



**AGENDA**  
**BOARD OF DIRECTORS SPECIAL MEETING**  
**FRIDAY, MARCH 13, 2020**  
**1:30 P.M.**

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50 Santa Rosa Avenue, Fifth Floor, Santa Rosa, California

**I. CALL TO ORDER**

**II. BOARD OF DIRECTORS SPECIAL MEETING CALENDAR**

1. Adopt Resolution Delegating Authority to the CEO to Enter Into Certain Contracts, Set Rates and Take Other Specific Actions Necessary to Ensure the Continuous Operation of SCP During Months in 2020 in which Board Meetings are Cancelled or No Quorum can be Achieved Due to a Public Health Emergency Relating to the COVID-19 Virus. (Action)

**III. PUBLIC COMMENT ON MATTERS NOT LISTED ON THE AGENDA**

(Comments are restricted to matters within the Board jurisdiction. Please be brief and limit comments to three minutes.)

**IV. BOARD MEMBER ANNOUNCEMENTS**

**V. ADJOURN**

*DISABLED ACCOMMODATION: If you have a disability which requires an accommodation, an alternative format, or requires another person to assist you while attending this meeting, please contact the Clerk of the Board at (707) 890-8491, as soon as possible to ensure arrangements for accommodation.*

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## Staff Report - Item 01

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**To:** Sonoma Clean Power Authority Board of Directors

**From:** Geof Syphers, Chief Executive Officer

**Issue:** Pass Resolution 2020-01, which governs how a Board meeting may be cancelled to protect public health and what specific authorities the Board grants to the CEO or his designee for that period to ensure the continuous operation of Sonoma Clean Power

**Date:** March 13, 2020

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### Requested Board Action

Adopt Resolution Delegating Authority to the CEO to Enter Into Certain Contracts, Set Rates and Take Other Specific Actions Necessary to Ensure the Continuous Operation of SCP During Months in 2020 in which Board Meetings are Cancelled or No Quorum can be Achieved Due to a Public Health Emergency Relating to the COVID-19 Virus.

### Background

It is currently unknown whether our Counties or the State will call to limit or avoid public meetings as part of efforts to limit the spread of the coronavirus that causes COVID-19. However, a number of recent developments make it prudent to prepare for that possibility, including:

- The County of Sonoma declared a Local Health Emergency on March 2, 2020;
- The Governor of California called for a State of Emergency on March 4, 2020;
- A small number of local employers have already closed their facilities to the public or sent employees to work from home.

While Sonoma Clean Power has a Continuity of Operations Plan, that plan currently has no functional process for contracting, rate setting and other functions of SCP's Board of Directors. A set of specific delegations of power are therefore recommended for situations in 2020 where:

1. A State or County State of Emergency is in currently effect; and
2. The SCPA Board Chair in consultation with the CEO, or Vice Chair if the Chair is unavailable, makes a determination that holding the next Board meeting is not prudent from a public health standpoint; and
3. The cancellation of a Board meeting is made one month at a time to ensure that conditions remain in effect to warrant the cancellation.

## **Proposed Delegation of Authority**

### 1. Customer Rates.

Due to two large expected increases PG&E's Power Charge Indifference Adjustment (PCIA), customer bills could exceed 10% over bundled service without two rate changes in the next several months. Staff therefore recommend authority to:

- Adopt temporary rates to go into effect July 1, 2020 that ensure each customer rate class' bills are not more than 5% over PG&E's May 1, 2020 bundled customer bills; and
- Adopt temporary rates that go into effect at the earliest date following the CPUC's enactment of the PCIA trigger (removal of the cap on the PCIA). This is expected to occur on September 1, 2020, but may occur earlier or later. These temporary rates would set all customer classes to be no more than 5.0% above PG&E's bundled service bills.

If either or both of these rate changes are made, they would need to be ratified by the Board of Directors in the next regular SCP Board meeting. It is also important to note that protecting customers against rates that result in total bills exceeding 5% over bundled rates means using the net income from the current fiscal year (net increase in position) as a customer bill stabilization fund over the next two years rather than contributing that amount to reserves. A detailed study of how SCP plans to get through the next five years of elevated PCIA is underway and will be presented to the Board at the earliest opportunity. For the purpose of this delegation, Staff represent that it appears possible to retain at least 120 days of cash in reserves at all times while keeping SCP customer total bills at or below 5% above PG&E bundled customer bills for the next five years.

### 2. Headquarters Construction

SCP's headquarters project is on track for the construction contract to be approved in

SCP's regular April Board meeting. If that meeting is cancelled, Staff ask for a delegation of authority to:

- Approve a construction contract for SCP's headquarters project in an amount not to exceed \$9,700,000.00 and allocate an amount not-to-exceed \$1,500,000.00 in owner's contingency.

### 3. Continue Ordinary Expenses

Staff request authority to continue paying expenses on the July 1 start to SCP's 2020-2021 fiscal year based on the preliminary budget that repeats the existing Fiscal Year 2019-2020 until such time as the Board adopts a new budget.

### **Fiscal Impact**

Given that the proposed construction contract for SCP's headquarters is slightly below our estimate, the primary fiscal impact is that protecting customers from rates that exceed 5% above bundled service has a net cost of approximately \$25 million over the next two years. Because Staff anticipate collecting approximately \$25 million in net income by the end of the current fiscal year, Staff recommends holding that amount for the purpose of customer bill stabilization rather than dedicating it to reserve funds. Later years will have somewhat lower PCIA fees, and a breakeven rate of 2-4% over bundled rates would allow SCP to reach 2026 without spending any cash from dedicated reserves. The year 2026 is the first year in which PG&E's elevated costs of operating the Diablo Canyon nuclear power plant are no longer a component of the PCIA, and rates may reasonably be brought back into a more competitive line with bundled service.

### **Attachment(s)**

- Resolution Delegating Authority to the CEO to Enter Into Certain Contracts, Set Rates and Take Other Specific Actions Necessary to Ensure the Continuous Operation of SCP During Months in 2020 in which Board Meetings are Cancelled or No Quorum can be Achieved Due to a Public Health Emergency Relating to the COVID-19 Virus

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## RESOLUTION No. 2020 - 01

### **A RESOLUTION OF THE SONOMA CLEAN POWER AUTHORITY DELEGATING AUTHORITY TO THE CHIEF EXECUTIVE OFFICER OR HIS DESIGNEE TO AWARD CERTAIN CONTRACTS, EXECUTE AGREEMENTS AND SET TEMPORARY CUSTOMER RATES ON BEHALF OF THE SONOMA CLEAN POWER AUTHORITY DURING MONTHS IN 2020 WHEN BOARD MEETINGS ARE CANCELLED OR NO QUORUM CAN BE REACHED DUE TO A PUBLIC HEALTH STATE OF EMERGENCY RELATING TO THE COVID-19 FLU VIRUS.**

Whereas Governor Newsom of California declared a State of Emergency in response to COVID-19 on March 4, 2020; and

Whereas the County of Sonoma has declared a Local Public Health Emergency as well as a Local Emergency to respond to COVID-19 on March 2, 2020; and

Whereas it may become necessary to cancel one or more public meetings to protect public health;

Now therefore the Board of Directors of the Sonoma Clean Power Authority hereby resolves:

SECTION 1. During periods in the year 2020 when the State of California or the County of Sonoma have declared a state of emergency relating to the COVID-19 virus, the Chair of the Board, or the Vice Chair if the Chair is unavailable, may cancel a board meeting after conferring with SCP's CEO. Such a cancellation is only valid for 30 days. Second or further cancellations may be made only if the state of emergency remains in effect.

SECTION 2. To assure the continued operations of SCP, the CEO or his designee is hereby authorized to consider, approve, and execute contracts, set customer rates, and decide other administrative matters needed for the on-going operation of the Authority within existing budgetary appropriations when, pursuant to Section 1, above, a Board meeting has been cancelled due to the COVID-19 emergency, including the following:

- Adopt temporary rates to go into effect July 1, 2020 that ensure each SCP customer rate class' bills are no more than 5% over PG&E's May 1, 2020 bundled customer bills.
- Adopt temporary rates that go into effect at the earliest date following the CPUC's enactment of the PCIA trigger (removal of the cap on the PCIA). This is expected to occur on September 1, 2020, but may occur earlier or later. These temporary rates would set all customer class rates such that their bills are no more than 5% above PG&E's bundled service customer bills.
- Approve a construction contract for SCP's headquarters project in an amount not to exceed \$9,700,000.00 and allocate an amount not-to-exceed \$1,500,000.00 in owner's contingency.

- Continue paying expenses on the July 1 start to SCP's 2020-2021 fiscal year based on the preliminary budget that repeats the existing Fiscal Year 2019-2020 until such time as the Board adopts a new budget.

SECTION 3. The CEO shall report to the Board regarding the actions taken under this Resolution within 7 days and additionally at the first Board meeting following resumption of regular meetings.

[SIGNATURES APPEAR ON FOLLOWING PAGE]



ADOPTED, \_\_\_\_\_, 2020 by the Sonoma Clean Power Authority by the following vote:

<b>CITIES</b>	<b>NAME</b>	<b>AYE</b>	<b>NO</b>	<b>ABSTAIN</b>
Cloverdale	Director Bagby			
Cotati	Director Landman			
Petaluma	Director King			
Point Arena	Director Torrez			
Rohnert Park	Director Belforte			
Santa Rosa	Director Tibbetts			
Sebastopol	Director Slayter			
Sonoma	Director Harrington			
Windsor	Director Okrepkie			
County of Mendocino	Director Gjerde			
County of Sonoma	Director Hopkins			

*In alphabetical order by jurisdiction*

\_\_\_\_\_  
Chair, Sonoma Clean Power Authority

Attest:

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Clerk of the Board

APPROVED AS TO FORM:

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Special Counsel, Harriet Steiner  
Sonoma Clean Power Authority