	Compliant	
Min Rating (AAA by 2)	0.0	0.0	Compliant	
MORTGAGE-BACKED SECURITIES (NON-AGENCY)				
Max % (MV)	20.0	0.0	Compliant	
Max % Issuer (MV)	5.0	0.0	Compliant	

STATEMENT OF COMPLIANCE

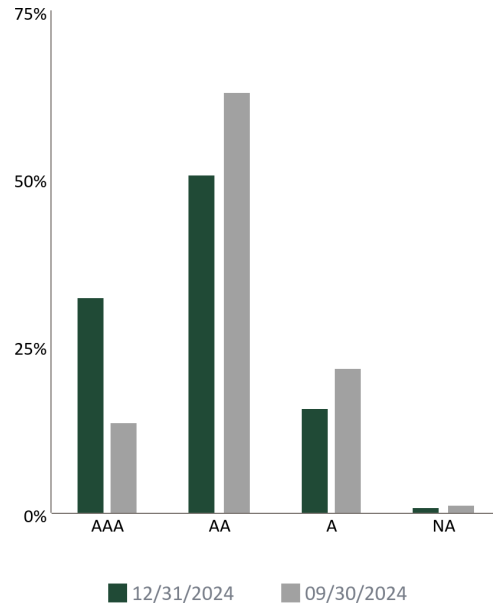
San Diego Community Power | Account # XXXX | As of December 31, 2024

Rules Name	Limit	Actual	Compliance Status	Notes
Max Maturity (Years)	5.0	0.0	Compliant	
Min Rating (AA- by 1)	0.0	0.0	Compliant	
MUNICIPAL SECURITIES (CA, LOCAL AGENCY)				
Max % (MV)	30.0	0.8	Compliant	
Max % Issuer (MV)	5.0	0.8	Compliant	
Max Maturity (Years)	5.0	4.6	Compliant	
Min Rating (A- by 1)	0.0	0.0	Compliant	
MUNICIPAL SECURITIES (CA, OTHER STATES)				
Max % (MV)	30.0	0.0	Compliant	
Max % Issuer (MV)	5.0	0.0	Compliant	
Max Maturity (Years)	5.0	0.0	Compliant	
Min Rating (A- by 1)	0.0	0.0	Compliant	
NEGOTIABLE CERTIFICATES OF DEPOSIT (NCD)				
Max % (MV)	30.0	0.0	Compliant	
Max % Issuer (MV)	5.0	0.0	Compliant	
Max Maturity (Years)	5.0	0.0	Compliant	
Min Rating (A-1 or A- by 1)	0.0	0.0	Compliant	
SRI PROHIBITED INVESTMENTS				
Prohibited Investment - Fossil Fuels	0.0	0.0	Compliant	
SUPRANATIONAL OBLIGATIONS				
Max % (MV)	30.0	0.0	Compliant	
Max % Issuer (MV)	10.0	0.0	Compliant	
Max Maturity (Years)	5.0	0.0	Compliant	
Min Rating (AA- by 1)	0.0	0.0	Compliant	
U.S. TREASURIES				
Max % (MV)	100.0	57.5	Compliant	
Max Maturity (Years)	5.0	4.8	Compliant	
Min Rating (A-1 by 1, A- by 1)	0.0	0.0	Compliant	

QUALITY DISTRIBUTION

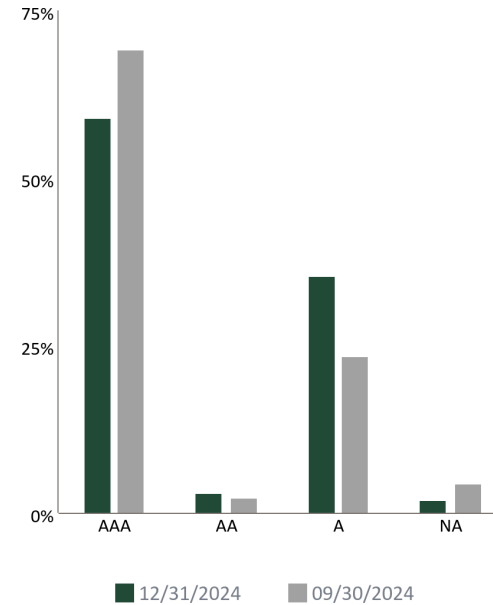
San Diego Community Power | Account # XXXX | As of December 31, 2024

S&P Rating



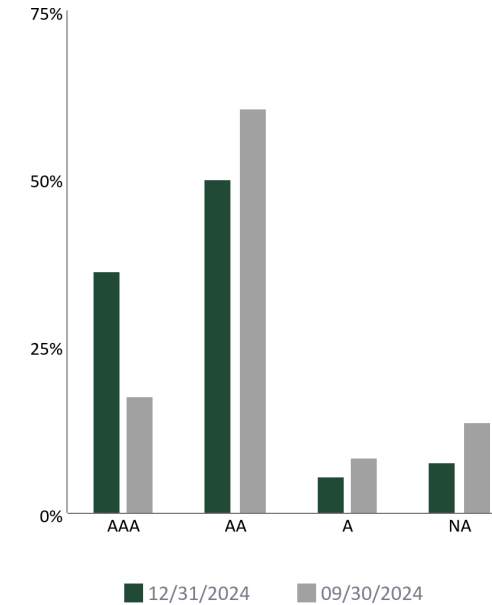
Rating	12/31/2024	09/30/2024
AAA	32.3%	13.7%
AA	50.7%	63.1%
A	15.9%	21.7%
NA	1.1%	1.4%

Moody's Rating



Rating	12/31/2024	09/30/2024
AAA	59.1%	69.5%
AA	3.0%	2.4%
A	35.6%	23.6%
NA	2.2%	4.5%

Fitch Rating

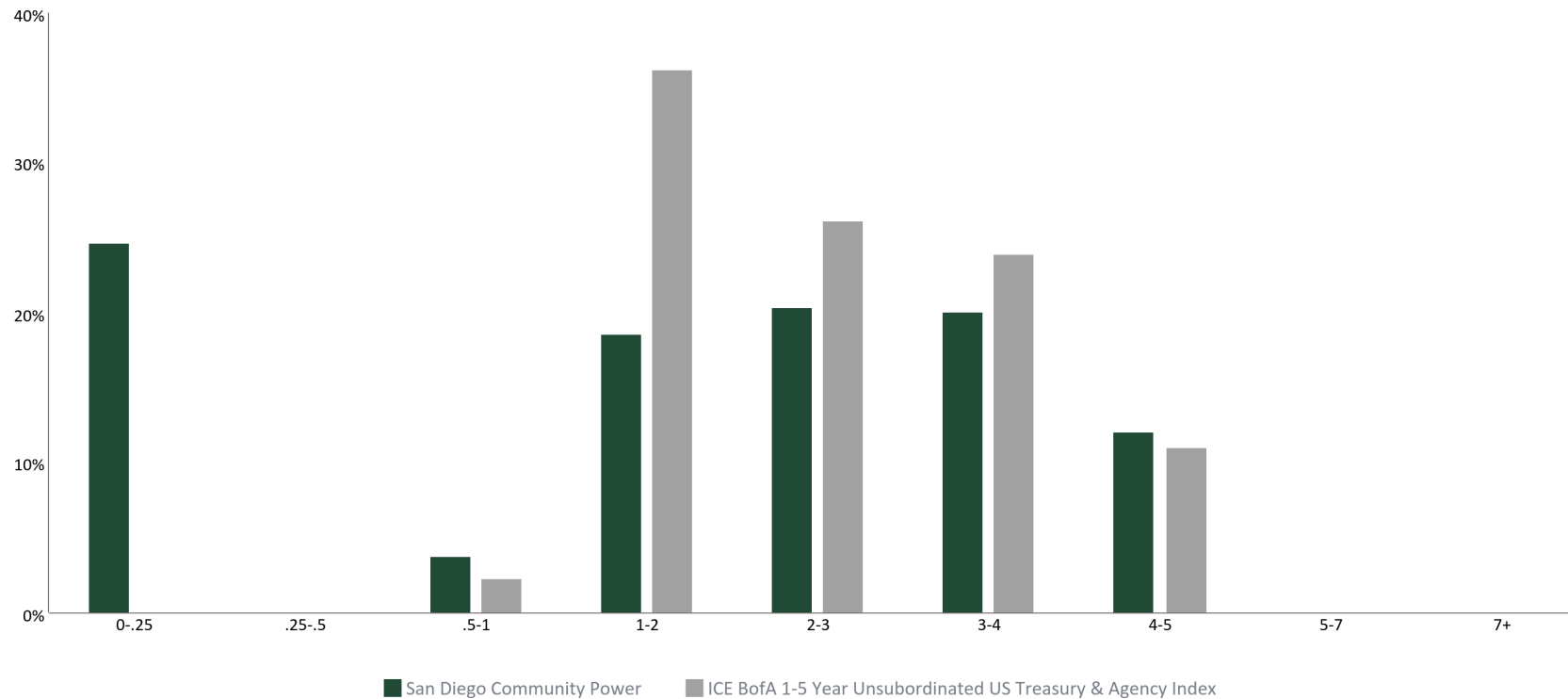


Rating	12/31/2024	09/30/2024
AAA	36.4%	17.5%
AA	50.1%	60.4%
A	5.8%	8.3%
NA	7.7%	13.8%

DURATION DISTRIBUTION

San Diego Community Power | Account # XXXX | As of December 31, 2024

Portfolio Compared to the Benchmark

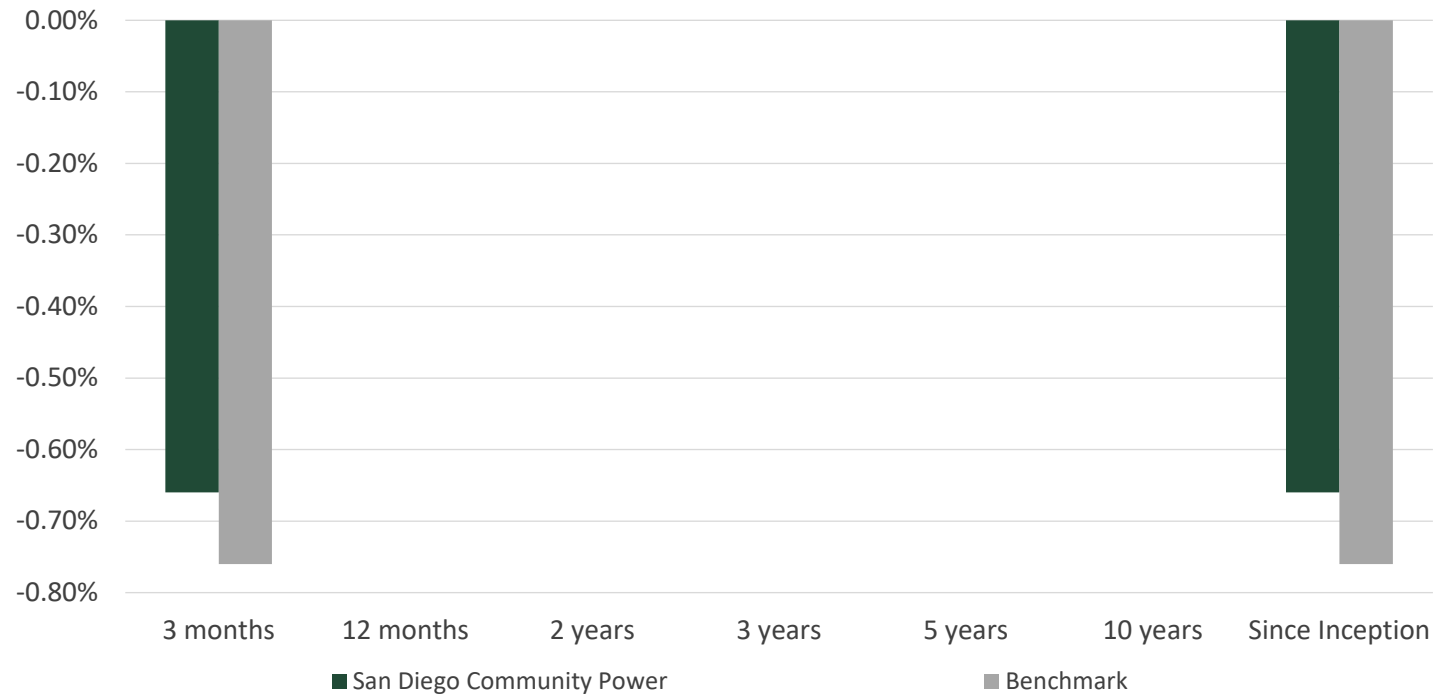


	0-0.25	0.25-0.5	0.5-1	1-2	2-3	3-4	4-5	5-7	7+
Portfolio	24.8%	0.0%	3.9%	18.6%	20.4%	20.2%	12.1%	0.0%	0.0%
ICE BofA 1-5 Year Unsubordinated US Treasury & Agency Index	0.0%	0.0%	2.4%	36.3%	26.3%	24.0%	11.0%	0.0%	0.0%

INVESTMENT PERFORMANCE

San Diego Community Power | Account # XXXX | As of December 31, 2024

Total Rate of Return : Inception | 10/01/2024



	3 Months	12 Months	2 Years	3 Years	5 Years	10 Years	Since Inception
TOTAL RATE OF RETURN							
San Diego Community Power	(0.66%)						(0.66%)
Benchmark	(0.76%)						(0.76%)

*Periods over 1 year are annualized.

Benchmark: ICE BofA 1-5 Year Unsubordinated US Treasury & Agency Index

Total rate of return: A measure of a portfolio's performance over time. It is the internal rate of return, which equates the beginning value of the portfolio with the ending market value; it includes interest earnings, realized and unrealized gains and losses in the portfolio.

IMPORTANT DISCLOSURES

2024 Chandler Asset Management, Inc, An Independent Registered Investment Adviser.

Information contained herein is confidential. Prices are provided by ICE Data Services Inc (“IDS”), an independent pricing source. In the event IDS does not provide a price or if the price provided is not reflective of fair market value, Chandler will obtain pricing from an alternative approved third party pricing source in accordance with our written valuation policy and procedures. Our valuation procedures are also disclosed in Item 5 of our Form ADV Part 2A.

Performance results are presented gross-of-advisory fees and represent the client’s Total Return. The deduction of advisory fees lowers performance results. These results include the reinvestment of dividends and other earnings. Past performance may not be indicative of future results. Therefore, clients should not assume that future performance of any specific investment or investment strategy will be profitable or equal to past performance levels. All investment strategies have the potential for profit or loss. Economic factors, market conditions or changes in investment strategies, contributions or withdrawals may materially alter the performance and results of your portfolio.

Index returns assume reinvestment of all distributions. Historical performance results for investment indexes generally do not reflect the deduction of transaction and/or custodial charges or the deduction of an investment management fee, the incurrence of which would have the effect of decreasing historical performance results. It is not possible to invest directly in an index.

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This report is provided for informational purposes only and should not be construed as a specific investment or legal advice. The information contained herein was obtained from sources believed to be reliable as of the date of publication, but may become outdated or superseded at any time without notice. Any opinions or views expressed are based on current market conditions and are subject to change. This report may contain forecasts and forward-looking statements which are inherently limited and should not be relied upon as indicator of future results. Past performance is not indicative of future results. This report is not intended to constitute an offer, solicitation, recommendation or advice regarding any securities or investment strategy and should not be regarded by recipients as a substitute for the exercise of their own judgment.

Fixed income investments are subject to interest, credit and market risk. Interest rate risk: the value of fixed income investments will decline as interest rates rise. Credit risk: the possibility that the borrower may not be able to repay interest and principal. Low rated bonds generally have to pay higher interest rates to attract investors willing to take on greater risk. Market risk: the bond market in general could decline due to economic conditions, especially during periods of rising interest rates.

Ratings information have been provided by Moody’s, S&P and Fitch through data feeds we believe to be reliable as of the date of this statement, however we cannot guarantee its accuracy.

Security level ratings for U.S. Agency issued mortgage-backed securities (“MBS”) reflect the issuer rating because the securities themselves are not rated. The issuing U.S. Agency guarantees the full and timely payment of both principal and interest and carries a AA+/Aaa/AAA by S&P, Moody’s and Fitch respectively.

Benchmark	Disclosure
ICE BofA 1-5 Yr US Treasury & Agency Index	The ICE BofA 1-5 Year US Treasury & Agency Index tracks the performance of US dollar denominated US Treasury and nonsubordinated US agency debt issued in the US domestic market. Qualifying securities must have an investment grade rating (based on an average of Moody's, S&P and Fitch). Qualifying securities must have at least one year remaining term to final maturity and less than five years remaining term to final maturity, at least 18 months to maturity at time of issuance, a fixed coupon schedule, and a minimum amount outstanding of \$1 billion for sovereigns and \$250 million for agencies.



**Public
Comment for
Item No. 3**

The background of the slide is a vibrant blue water surface with gentle ripples. A large, white, diagonal shape, resembling a stylized arrow or a large 'V' rotated 45 degrees, is superimposed over the water. The text is centered within the white area.

Committee Member Announcements

The image features a background of blue water with ripples, split by a white diagonal shape that forms a large arrow pointing to the right. The word "Adjournment" is written in a bold, blue, sans-serif font across the white arrow.

Adjournment

Next Regular Finance & Risk Management Committee Meeting

March 20, 2025

