

# DRAFT



## INTERNAL OPERATIONS COMMITTEE

RECORD OF ACTION FOR  
SEPTEMBER 14, 2015

Supervisor Karen Mitchoff, Chair  
Supervisor John Gioia, Vice Chair

Present: Karen Mitchoff, Chair  
John Gioia, Vice Chair

Staff Present: Julie DiMaggio Enea, Staff

Attendees: John Kopchik, Conservation & Development Director  
Jason Crapo, County Building Official  
Tom Kelly, Alameda County Clean Energy  
Jennifer Qualick, District II Supervisor's Office  
Tom Geiger, Asst. County Counsel  
Jeff Kurtz  
Carol Weed, Climate Change Issues League  
Charles Davidson  
Ann Puntch  
Eve Perez, HERO Program  
Alex DiGiorgio, Marin Clean Energy  
Jim Moita, Acorn Self Storage  
Harry Thurston  
Jack Cooper  
Marie Cohn, Rossmoor  
Nick Despota  
Tyra Wright, CCC Association of Realtors  
Heather Schiffman, CCC Association of Realtors  
Peter Liddell  
Pello Walker, Strategic Marketing Solutions  
Timothy Ewell, Sr. Deputy County Administrator  
Linda Lavender, District IV Supervisor's Office  
Lisa Chow, District IV Supervisor's Office  
Marcus Savage, Ygrene Energy Fund  
Bryan Raymond, Diablo Solar Services  
Bob Campbell, Auditor-Controller  
Russell Watts, Treasurer-Tax Collector  
Ed Diokno, District V Supervisor's Office

1. Introductions

*Chair Mitchoff convened the meeting at 2:38 p.m.*

2. Public comment on any item under the jurisdiction of the Committee and not on this agenda (speakers may be limited to three minutes).

*Jim Moita requested to speak during the general public comment period but was advised by the Chair that the matter about which he wished to speak was not under the jurisdiction of the Internal Operations Committee.*

3. RECEIVE and APPROVE the Record of Action for the special July 27, 2015 IOC meeting.

*The Record of Action for the Special July 27, 2015 Internal Operations Committee meeting was approved as presented.*

AYE: Chair Karen Mitchoff, Vice Chair John Gioia  
Passed

4. APPROVE nomination to appoint Aaron Winer to the Business 1 Alternate seat on the Hazardous Materials Commission to complete the unexpired term ending on December 31, 2018.

*The Committee approved the nomination of Aaron Winer to the Business 1 Alternate seat on the Hazardous Materials Commission to complete the unexpired term ending on December 31, 2018, and directed staff to forward the nomination to the Board of Supervisors.*

AYE: Chair Karen Mitchoff, Vice Chair John Gioia  
Passed

5. APPROVE plan to transition the terms of office of the Public Member seats on the Integrated Pest Management Advisory Committee from two years to four years and to stagger term expirations, and modifications to the IPM Advisory Committee Bylaws to accord with the seat term transition and to update old references.

*The Committee approved the proposed plan to transition the IPM Advisory Committee seats from two to four years and stagger the seat terms, and also approved the proposed changes to the bylaws to accord with the seat term changes, and directed staff to forward the Committee's recommendations to the Board of Supervisors.*

AYE: Chair Karen Mitchoff, Vice Chair John Gioia  
Passed

6.
  1. ACCEPT report on the Animal Benefit Fund; and,
  2. PROVIDE direction to staff regarding next steps.

*The Committee accepted the staff report on the Animal Benefit Fund and requested a follow-up report from the new Animal Services Director approximately 90 days post-appointment on pending needs and possible one-time uses of the funds.*

AYE: Chair Karen Mitchoff, Vice Chair John Gioia  
Passed

7. ACCEPT this report and CONSIDER providing direction to staff regarding next steps to further investigate potential Community Choice Aggregation (procurement of consumer energy) implementation.

*Jason Crapo presented the staff report, which provided background on CCA, its potential benefits, costs, and risks, options for implementing CCA by the County, and potential next steps should the Committee and Board of Supervisors wish to pursue a CCA program.*

*Supervisor Gioia suggested the following steps to begin exploring the CCA in our County:*

- 1. Staff should reach out to Contra Costa mayors and city managers to explain the CCA options and determine their interest in studying the formation of a CCA partnership among the cities and the County, representing the unincorporated areas.*
- 2. Staff should report back to IOC or the Board regarding the potential for partnering with other Contra Costa governments and provide a suggested scope and cost estimates for an RFP and eventual contract for a load/feasibility study, guestimated to cost in the range of \$300,000-\$500,000.*

*The Chair indicated that the Committee was interested in examining all three CCA options described in the staff report, and invited Tom Kelly and Alex DiGiorgio to describe their CCA programs, for Alameda County and Marin County, respectively. Tom Kelly reported that Alameda County recently issued an RFP for a load/feasibility study covering Alameda County and its cities. He added that the technical study and county staff costs represented the most significant project costs so far and that consultant costs were modest. He said that in response to stakeholder interest in how CCA would impact the local economy, the scope of the study will include a labor/job creation component. He expects to have a consultant hired within six weeks and for his County to be in a position to make a decision by the end of the year regarding whether or not to move forward. He noted that San Mateo County is in much the same place as Alameda County, and each county has created a large steering committee of stakeholders to inform the process. He said the Santa Clara County decided to not form a stakeholder steering committee. Tom indicated that the process to establish CCA in his county has been daunting and the idea of*

*partnering with another county at this point seemed overwhelming but might be a possibility at some future point. He said that due to each county's uniqueness, Contra Costa may prefer to establish its own CCA program.*

*Alex DiGiorgio stated that Marin Clean Energy supports Contra Costa County in whatever manner it may choose to offer CCA to its constituents. He reported that it took two years, from 2008 to 2010, to begin serving customers, and the program has been serving customers for five years now. He clarified that Marin Clean Energy (MCE) energy rates are about one dollar less than PG&E and are billed on the PG&E bill. He described how a CCA is both a partner and competitor with PG&E -- partners in the maintenance, delivery, and billing of energy, and competitors in the sourcing (generating or procuring) of energy. Every MCE customer is still a PG&E customer, and ratepayers are free to choose which energy supply portfolio from which to purchase. Ratepayers can opt out at any time, however, there is a one-year waiting period to opt back in to the CCA.*

*Supervisor Gioia clarified that under the legislation, once a CCA is created, ratepayers are automatically placed within the CCA unless they opt out. Alex said that the opt out rate varies by area; in Richmond it is 15-20%. Richmond, El Cerrito and San Pablo are current members of MCE, and Lafayette and Walnut Creek have expressed interest in joining MCE. Chevron is constructing a 10½ MW solar project on a remediated brownfield site that it is leasing to MCE for \$1/year. This project has a 50% minimum local hiring requirement and is funded with "Deep Green" option funding. "Deep Green" funding comes from one of two 100% renewable energy sourcing options offered by MCE. The Deep Green option costs ratepayers one cent/KW or about \$5/month per resident more but helps to build a fund for renewable energy infrastructure. The Deep Green option gives ratepayers a choice regarding where their energy dollars are spent.*

*The Chair invited members of the public to comment. The following individuals spoke in favor of CCA in Contra Costa County:*

*Harry Thurston, Antioch; Carol Weed, Walnut Creek; Charles Davidson; Marie Cohn, Sustainable Rossmore; Marcus Savage, Ygrene; Jim Moita; Bryan Raymond, Diablo Solar Services; Nick Despota, Sunflower Alliance; Pello Walker, Pleasant Hill; Peter Waring. Jim Moita submitted an aerial photo of his self-storage facility in Brentwood that has been fitted with solar panels. He stated that in California, there are two million sq ft of self storage and two billion sq ft nationally. This is a potential source of renewable energy. One MW of energy supplies 1,200-1,500 homes.*

*The City of Walnut Creek sent a letter of support for CCA, attached hereto; and the Contra Costa Clean Energy Alliance provided a brochure, attached hereto.*

*Supervisor Mitchoff asked Alex DiGiorgio how MCE manages Deep Green proceeds that are generated from non-Marin County jurisdictions and DiGiorgio clarified that the funds are currently pooled and managed as one fund by MCE but that segregated funds for geographical areas might be an option for consideration by the MCE board of directors. DiGiorgio mentioned that MCE might soon be making changes to its requirements to join MCE.*

*The Committee directed IOC staff to prepare a Board Order for October 6 recommending that authority be granted to DCD staff to conduct outreach to Contra Costa cities to determine their interest in studying the formation of a CCA, and to begin identify costs for a load and feasibility study, with the goal of having a report back to IOC in December on the status of the outreach to cities with a full report on outreach at the first 2016 IOC meeting.*

AYE: Chair Karen Mitchoff, Vice Chair John Gioia

Passed

8. CONSIDER concerns raised by PACE (Property Assessed Clean Energy) providers regarding the form of the County's operating agreement and related PACE policies.

*In response to concerns that County staff were not moving fast enough to approve PACE provider applications, Jason Crapo explained that final review and approval could not occur on the two applications received until issues raised by the PACE providers regarding the County's PACE Operating Agreement and related policies were decided by the IOC and the Board of Supervisors.*

*The following individuals commented and/or provided clarification on the issues: Eve Perez, Jonathan Keyles, Russell Watts, Bob Campbell, Marcus Savage. Eve Perez submitted an article entitled, "AVM Secrets and Lies", attached hereto.*

*The Committee discussed and accepted public comment on the eight issues outlined in the staff report and made the determinations summarized below. The Committee directed staff to prepare a Board Order for Board discussion in October, recommending the Committee's determinations and, concurrently, transmitting staff's recommendations on the PACE applications submitted by Renew Financial and HERO.*

1. Assessed vs. Fair Market Value

*The Committee decided to recommend to the Board of Supervisors that fair market value be determined using automated valuation supplied to the PACE providers through a third party vendor, or using a certified appraisal if preferred by the property owner.*

2. Contractors Indemnifying the County

*The Committee decided to remove the requirement that contractors indemnify the County, and that the County instead recognize the contractor indemnification language in the Contractor Participation Agreement, to which all participating contractors have agreed.*

3. Contractor General Liability Insurance & Additional Insured Requirements

*The Committee decided to require contractors to carry the industry standard amount of \$1M (vs. \$2M) per occurrence for commercial general liability insurance, strike the requirement for a Builder's Risk policy, and strike the requirement for contractors to add the County as an additional insured.*

4. Lender Consent

*The Committee decided to require Program Participants who own non-residential properties to obtain written consent to participate in the PACE Program from lenders who have made loans to the Program Participant only where the property in question serves as security for the loan.*

5. **Loan Limits for Residential Properties over \$700,000 and for Non-Residential Properties**

*The Committee decided to mirror the loan limits provided in the States PACE Loss Reserve regulations: "The Financing is for less than fifteen percent (15%) of the value of the property, up to the first seven hundred thousand dollars (\$700,000) of the value of the property, and is for less than ten percent (10%) of the remaining value of the property above seven hundred thousand dollars (\$700,000)." The Committee also decided to remove the 20% of value cap on non-residential PACE loans, modify the limitation in the County's Operating Agreement that a PACE assessment cannot result in property taxes exceeding 5% of market (vs. assessed) value, and stipulate in the Operating Agreement that the PACE assessment plus the mortgage related debt on a residential property must not exceed 95% of market value of the property.*

6. **Definition of Residential vs. Non-Residential Properties**

*The Committee agreed to add the following definition to the Operating Agreement: "Non-residential property" is any property that is a multi-family property containing five or more units of housing, or any commercial, agricultural, or industrial property that would otherwise be eligible for PACE financing. It was acknowledged that there is a discrepancy between the State's definition of residential property and the PACE law definition of residential property as "one to three units" and multi-family as "five or more units", leaving properties of four or more units in limbo. The Committee preferred to treat properties of four or less units as residential property for the purpose of the County's PACE Operating Agreement.*

7. **Tax Deductibility Disclaimer**

*The Committee decided to provide in the County's Operating Agreement that PACE providers may recommend that property owners consult with a tax professional prior to claiming any tax deductions associated with the project, and shall not recommend or indicate that homeowners take any particular filing position regarding their annual or semi-annual PACE assessment payments.*

8. **Processing Fee**

*The Committee decided to uphold the one-time \$5,000 County application fee to cover anticipated review and processing costs.*

AYE: Chair Karen Mitchoff, Vice Chair John Gioia  
Passed

9. The next meeting is currently scheduled for October 12, 2015.

10. Adjourn

*Chair Mitchoff adjourned the meeting at approximately 4:45 p.m.*