



Agenda

INTERNAL OPERATIONS COMMITTEE

RECORD OF ACTION FOR
February 29, 2016

Supervisor John Gioia, Chair
Supervisor Candace Andersen, Vice Chair

Present: John Gioia, Chair
Candace Andersen, Vice Chair

Staff Present: Julie DiMaggio Enea, Staff

Attendees: Ralph Hoffman; Joanne Bohren, Chief Auditor; Sandra Bewley; Agnes Vinluan, Environmental Health; Lynn Mac Michael; Jason Crapo, Deputy DCD Director; Tanya Drlik, Health Services Department; Joe Doser, Environmental Health; Dawn Weisz, MCE; Iris Obregon; John Kopchik, DCD Director; Alexandra Mc Gee; Alexander DeGiorgio; Cara Bautista-Rao; Nati Flores; Larry Brunink; Kelly Davidson; Tom Kelly; Casya del Veergaard; Carol Weed; Kook Huber; Peter Ericson; Brodie Hilp; Helen Sokol; Tom Guarino; Jan Warren; Audrrey Albrecht; Pello Walker; Arvind Goel; Marilyn Underwood, Environmental Health; Linda Wilcox, Deputy County Counsel; Mike Casten, Undersheriff; David Brockbank, DCD; Deidra Dingman, Solid Waste Manager; Cliff Glickman; Gayle Israel, District II Supervisor's Office; Jill Ray, District II Supervisor's Office; Michael Kent, Health Services Department; Elizabeth Verigin, Asst. Auditor-Controller; Bob Campbell, Auditor-Controller; Richard Freeman; Ann Punch; Charley Davidson; Bill Pinkham; David McCord

1. Introductions

Chair Gioia called the meeting to order at 11:00 a.m. and County staff introduced themselves at the request of Chair Gioia.

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

Ralph Hoffman asked the Committee to do everything possible to reverse the human causes of global warming.

3. INTERVIEW the following candidates for At Large #1, At Large #2 and Public Member Alternate seats on the Integrated Pest Management Advisory Committee and DETERMINE recommended appointments for Board of Supervisors consideration:

Larry Brunink, Concord
Susan Captain, Moraga
Kelly Davidson, Clayton
James Donnelly, Danville
Nati Flores*, Antioch

Wayne Lanier, PhD, Walnut Creek
Justin B. Sinclair, Clayton

The Committee interviewed all seven candidates in a group setting and decided to recommend the appointment to the Integrated Pest Management Advisory Committee of Susan Captain to the At Large #1 to a term ending on 12/31/19; and James Donnelly to the At Large #3, and Wayne Lanier, PhD, to the Public Member Alternate seats to terms ending on 12/31/18.

The Committee also directed staff to provide a current roster showing city of residence and background/affiliation for all future advisory body nominations.

AYE: Chair John Gioia, Vice Chair Candace Andersen
Passed

4. APPROVE Hazardous Materials Commission nominations to appoint the following individuals to the Commission to terms ending on December 31, 2019:

Action	Nominee	Seat	Nominated By
Reappoint	Frank Gordon	General Public	Commission
Reappoint	Tim Bancroft	General Public Alternate	Commission
Reassign	Usha Vedagiri	Environmental Organizations #2	Commission
Reappoint	Jim Payne	Labor #2	Central Labor Council
Reappoint	Tracy Scott	Labor #2 Alternate	Central Labor Council

The Committee approved the staff recommendation to REAPPOINT to the Hazardous Materials Commission Frank Gordon to the General Public seat, Tim Bancroft to the General Public Alternate seat, Jim Payne to the Labor #2 seat, and Tracy Scott to the Labor #2 Alternate seat to terms ending December 31, 2019; REASSIGN Usha Vedagiri to the Environmental Organization #2 seat; and DECLARE vacant the Environmental Organizations #3 Alternate seat held by Usha Vedagiri due to her reassignment to a regular seat and DIRECT the Clerk of the Board to post the vacancy.

AYE: Chair John Gioia, Vice Chair Candace Andersen
Passed

5. APPROVE the proposed plan and schedules for the recruitment to fill one Board of Supervisors seat on each the Contra Costa County Employees' Retirement Association Board of Trustees, the County Planning Commission and Contra Costa County Fire Protection District Fire Advisory Commissions that will become vacant on June 30, 2016, and three seats on the Contra Costa Resource Conservation District Board of Directors that will become vacant on November 30, 2016.

The Committee approved the recommended recruitment plan and schedule and directed staff to send copies of the recruitment materials to the five District Supervisors' offices.

AYE: Chair John Gioia, Vice Chair Candace Andersen

Passed

6. ACCEPT report on the status of the development of a waste hauler ordinance and provide policy direction to staff.

Chair Gioia thanked staff for the depth and organization of the report. Marilyn Underwood summarized the history of the referral and her objectives for the new ordinance. She explained how prior Committee discussions extended to issues beyond her original proposal for a waste hauler ordinance. She explained that Environmental Health and Conservation and Development staff, working closely with County Counsel, collaborated to develop an ordinance that is legal, workable, and enforceable. She explained that the staff report identifies some of the additional and related issues that surfaced during the development of the ordinance, and includes recommendations about how to address those related issues. She also clarified that the proposed ordinance will regulate waste generated in the county unincorporated (UI) area, and that the way to address waste generated within cities would be to request cities and/or solid waste authorities to adopt ordinances that mirror this ordinance.

Joe Doser outlined the key elements of the ordinance and explained some of the steps staff would take to implement the ordinance.

Supervisor Gioia agreed with the proposed exemptions to the ordinance, and asked staff to identify those areas where policy direction is needed. Supervisor Andersen wanted some assurance that the ordinance would not impact any similar ordinances adopted by other local agencies, and also noted her preference that the performance bond requirement not be so onerous as to exclude businesses who wish to conduct legitimate hauling activities.

Deidra Dingman explained that the County does not have control over all of the UI areas; some of the UI areas are regulated by solid waste authorities. She identified that 47% of the UI population is not regulated by the County. She explained that, under the proposed ordinance, the County would issue permits in areas that the County doesn't directly franchise, but only after an outreach and referral process, giving those franchising agencies a 30-day period within which to alert the County that issuance of a permit would violate their franchise agreements. She presented a graphic of the process to be used by DCD staff to determine if there are County franchise exclusivity rights for hauling activities proposed in a permit application. She explained that the criteria to be reviewed will include the service area and if it involves more than one franchise, the type of waste proposed to be hauled, if the waste is routinely generated, the type of customer that generated the waste, and whether or not the hauling is tied directly to another on-property service that generates the waste to be hauled.

Cliff Glickman, representing Garaventa Enterprises, expressed appreciation to County staff for the report/recommendations and commented that while he still has some disagreements with staff related to expanding franchise exclusivity, he is in favor of seeing the proposed ordinance advance to the Board of Supervisors along with commencement of the 5-year noticing required for the County to allow expanded franchise exclusivity.

Ms. Dingman presented the staff recommendations and sought direction from the Committee. The Committee made the following decisions:

- Directed staff to schedule the 5-Year Rule noticing for Board of Supervisors' consideration, to maximize County's future decision-making flexibility.*
- Directed staff to provide haulers with proposed model amendments to the County's four franchise agreements to facilitate consistent permitting under the proposed ordinance (clarification for Industrial Waste and Exceptions section).*
- To introduce the proposed ordinance to the Board of Supervisors and have it take effect upon approval of a \$20,000 performance bond requirement (to be set by resolution) and minor County Franchise amendments that are needed to clarify the Industrial Waste and Exceptions sections.*
- To ask the Franchise haulers to seek franchise cities' police departments' willingness to enforce PRC sections 41950, 41951 & 41955 pertaining to the theft of recyclables.*

7. Given the interest of Contra Costa cities in participating with the County to further investigate potential implementation of Community Choice Energy, staff recommends the Board direct DCD to continue with the steps required to undertake a technical study of CCE in Contra Costa County.

The immediate next step in this process would be for the County to obtain electrical load data from PG&E on behalf of the County and the 16 cities that have authorized the County to do so. This will provide the County with detailed information regarding electrical usage within the covered jurisdictions, and will constitute the raw data necessary to conduct a technical study of potential CCE implementation within the County.

Staff recommends that the Board direct DCD to work in partnership with interested cities to jointly fund a technical study of CCE in Contra Costa County that would evaluate three options: a program including only interested jurisdictions within Contra Costa County; a program that is a partnership with Alameda County and interested jurisdictions in the two-county region; and joining the existing CCE program originated in Marin County known as Marin Clean Energy.

Such a technical study would be conducted by a qualified consultant selected through a competitive process. The technical study would evaluate electrical load data to determine the amount of electricity a CCE program would need to procure in order to serve electricity consumers in the participating communities, and would estimate the billing rates that a CCE program would need to charge electricity customers in order to pay for program operations.

The study would analyze how rates might vary under scenarios in which the CCE

program offered customers different levels of electricity originating from renewable sources (for example, rates associate with 50% renewable or 100% renewable options). Electricity rates for these scenarios would be compared to products offered by the incumbent utility, PG&E (Attachment C). The technical study would also include a risk analysis of factors that could potentially interfere with successful operation of a CCE program within the County, such as risks associated with price volatility in energy markets and risks stemming from legal or regulatory changes. CCE technical studies performed in other Bay Area counties have included additional components, including analysis of the impact a CCE program might have on local renewable power generation and local job creation.

As stated in Table 1 above, roughly half of the cities in Contra Costa County have indicated some degree of willingness to contribute financially towards the cost of a technical study. Staff recommends that the Board direct DCD to work with cities to finalize payment arrangement and initiate the technical study. Staff recommends that the County and each participating city pay for a portion of the cost of the technical study similar to its proportion of the total population covered under the study.

Staff proposes that DCD work with the cities to finalize the scope of the technical study, develop and issue a Request for Proposals (RFP), and select a consultant to perform the technical study. The County would then enter into a contract with the selected consultant. The results of the technical study would be reported to the cities and the Board of Supervisors, and staff would seek further direction.

Project Schedule and Budget

Completing a technical study of Community Choice Energy would represent the first major phase of activity related to potential implementation of CCE within Contra Costa County. Following a technical study, additional steps would be required to launch a CCE program, should the Board decide to proceed with implementation.

An estimated schedule and budget for fully implementing CCE within the County is attached to this report (Attachment D). The time and expense associated with implementing CCE within the County depends heavily on the outcome of the technical study and the resulting direction selected by the Board and participating cities.

The CCE option likely to require the greatest commitment of time and resources would be the option to form a new JPA comprised of the County and cities within Contra Costa County. Following the technical study, such an option would involve two additional phases of activity: JPA Formation and Program Launch. The activities associated with these additional project phases and the estimated time and expense to complete these activities are described in greater detail in Attachment D. Staff estimates the total time needed to implement the Contra Costa JPA option and begin providing electricity to customers would be in the range of two to three years and would cost approximately \$2 million.

Recommendation(s)

Staff recommends the IOC and Board of Supervisors direct DCD and other County staff to take the following actions:

1. Take all actions necessary to obtain electrical load data from PG&E on behalf of the County and all cities in Contra Costa County that have authorized the County to do so.
2. Work with interested cities in Contra Costa County to conduct a technical study of options for potentially implementing CCE within Contra Costa County, anticipating the County's share of cost is estimated to be in the range of \$25,000 to \$50,000.
3. Authorize DCD to amend the consulting services contract with LEAN Energy to increase the payment by \$75,000 to a new payment limit of \$100,000 for consulting services through completion of the technical study.

Jason Crapo introduced consultant Shawn Marshall. Ms. Marshall provided an overview of CCE and explained that the interface is virtually transparent to the energy consumer but the consumer benefits from lower GGE and usually lower costs. Most programs are administered by a JPA and are authorized by a local government ordinance. The local utility would provide the infrastructure and consolidated billing. Special consumer programs such as low-income or senior advantage programs would remain uninterrupted under CCE. CCE and the local utility exit fee would appear as a new line on the consumer's utility bill. The CPUC certifies the CCE plan and oversees the relationship between the CCEs and local utilities.

Ms. Marshall presented the remaining slides in the attached Powerpoint presentation. Supervisor Gioia noted that Richmond, San Pablo and El Cerrito are members of MCE. Dawn Weisz added that Pinole, Oakley, Lafayette, Walnut Creek, and Moraga have signed letters of interest in joining MCE. Ms. Marshall emphasized that the three operating CCE programs in California are successful and completely rate payer supported with no taxpayer subsidy. She noted that CCEs are responsive to local Climate Action Plans.

Ms. Marshall noted that as CCE becomes more prevalent, local utility exit fees will tend to increase but that over time, is not anticipated to have a significant impact.

Supervisor Andersen asked about the long-term clean energy market, as an increasing number of jurisdictions are implementing CCE and rapidly increasing demand for clean energy. She asked if the price for clean energy is expected to remain stable or increase as consumer demand increases. Jason Crapo indicated that a technical study would include market projections, and asked Dawn Weisz to comment on MCE's experience. Ms. Weisz explained that when MCE has shopped for energy, it has typically received proposals for more than ten times the amount needed, indicating the supply of clean energy is currently high and continues to increase as new sources become available. But she cautioned that can change in the future. She, therefore, recommended diversity in the energy supplier portfolio and also among the contract periods for which energy is purchased (a mix of short, medium, and long-term supplier contracts).

Supervisor Gioia asked Ms. Weisz to explain how the need to comply with the State's policy of 50% renewable energy by 2030 will play out in CCE market. Ms. Weisz said that the impact of the State's policy is unknown but that the market is currently unconstrained, with new energy developers looking for buyers. She speculated that in 10 years, perhaps, we may begin to see some market saturation in terms of locations for new power generation. She added that we might see pricing changes or shifts; for example, solar is currently low cost but if the solar market becomes constrained, consumers may turn to other renewable sources such as biomass, hydroelectric, wind, etc. Supervisor Andersen pointed out that many of the solar incentive programs are expiring, which will likely place upward pressure on the solar option. Alex DiGiorgio commented that the expiration of solar tax credits would likely not affect large solar energy suppliers but may price smaller providers out of the market.

Supervisor Gioia commented that home battery storage technology is improving and will likely be another option available to consumers, allowing them to store the excess solar energy they capture rather than return it to the grid.

Ms. Marshall concluded her presentation and Jason Crapo presented the remainder of the staff report, describing the Board of Supervisors prior direction to staff, and staff's outreach to Contra Costa cities. He reported that all 16 Contra Costa cities that are not members of MCE have authorized the County to obtain their electrical load data from PG&E, but that the cities varied in their willingness to share in the cost of a technical study. Mr. Crapo said that if the Board decided to proceed with a technical study, he would likely recommend that the cost be allocated to cities based on their proportionate share of total population, and that cities that contributed funding would be given a role in defining the technical study.

Mr. Crapo proceeded to review the staff recommendations including the next steps involved with each recommendation and estimated costs. He clarified that the County's consultant Lean Energy would not be conducting the technical study.

Supervisor Gioia asked about the timing for a technical study and how it relates to MCE's current inclusion period. Ms. Weisz explained MCE's inclusion period policies and stated that MCE was currently only entertaining membership of agencies within the four counties currently served (Marin, Napa, Solano and Contra Costa). The purpose of the inclusion periods is to batch new members together for savings on technical studies and new energy procurement. To be included during the current inclusion period, the County would need to adopt an ordinance by March 31, 2016. Ms. Weisz clarified that MCE has a policy to not enroll new consumers until such time that the MCE rates are either equal to or less than the local utility company rates. She said that the analysis following each inclusion period typically takes 4-6 weeks, after which time MCE would begin conducting outreach in those communities for at least 3 months.

Supervisor Andersen asked what the added value would be to forming a Contra Costa CCE Program over joining MCE, and would MCE have the capacity to absorb the County UI and remaining Contra Costa cities. Mr. Crapo described the advantages of either joining MCE or forming a Contra Costa CCE, i.e., joining MCE would be faster, less expensive, and less work; forming our own CCE would provide more

control over energy policies and power generation projects.

The Committee asked about the MCE governance structure and the role of elected officials on the governing board. More specifically, Supervisor Andersen asked if the board makes decisions about investments and procurement in addition to the budget, or are investment and procurement decisions delegated to staff? Ms. Weisz explained that the board makes decisions on procurement/power supply, power generation projects (she mentioned the Chevron solar project in Richmond), rate-setting, and branding. MCE is currently considering changing its name to "My Clean Energy-Bay Area". She said that the board meetings can be hosted in different places.

Ms. Weisz explained the board configuration: one seat per city and one seat per county. The voting rights are partially weighted based on an agency's proportionate share of electrical load. Supervisor Gioia observed that if Contra Costa UI and the remaining Contra Costa cities joined MCE, they would likely have the highest load. Ms. Weisz said that this would not deter MCE because MCE is mission driven. Supervisor Andersen expressed concern over forming a Contra Costa JPA when it could be more efficient to join MCE. Mr. Crapo said it comes down to how much control the Board of Supervisors wishes to exercise over the various CCE policy decisions. Supervisor Gioia was of the opinion that the County could develop local energy projects under either scenario.

Supervisor Andersen said she wasn't convinced that we could do CCE better than MCE or that it would be worth spending so much money to form a Contra Costa CCE as long as we had an equal seat at the MCE table. Supervisor Gioia preferred the fast implementation offered by the MCE option and also thought that the County could achieve local project siting as a member of MCE. He also preferred to have all of the county in one program rather than split between two programs, especially if we are doing common community programs.

Staff asked Ms. Weisz to clarify whether or not cities or the County could join MCE after March 31 but at their own cost. Ms. Weisz said that it would be reasonable for the County to expect that MCE would open another inclusion period to accommodate Contra Costa County because the County's large load size would make it economical to do so.

Ms. Marshall observed that the various CCE options are a good dilemma to have. She thought it was worth studying further based on feedback offered by the cities. Mr. Crapo stressed that this is a big decision that would determine the default energy provider for hundreds of thousands of consumers and that, once that decision is made, it would be very costly and difficult to unwind the County's choice. Mr. Crapo emphasized the value of a technical study to determine the technical data (e.g., economic value, energy sources) needed to inform the Board's decision and also to increase community outreach on CCE. Ms. Marshall clarified that a technical study will not project rates or provide a rate comparison between MCE and a County CCE, but it will predict the economic value of the program.

Public Comment was offered by the following individuals:

Iris Obregon, Oakley; Peter Ericson, Orinda; Richard Freeman, Kensington; Ann Punch, Rodeo; Charley Davidson, Hercules; Helen Sokol, Walnut Creek; Jan Warren, Walnut Creek; Carol Weed, Walnut Creek; Bill Pinkham, Richmond; Pello Walker; Casya de Neergaard, Kensington; Brodie Hilp, Danville; David McCord; and Arvind Goel, San Ramon/Danville.

AYE: Chair John Gioia, Vice Chair Candace Andersen
Passed

8. ACCEPT report on the Auditor-Controller's audit activities for 2015 and APPROVE the proposed schedule of financial audits for 2016.

Supervisor Gioia accepted the Auditor-Controller's report of audit activities for 2015 and approved the audit plan for 2016. He also asked for copies or links to the County's Procurement Card Policies and Manual and to MAC training materials.

AYE: Chair John Gioia
Other: Vice Chair Candace Andersen (ABSENT)
Passed

9. APPROVE the proposed 2016 Committee meeting schedule and work plan, or provide direction to staff regarding any changes thereto.

Supervisor Gioia approved the recruitment plan and schedule as recommended by staff and requested that the press releases be shared with the Supervisors' offices.

AYE: Chair John Gioia
Other: Vice Chair Candace Andersen (ABSENT)
Passed

10. The next meeting is currently scheduled for March 28, 2016.
11. Adjourn

Chair Gioia adjourned the meeting at 2:30 p.m.

For Additional Information Contact:

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