

SAN DIEGO COMMUNITY POWER
Staff Report – Item 6

To: San Diego Community Power Board of Directors

From: Cody Hooven, SDCP Interim Executive Officer
Director/Chief Sustainability Officer, City of San Diego

Subject: Approve San Diego Cooperation and Administrative Services Agreement

Date: February 27, 2020

Recommendation

Approve the Cooperation and Administrative Services Agreement with City of San Diego (City), providing certain services to San Diego Community Power (SDCP) by the City and reimbursement to the City of these services.

Background

Since 2016, the City of San Diego has been actively investigating the feasibility of commencing a Community Choice Aggregation Program in order to meet the 100 percent renewable energy goal in its Climate Action Plan.

On October 1, 2019, the City of San Diego joined the cities of Chula Vista, Encinitas, Imperial Beach, and La Mesa in the formation of San Diego Community Power, a California Joint Powers Authority (JPA), with the goal of launching community choice aggregator (CCA) service in Spring 2021. There are a myriad of administrative actions and expenditures that have been and will continue to be necessary in the to move SDCP from its initial concept, through launch, to a fully functioning, independent Authority serving over 900,000 customers.

Launching SDCP includes the following activities:

1. Creation of a Joint Powers Authority composed of participating municipalities;
2. Retention of experts to assist with energy and technical services, including development of an Implementation Plan, calculating the precise energy needs of SDCP according to its own policy, regulatory affairs, community outreach, assisting with contracts to bring energy service providers on board, and numerous other tasks;
3. City staff support for all administrative services and coordination among the various consultant teams being hired.

For items 1-3, the City of San Diego allocated approximately \$350,000 since December 2018 when regional discussions began to help bring SDCP to full operations status. This value does not include the “soft” costs resulting from staff time supporting SDCP formation and launch, which is currently estimated at \$300,000 to-date.

The Cooperation and Administrative Services formalizes the ongoing relationship between City of San Diego and SDCP, provided that the City will provide – through officers, employees, consultants, or contractors – a variety of services to SDCP, including but not limited to the following:

- a) Fiscal management and SDCP credit and financing support, including financial advisory, banking, and treasurer services;
- b) Community outreach;
- c) Contracted general start-up consulting support, including organizational operations;
- d) Staff support and administrative support at meetings;
- e) Legal counsel;
- f) Contracted technical and energy services;
- g) General administrative staff support for day-to-day operations.

This list is non-exhaustive and additional services may be provided at the direction of the SDCP Board.

The Cooperation Agreement does not require the City to budget any additional funds for SDCP beyond Fiscal Year 2020, or to provide any services or advance any funds; rather, it allows the City to continue to provide such services and provides for reimbursement of City expenditures.

The Cooperation Agreement will act retroactively and entitle the City to reimbursement of expenditures going back to December 2018.

The City will maintain records of all services undertaken and funds advanced for SDCP and invoice SDCP on a quarterly basis. Pursuant to this Agreement, SDCP agrees to reimburse the City for all costs incurred for the services outlined in the Agreement and any other expenditures made in order to implement the CCA Program. Total expenditures are not to exceed \$1.5 million pursuant to the Agreement. These amounts shall be repaid by SDCP to the City with 2% interest per annum. Payment may occur over time, consistent with SDCP's financial ability, however all costs must be repaid by the earlier of 5 years from CCA formation or 2 years after initial loans/lines of credit are repaid.

Staff is recommending that the Board approve the Cooperation and Administrative Services Agreement, which would then be presented to the City Council of San Diego for approval and final execution.

Fiscal Impact

The Cooperation Agreement allows SDCP to continue to rely on City services until such time as it can finance its own operations. It requires SDCP to reimburse the City's costs retroactively to December 2018 as well as ongoing costs, at 2% interest, which will be done from the charges collected from customers and/or seed funding received as part of its credit package, as SDCP is financially able to do so.

Attachments

Attachment A: SDCP and City of San Diego Cooperation and Administrative Services Agreement