RESOLUTION NO. 26-06-108

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CLEAN POWER ALLIANCE OF SOUTHERN CALIFORNIA TO ADOPT A BUDGET POLICY

THE BOARD OF DIRECTORS OF THE CLEAN POWER ALLIANCE OF SOUTHERN CALIFORNIA DOES HEREBY FIND, RESOLVE, AND ORDER AS FOLLOWS:

WHEREAS, the Clean Power Alliance of Southern California (formerly known as Los Angeles Community Choice Energy Authority) ("Clean Power Alliance" or "CPA") was formed on June 27, 2017;

WHEREAS, since CPA's inception, CPA has developed an annual budget for each fiscal year and presented one fiscal year budget to the Board on an annual basis;

WHEREAS, the Board has determined that CPA's business has matured with increasing predictability year over year and projects, particularly involving data and systems, customer programs, and marketing, often span across fiscal years and implementation. Timelines for these projects can shift based on external factors, resulting in unspent funds being re-budgeted in subsequent years;

WHEREAS, the Board has determined that business decisions can be constrained by line-item budget even though overall operating expense budget capacity is available, and line-item budgets cannot be flexibly reallocated when business priorities evolve, without amendments to the budget;

WHEREAS, based on the foregoing and the staff report, presentation, and other information presented to the Board at its April 2, 2026 meeting, the Board directed Staff to prepare a Budget Policy to establish guidelines for the approval, administration, amendment, and reporting of two consecutive fiscal year budgets at CPA;

WHEREAS, on May 28, 2026, CPA's Finance Committee voted unanimously to recommend to the Board approval of the attached Budget Policy;

WHEREAS, on June 4, 2026 the Board of Directors ("Board") was presented with a staff report, presentation, and other additional information supporting the need to approve the Budget Policy;

WHEREAS, Board desires to adopt the attached Budget Policy, which would authorize CPA to develop two fiscal year budgets for approval simultaneously every two year, to make inter year and line transfers within the controls specified, and to take other action as appropriate within the Budget Policy; and

WHEREAS, the Board finds it reasonable and prudent to establish and maintain a Budget Policy and delegate the authority to administer this Budget Policy to CPA's Chief Executive Officer and Chief Financial Officer as contained in Exhibit A.

NOW THEREFORE, BE IT DETERMINED, ORDERED, AND RESOLVED, BY THE BOARD OF DIRECTORS OF THE CLEAN POWER ALLIANCE OF SOUTHERN CALIFORNIA THAT:

1. The Board of Directors hereby approves Policy No. 2026-20 Budget Policy, attached as Exhibit A.

APPROVED AND ADOPTED this 4th day of June 2026.

____
Deborah Klein Lopez, Chair

ATTEST:

Gabriela Monzon
____
Gabriela Monzon, Board Secretary

Exhibit A

Budget Policy

Policy Title	Budget Policy		
Policy Number	2026-20	Effective Date	Original: 06/04/2026

1. Purpose

CPA's annual, board approved budgets sustain Clean Power Alliance of Southern California's ("CPA") operations and advance its mission and strategic goals. This Budget Policy (“Policy”) establishes guidelines for the approval, administration, amendment, and reporting of annual, board approved budgets at CPA.

2. Two-year Budget Cycle

Beginning in June 2026, and every two years thereafter, staff shall present to the Board two consecutive fiscal year budgets simultaneously for approval.

3. Operating Expense Budget Transfers

A. The Board of Directors (“Board”) delegates to the Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”) the authority to review and jointly approve of transfers between operating expense[1] (“OpEx”) budget line items, as specified herein:

1. Transfer budgeted line item amounts between fiscal years within the two-year cycle (“Inter-Year Transfers”).
2. Transfers of budget line item amounts between OpEx lines within a fiscal year (“Inter-Line Transfers”).

Inter-Year Transfers and Inter-Line Transfers are collectively referred to as “Transfer(s).”

B. Any Transfers specified in 3.A, above, must comply with all of the following conditions:

1. Maximum Fiscal Year Inter-Line Transfer
    - **a.** Aggregate per line item Inter-Line Transfers within a fiscal year shall be limited to the greater of $250,000 or 10%.
2. Limits on Customer Programs Budget

[1] Operating Expenses (“OpEx”) refers to non-energy expenditures - consisting of staffing, goods, and services - that support CPA’s business operations.

a. Transfers from the Customer Programs budget shall only (i) reduce funds otherwise available for program implementation and (ii) fund expenses that benefit or advance a Customer Program.

3. Limits on Staffing Budget
   a. Staffing budget line item shall not be increased by Transfers
   b. Staffing budget line item may be reduced through Inter-Year or Inter-Line Transfers.

4. Inter-Year Transfers

   a. Any Inter-Year Transfer shall be supported by a corresponding reduction in that Fiscal Year's budget.

C. Any Transfers that do not comply with Sections 3.B.1-4, above, shall be brought to the Board for approval.

5. Budget Amendments

Budget amendments must be approved by the Board of Directors[2] following review by the Finance Committee.

6. Reporting

The CFO shall report to the Board the following:

A. Monthly: Budget to Actual reporting in the Financial Dashboard; and,

B. Quarterly: Fiscal year to date Budget to Actual reporting including a report of any Transfers.

7. Delegation of Authority

The Board further delegates to both the CEO and CFO the authority to administer this Policy, including but not limited to the Transfers described in Section 3. In the event of a Vacancy, as defined herein, the CEO or CFO may appoint a designee to act on their behalf or if no designee is selected, either the CEO or CFO may act independently until such time as the Vacancy no longer exists. A "Vacancy" includes paid time off, termination of employment, or a leave authorized under CPA's Employee Handbook.

8. Periodic Review of Policy

The CFO shall review this Policy on an annual basis to determine if amendments or other changes are needed to address changing business conditions, changes in law or

[2] Per section 7.3.1 of the Joint Powers Agreement.

regulation, or other similar events. Amendments to this Policy shall be approved by the Board of Directors following review by the Finance Committee.