



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: Community Services
Department
Department No.: 057
For Agenda Of: March 21, 2017
Placement: Administrative
Estimated Tme: N/A
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors

FROM: Department George Chapjian, Community Services Director
Director(s) (805) 568-2467

Contact Info: Jen Cregar, Project Supervisor, Energy and Sustainability Initiatives
(805) 568-3506

SUBJECT: Community Choice Energy Update and Feasibility Study Contract Extension

County Counsel Concurrence

As to form: YES

Other Concurrence: Risk Management

As to form: YES

Auditor-Controller Concurrence

As to form: YES

Recommended Actions: That the Board of Supervisors:

- A. Receive and file this briefing on Community Choice Energy progress updates;
- B. Approve and authorize the Chair of the Board to execute Amendment 2 to the Agreement for Services of Independent Contractor with Willdan to: (1) allow for an extension of the term of the Agreement to September 30, 2017, to complete a Community Choice Energy feasibility study, (2) reallocate budget line item costs among tasks without increasing the total contract maximum, and (3) allow for a one-time milestone payment of \$35,861 against the total contract maximum for completion of Tasks 1 and 2 (Attachment A); and
- C. Authorize the Community Services Director or designee to amend the Agreement for Services of Independent Contractor, as amended by Amendment 2, by extending the term for a period not to exceed 6 months; and
- D. Determine that the above recommended actions do not constitute a project subject to environmental review under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15262, as the actions involve only feasibility or planning studies for possible future actions which the Board has not approved, adopted, or funded and does

not have a legally binding effect on later activities, and direct staff to file a Notice of Exemption (NOE) (Attachment B).

Summary Text: On June 9, 2015, the Board of Supervisors appropriated funds to the Community Services Department to conduct the initial phase of evaluating the formation of a community choice aggregation program – also referred to as Community Choice Energy (CCE). On May 10, 2016, the Board approved and authorized the execution of an Agreement for Services of Independent Contractor (“Agreement”) with Willdan in the amount not to exceed \$220,756 for a CCE feasibility study. On September 8, 2016, under the authority granted by the Board on May 10, 2016, the Community Services Director executed Amendment 1 to the Agreement to extend the term of the Agreement for six months until March 31, 2017. The CCE feasibility study is being developed to include 27 jurisdictions, within and including the counties of Santa Barbara, Ventura, and San Luis Obispo. This report provides an update on the progress to date and recommends approval for a second amendment to the Agreement to (1) extend the term for an additional six months to September 30, 2017, (2) reallocate line item costs among tasks without increasing the authorized budget amount, and (3) allow for a one-time milestone payment of \$35,861 against the total contract maximum of \$220,756 for completion of Tasks 1 and 2.

Background: CCE enables local governments to leverage the purchasing power of their residents, businesses, and governmental entities to purchase or generate power for their communities. As presented by the County Planning and Development Department at the May 5, 2015 Board hearing, the first phase in the process to establish the CCE program includes a feasibility study that assesses potential benefits and risks. On June 9, 2015, the Board appropriated funds to the Community Services Department to conduct Phase 1 work, including completion of the feasibility study. The Board also directed staff to explore regional participation in a CCE feasibility study. Recent progress updates and information on the recommended Amendment 2 are provided below.

Summary of Progress To Date

In response to requests from the County Executive Officer, San Luis Obispo and Ventura counties and the cities of Camarillo, Carpinteria, Moorpark, Ojai, Santa Barbara, Simi Valley, Thousand Oaks, and Ventura have contributed to the Phase 1 costs and are exploring a regional CCE program with the County of Santa Barbara as lead agency. A CCE Advisory Working Group (AWG) comprised of the contributing jurisdictions has been meeting since December 2015.

The County of Santa Barbara, with input from the AWG, is overseeing the development of a feasibility study that will help determine whether CCE is appropriate for the region. The study includes an evaluation of electricity purchasing requirements; upfront capital and operating requirements; rate and bill impacts; revenue generation potential to offset operating and power purchase costs, build financial reserves, and fund possible clean energy program development; risks and risk mitigation options; greenhouse gas emissions impacts; and economic impacts.

The feasibility study has been delayed by issues with obtaining electricity load data from Pacific Gas and Electric Company (PG&E) and Southern California Edison (SCE) (the “Utilities”), the AWG’s desire to incorporate additional study review opportunities, and consultant availability over the winter 2016 holidays. In late spring/early summer 2017, staff expects to provide the feasibility study results and staff recommendations to your Board for consideration.

In addition to overseeing the development of the feasibility study, the AWG has engaged key community groups to keep them apprised of progress and ask for their support in educating their communities about CCE. The AWG has named the consortium of local governments exploring CCE “Central Coast Power.” County of Santa Barbara staff, with the input of the AWG, has created a website (www.CentralCoastPower.org) and outreach materials that outline CCE progress and present information about the opportunities and risks of CCE. Staff also has developed an electronic newsletter for CCE updates and has convened two community meetings in September 2016 and January 2017. Invitations were extended to regional environmental, business, and labor leaders.

County of Santa Barbara staff, in coordination with the AWG, is monitoring the changing CCE landscape that now includes five operating CCE programs and more than 20 other jurisdictions actively studying or developing CCE programs across the state. The County also participates in several regional and statewide groups, including the newly formed California Community Choice Association (CalCCA), to better understand existing and proposed laws and regulations that could affect a local CCE program.

Amendment 2 to the Agreement for Services of Independent Contractor for Feasibility Study

After conducting the selection process, the County recommended Willdan as the top-ranked consultant proposal in spring 2016. The Agreement that your Board approved in May 2016 requires that Willdan conduct a thorough feasibility study including all 27 jurisdictions within the Tri-County area in an amount not to exceed \$220,756.

The Agreement was originally set to terminate on September 30, 2016. However, under the authority the Board previously granted to the Community Services Director, Amendment 1 to the Agreement extended the term through March 31, 2017, because staff had not yet received complete load data from the Utilities. Because of the substantial delays in obtaining the load data and additional quality assurance work performed by Willdan on the load data as received from the Utilities, Willdan was not able to begin work on the feasibility study until December 2016 and does not anticipate completing the feasibility study, with thorough review by staff and the AWG, until after the current March 31, 2017, contract expiration date. Thus, Amendment 2 would extend the term until September 30, 2017.

The Agreement, as amended by Amendment 1, authorizes payment of the full contract amount upon satisfactory completion of the scope of work without partial payments for milestones completed. Due to the unforeseen delays in obtaining the load data and completing the feasibility study, staff recommends a milestone payment to Willdan for the satisfactory completion of Tasks 1 and 2, with the balance of the amount owed for services rendered to be paid upon satisfactory completion of the remaining scope of work. Amendment 2, as proposed, would modify the Agreement, as amended by Amendment 1, to allow for this one-time milestone payment.

The Agreement, as amended by Amendment 1, and as proposed to be amended by Amendment 2, incorporates the standard County terms and conditions with the exception of authorizing the Community Services Director or designee to amend the Agreement by extending the term for a period not to exceed 6 months if necessary to complete the work.

Performance Measure:

N/A

Fiscal and Facilities Impacts:

Budgeted: Yes. Funds have previously been appropriated for Phase 1 and Phase 2 (conditional) for possible CCE program implementation, including the feasibility study, and contributions from outside entities will help offset these costs.

Fiscal Analysis:

N/A. There is no anticipated change to the maximum contract amount for Board Contract BC16203, and the one-time costs are adequately budgeted under the Energy and Sustainability Initiatives Division in Program 3500.

Staffing Impacts:

None.

Special Instructions:

Please send two copies of the signed Amendment 2 and minute order to Jen Cregar.

Attachments:

Attachment A: Amendment 2 to the Agreement for Services of Independent Contractor
Attachment B: CEQA Notice of Exemption (NOE)

Authored by:

Jennifer Cregar, Project Supervisor, Energy and Sustainability Initiatives