

# **REPORT TO THE CITY COUNCIL**

## ***City of Salinas, California***

**DATE:** October 18, 2016

**FROM:** Gary Petersen, Public Works Director

**SUBJECT: AFFIRM A RESOLUTION OF INTENT TO PARTICIPATE IN GOVERNANCE  
AND FINANCING DISCUSSIONS FOR THE PROPOSED MONTEREY BAY  
COMMUNITY POWER (MBCP) JOINT POWERS AUTHORITY (JPA)**

### **RECOMMENDATION:**

Affirm a resolution allowing city staff to participate in governance and finance discussions associated with the development of a JPA comprised of representatives from various jurisdictions in Santa Cruz, Monterey, and San Benito counties, to form a community choice aggregation program to purchase, supply, and aggregate the electrical load of their municipal, residential and commercial customer accounts.

### **DISCUSSION:**

Formed in 2013, the Monterey Bay Community Power project is a region-wide collaborative partnership comprised of all 21 local governments within the greater Monterey Bay area, including the Counties of Santa Cruz, Monterey, San Benito and all 18 cities located within. The partnership also includes Monterey Bay Unified Air Pollution Control District, Salinas Valley Solid Waste Authority, and Monterey Regional Waste Management District.

The purpose of the project thus far has been to investigate the viability of establishing a local community choice energy (CCE) joint powers agency (JPA) within the region. Authorized by California legislation (AB 117) in 2001, amended by SB 790 in 2011, CCE allows counties and cities to pool their electricity load in order to purchase electricity or invest in energy projects and programs for local residents and businesses as an alternative to the existing utility provider, (PG&E.) Formal resolutions to participate in the project were passed by every jurisdiction during 2013, with each given the option of appointing a representative to the Project Development Advisory Committee overseeing the investigation.

Extensive work has been done to evaluate the viability of this project. Several educational meetings have been held which were attended by city staff. Presentations have been given to your Council as well as to neighboring jurisdictions and the County Board of Supervisors. The findings of the committee are carefully detailed in the attached report.

The process of developing the JPA has advanced to the point where discussions that will lead to decisions regarding voting and financing of this project are necessary. Significant negotiations have been underway and expected to continue until the final documents and programs are approved.

Currently the proposed governance structure includes a Policy and an Operations Board. The Policy Board would be comprised of elected officials who would meet a minimum of 3 times a year for the purpose of strategic planning and goal setting, passage of Agency budget and customer rates and large capital expenditures outside the typical power procurement required to provide electrical service.

The Operations Board would be comprised of appointed County Administrative Officers or City Managers from participating jurisdictions and would meet no less than 8 times per year and would focus on the routine operations of the Agency and provide oversight and support to the Chief Executive Officer on matters pertaining to the provision of electrical service to customers in the region.

Financial participation would require an initial \$3,000,000 investment for startup and is proposed as a pro-rata share of credit support to guarantee a seed capital loan to implement the program and cover the costs of Agency start up. The County of Santa Cruz has agreed to be the “business agent” on behalf of the proposed organization to issue an RFP for banking and credit services.

It is important to understand that the City of Salinas is not legally bound by the attached resolution as it is a resolution of “intent” that articulates our desire to participate allowing us to determine if we are in agreement with the final version of the JPA. Currently staff believes that changes need to be made to the voting structure, (articulated in the attached resolution), however for the conversations to advance productively it is important to indicate the City’s willingness to participate should we reach agreement.

Should we fail to reach agreement we can disengage from the JPA development without incurring costs or penalties of any kind. Going forward all financial or governance agreements associated with the JPA will come back to your Council for approval.

#### **ISSUE:**

Shall the City Council affirm a resolution allowing city staff to participate in governance and finance discussions associated with the development of a JPA to form a community choice aggregation program to purchase, supply, and aggregate the electrical load of their municipal, residential and commercial customer accounts?

#### **FISCAL IMPACT:**

There is no fiscal cost to the City associated with this action at this time. Should the City agree to participated in the final version of the JPA there will be financial implications that will be brought to the Council for further discussion and approval.

#### **TIME CONSIDERATIONS:**

Timely affirmation of this resolution will allow negotiations to advance to a point where the City will be able to determine whether it is beneficial to join the JPA

**ALTERNATIVES/IMPLICATIONS:**

The Council may choose to reject to this request which would result in the City from withdrawing from participation in the development of the JPA to develop a community choice aggregate energy program.

**CITY COUNCIL GOALS:**

The proposal is consistent with one of the City Council 2013-2016 Five Strategic Goals and Objectives associated with Economic Diversity and Prosperity.

**CONCLUSIONS:**

At its October 18 meeting, the City Council is being asked to affirm a resolution of indicating the City's willingness to advance conversations associated with the development of a JPA to develop a community choice aggregate energy program.

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Section 1. Report on Recommendations