



CITY OF POMONA COUNCIL REPORT

April 23, 2018

To: Honorable Mayor and Members of the City Council

From: Linda Lowry, City Manager

Submitted by: Darron Poulsen, Water Resources Director

Subject: **Adopt a Resolution Amending the 2017-18 General Fund Operating Budget by Appropriating \$47,250 from General Fund Reserve Balance to Account Number 101-0101-52285-51331; and Award a Sole Source Professional Services Agreement to California Choice Energy Authority (CCEA) in the amount of \$63,000 for the Preparation of a Community Choice Aggregation Feasibility Study and Implementation Plan Development**

OVERVIEW

Recommendations - That the City Council:

1. Adopt a Resolution (Attachment 1) amending the 2017-18 General Fund Operating Budget by appropriating \$47,250 from General Fund Reserve Balance to Account Number 101-0101-52285-51331;
2. Award a sole source Professional Services Agreement in the amount of \$63,000 to CCEA for the Preparation of a Community Choice Aggregation (CCA) Feasibility Study and Implementation Plan Development; and
3. Authorize the City Manager to execute all necessary documents to implement the above action, subject to final review by the City Attorney.

Fiscal Impact - The CCEA Program has the potential to provide cost savings to residents, businesses, and City facilities by providing lower utility rates. The cost to complete the CCA formation, implementation plan, ordinance, and statement of intent to form the CCA is \$63,000. Funding for the study will be split between the Water Fund (25%, \$15,750 - account #571-8122-52285-51331) and General Fund (75%, \$47,250 - account #101-0101-52285-51331).

Previous Related Action – On December 4, 2017, the City Council directed Staff to continue the Los Angeles Community Choice Energy (LACCE) Program discussion to a future City Council meeting and bring forth an ordinance. On December 18, 2017, the City Council voted to not move forward with the LACCE Program, and directed Staff to continue researching CCA programs. On February 5, 2018, City Council approved Staff to move forward and perform the initial feasibility study.

EXECUTIVE SUMMARY

At the direction of the City Council, the requested action will approve a sole-source professional services agreement with California Choice Energy Authority (CCEA) to conduct a Community Choice Aggregation (CCA) feasibility study. The feasibility study will provide information identifying: risks and benefits, potential revenues, energy savings, renewable energy requirements, and other data needed by Staff and the City Council, to move forward with presenting an implementation plan to the California Public Utilities Commission (CPUC).

DISCUSSION

Assembly Bill 117 authorized the creation of CCAs allowing cities, counties, and other authorized entities to aggregate electricity demand within their jurisdictions in order to purchase and/or generate alternative energy supplies for residents, businesses, and their own facilities, while maintaining the existing electricity provider for transmission and distribution of services. A prospective goal of a CCA is to provide a higher percentage of renewable energy at competitive rates compared to Investor Owned Utilities (IOU), such as Southern California Edison. CCAs enable local governments to purchase and/or generate electricity for residents and businesses from renewable electricity, including solar, wind, and other sources. The IOU continues to deliver the energy to customers through their transmission lines, and provide customer service.

On December 18, 2017, City Council directed staff to explore other CCA models to see what best fits the City's needs. On February 5, 2018, staff presented other CCA options, and City Council voted to move forward with the initial feasibility study to identify and analyze technical parameters of the CCA Program. Staff reached out to the other associate members of the CCEA and received positive feedback regarding CCEA's quality of work. CCEA demonstrated a strong understanding of the scope and showcased exceptional quality of past work with other government agencies such as the City of Lancaster, the first CCA city in Southern California.

Staff has determined that it is beneficial to enter into an agreement with CCEA to prepare a preliminary feasibility study and implementation plan development. The multiple tasks which need to be completed as part of this contract are as follows:

- Load Forecasting from data requested from SCE
- Data Analysis
- Pro-forma Development
- Preparation of the Implementation Plan
- Preparation of an Ordinance
- Statement of Intent to Form a CCA
- Development of Organizational Structure
- Presentations to Staff, City Council Study Sessions, and City Council meetings as needed for a successful outcome

In accordance with Section 2-977 (a) of the City's Purchasing Ordinance, sole-source requests for professional services over \$15,000 (except as noted in Item (e)(5)) shall require approval by the City Council). A sole source is necessary for this professional service from CCEA due to the continuity of the services which are required for the formation of a CCA. The City seeks to be an Associate Member of CCEA, and only CCEA has the knowledge and ability to provide the costs

related to being an Associate Member. As such, doing a bid process would serve no purpose. Synergy and timeliness are keystones necessary to meet the CCA evaluation and potential formation deadlines for implementation. The recommended sole-source award process has been proven to be well executed in all of the agencies which CCEA has contracted with. The CCEA Proposal (Attachment 2) is attached.

Once City Council approves this sole source engagement, the next step is for the City to obtain rate payer data from Southern California Edison in order for CCEA to begin their assessment. This data is necessary to understand usage rates, peak demand, and overall electric load in the City. The feasibility study is estimated to take four (4) months to complete. At the completion of the first milestone, Staff will bring the study back to City Council; provide monthly updates through weekly reports, study sessions, and scheduled meetings as needed. The CPUC requires approval of an Ordinance, which requires a Public Hearing before the implementation plan can be submitted to the CPUC. There is no obligation to procure, sell or deliver energy simply by submitting the implementation plan to the CPUC. If the City submits by the end of December 2018, possible implementation would begin in 2020.

Attachment: 1) Resolution
2) CCEA Proposal

Prepared by: Julie Carver, Environmental Programs Supervisor