

AGENDA
SONOMA CLEAN POWER AUTHORITY
BOARD OF DIRECTORS
THURSDAY, OCTOBER 3, 2013
8:45 A.M.

Board of Supervisors' Chambers
575 Administration Drive, Santa Rosa, California

I. CALL TO ORDER

II. REGULAR CALENDAR

1. Chief Executive Officer's Report (information only)
2. Receive ad hoc committee recommendations and appoint members of Business Operations Committee and Ratepayer Advisory Committee
3. Approve benefits package for SCPA employees and authorize CEO to negotiate agreements with benefits providers to implement the benefits package
4. Approve the September 19, 2013 meeting minutes of the Sonoma Clean Power Authority Board of Directors

III. BOARD MEMBER ANNOUNCEMENTS

IV. PUBLIC COMMENT ON MATTERS NOT LISTED ON THE AGENDA

(Comments are restricted to matters within the Board jurisdiction. The Board will hear public comments at this time for up to thirty minutes. Please be brief and limit your comments to three minutes. Any additional public comments will be heard at the conclusion of the meeting.)

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) 565-2241, as soon as possible to ensure arrangements for accommodation.



Staff Report

To: Sonoma Clean Power Authority Board of Directors
From: Geof Syphers
Item: Interim CEO Report
Date: October 3, 2013

Committee Formation & Draft Committee Calendar

After appointment by the Board of members to the Business Operations Committee and Ratepayer Advisory Committee, a number of meetings of those committees will be required in the next three months to enable SCP to start service in May 2014.

The Ratepayer Advisory Committee will meet three times from October through December:

- Meeting 1. On or around October 16.
Update on SCP and introduction to electricity ratesetting.
- Meeting 2. On or around November 20.
Introduce recommended customer rates and review the program expenses and comparable rates from PG&E. The Committee will have the opportunity to request additional information and refinements as needed.
- Meeting 3. On or around December 17.
Review and discuss proposed final customer rates. Submit recommendation to Board of Directors on rates.

The Business Operations Committee will meet to review the form of the energy supply agreements and the data management/customer service agreement, and then move to a monthly meeting schedule.

Meeting 1. On or around October 11.

Update on SCP and introduction to the contracting process for power supply and data management services.

Meeting 2. On or around October 31.

Review form of power supply agreements. Review data management services contract.

Monthly meetings beginning in December.

A more comprehensive calendar of implementation activities and decisions is provided at the end of this report.

Staffing

We are actively interviewing for the two positions of Executive Assistant and Public Affairs & Marketing Manager, and those positions should be filled soon. Salary ranges for additional the positions of Administrative Assistant and Program Manager will be presented to the Board soon.

Operations

The major focus of work for staff and consultants has been the drafting and negotiating of a favorable power supply contract and data management/customer service agreement.

The power market negotiating team, lead by consultants from Dalessi Management Consulting and Paradigm Energy with legal support from Troutman Sanders LLP and Authority Counsel, is close to completing a unified set of contract documents, which will allow the ad hoc committee and the full Board to review and approve contract terms and conditions *before* getting final supply pricing. This is critical because we need to be able to execute a contract within 24 hours of receiving the prices. Staff have explored this matter extensively with the suppliers, and we have found that a price hold longer than 24 hours includes a significant premium. By creating a uniform set of bid documents, we can ensure that the remaining variable is kept very simple—price and

the strength of the power provider's team—so that we will have the ability to select a supplier within the 24-hour period.

SCP will ask the remaining power supply bidders to provide refreshed power cost estimates in October, so the Board will be able to approve a power supply contract on the basis that it allows SCP to deliver power in 2014 within an approved average retail rate. This maintains SCP's competitive bid process, since the approval is on a maximum allowed average retail rate rather than a wholesale cost (that is, the bidders will not be able to determine the highest wholesale price they can charge that is still within the Board's approved retail rate range).

Once the Board has approved the form of the agreement and authorized an upper average retail rate limit, staff will request the best and final pricing from the four final power supply bidders. The bids will be analyzed and a winning bidder will be selected, primarily on the basis of price. If the final price of the winning bidder allows SCP to deliver retail power within the authorized limit on the average retail rate, then a contract will be executed immediately by the CEO and Board Chair. If not, then the process could be repeated or a new limit on the allowable average retail rate could be established by the Board.

The average rates will be based on the same distribution of costs used to produce the rate estimates in April 2013. The actual retail rates will be set through a process that begins with an assessment of program expenses and a comparison with our competitor's rates. SCP staff and consultants will then provide the Ratepayer Advisory Committee with this information and a set of recommended customer rates. The Ratepayer Advisory Committee will make a recommendation on rates to the Board, which has final ratesetting authority.

Financial

We are negotiating the final terms of the \$7.5 million line of credit from First Community Bank to cover the timing difference between when SCP must pay for purchased power and when SCP receives payments from customers, and to cover seasonal variations in income. This loan was negotiated in principle at the same time the terms of the \$2.5 million line of credit were established, but was not executed at that time due to a need for coordinating the details of the loan with the Energy Supplier.

These two lines of credit have different purposes and terms:

\$2.5M For start-up expenses prior to stable income.

Secured by a County guarantee.

Fixed at 4.00% interest.

Five year term. First 24 months are interest-only.

\$7.5M For operating expenses, timing difference and seasonal variation.

Secured only by SCP deposits at the bank.

Rate floats at 3.50% + 5 year Treasury Constant Maturity rate (1.43% as of 9/26/13) until loan is executed, then fixes for rest of term.

Five year term. First 12 months are interest only.

We anticipate bringing the final terms of the \$7.5 million line of credit for Board approval together with the final terms and conditions for the supply agreement to the November 7 board meeting.

To date, the total amount drawn from the First Community Bank line of credit is \$20,000 for a security deposit, rent, furniture, insurance, and supplies. Expenditures and a statement showing budget-to-actual will be provided beginning at the first meeting in November.

Did You Know? Sonoma County Cities are on ALL of the Top 10 Solar Lists¹

Table ES-2: California's Leading Solar Cities in Terms of Installations per 100 Residents

Rank	Small Towns with 1,000 to 10,000 Residents		Large Towns with 10,000 to 50,000 Residents		Mid-Sized Cities with More than 50,000 Residents	
	City	Installations per 100 Residents	City	Installations per 100 Residents	City	Installations per 100 Residents
1	Sebastopol	10.3	Sonoma	4.5	Santa Cruz	1.4
2	Newcastle	10.2	Grass Valley	3.4	Clovis	1.2
3	Nevada City	9.9	Auburn	3.3	Rocklin	1.1
4	Penn Valley	8.0	Mill Valley	2.4	Davis	1.1
5	Coarsegold	6.3	Healdsburg	2.4	Watsonville	1.1
6	Romoland	5.6	Ladera Ranch	2.2	Roseville	1.0
7	Portola Valley	5.0	Placerville	2.2	Santa Rosa	0.9
8	Plymouth	4.6	Ramona	1.9	San Ramon	0.8
9	Kenwood	4.6	Los Gatos	1.8	Santa Barbara	0.8
10	Occidental	4.1	Rancho Mirage	1.7	Berkeley	0.8

Table ES-3: California's Leading Solar Cities in Terms of Capacity (Watts) per Resident

Rank	Small Towns with 1,000 to 10,000 Residents		Large Towns with 10,000 to 50,000 Residents		Mid-Sized Cities with More than 50,000 Residents	
	City	Capacity (Watts) per Resident	City	Capacity (Watts) per Resident	City	Capacity (Watts) per Resident
1	Herald	3,845	Sonoma	507	Chico	110
2	Edwards AFB	2,078	Auburn	420	Woodland	100
3	Lebec	1,061	Oroville	313	Rancho Cordova	99
4	Maxwell	927	Healdsburg	266	Livermore	98
5	Middletown	883	Newman	205	Petaluma	97
6	San Miguel	875	Rancho Mirage	171	Hanford	95
7	Newcastle	762	Paso Robles	170	Napa	89
8	Kenwood	740	Grass Valley	151	Clovis	87
9	Sebastopol	670	Oakdale	148	Pleasanton	87
10	St. Helena	663	Placerville	138	Santa Rosa	84

¹ *California's Solar Cities 2012: Leaders in the Race Toward a Clean Energy Future*, by Environment California's Research and Policy Center.

Estimated Schedule for SCPA Board and Committee Actions and Decisions through Launch

Last updated 9/26/2013

DRAFT SCHEDULE SUBJECT TO CHANGE

Date	Responsible Party	Major Activities and Decisions
9-30	Ad hoc committee on selection of members for committees	Ad hoc committee meets to consider committee members and create a set of recommendations.
10-03	Board of Directors	<ol style="list-style-type: none"> 1. Board to select members for Ratepayer Advisory Committee and Business Operations Committee. 2. Board to review and approve employee benefits package terms and authorize staff to enter into an agreement.
~10-11	Business Operations Committee	Welcome, orientation and introduction to the contracting process for power supply and data management services.
~10-11	Staff	Issue call for bids from the six short-listed data management/customer service providers.
~10-16	Ratepayer Advisory Committee	Welcome and introduction to electricity ratesetting process.
10-17	Board of Directors	Review and approve staffing elements ready by this date (e.g., salary ranges for additional positions)
~10-29	Ad hoc committee on contracts	Review form of power supply contract, and review data management contract.
~10-31	Business Operations Committee	Review form of power supply contract, and review data management contract.

Date	Responsible Party	Major Activities and Decisions
11-07	Board of Directors	<ol style="list-style-type: none"> 1. Review and approve the form of supply contract. 2. Establish a maximum allowed average retail rate for contracting purposes. 3. Provide authority to CEO and Chair to enter into supply contract subject to: <ol style="list-style-type: none"> a) use of approved contract form; b) securing wholesale rates that allow average retail rates within the approved limit; and c) approval of Implementation Plan from the CPUC. 4. Review and approve data management agreement. 5. Review and approve the \$7.5 million line of credit from First Community Bank.
Depends on CPUC (likely mid-Nov)	Staff	Upon receipt of approval to operate a CCA by the CPUC, staff will issue a call for final bids from the four shortlisted suppliers with a 24-hour price hold.
Depends on CPUC (likely mid-Nov)	CEO + Chair	Enter into power supply agreement subject to rules set by Board on 11-7.
~11-20	Ratepayer Advisory Committee	Review program expenses, related rates from competitor and proposed rates.
11-21	Board of Directors	No agenda. But keep on calendar in case it is needed.
12-05	Board of Directors	<ol style="list-style-type: none"> 1. Review proposed customer rates. 2. Review enrollment notices.

Date	Responsible Party	Major Activities and Decisions
~12-17	Ratepayer Advisory Committee	Provide recommendation to Board on customer rates.
1-09-2014	Board of Directors* <i>*Note special date due to avoiding January 2</i>	<ol style="list-style-type: none"> 1. Adopt final customer rates for 2014. 2. Review and approve enrollment notices. 3. Budget adjustment with new income and expense information.
1-16	Board of Directors	No agenda. But keep on calendar in case it is needed. Future months will have just one meeting, and staff propose first Thursdays at 8:45 am.
1-27	Staff	Mail first Phase 1 enrollment notices and open call center.
2-06	Board of Directors	Agenda TBD
2-25	Staff	Mail second Phase 1 enrollment notices.
3-06	Board of Directors	Agenda TBD
4-03	Board of Directors	Agenda TBD
5-01	Board of Directors	Agenda TBD
Throughout May	Staff	Start up service for Phase 1 customers. The initiation of service happens throughout the month of May on the normal billing cycle for each customer. Mail the third enrollment letter at the start of service.
Throughout June	Staff	Mail fourth and final enrollment letter 30 days after the start of service for each customer.



Staff Report

To: Sonoma Clean Power Authority Board of Directors

From: Geof Syphers, CEO

Item: Appointment of Members to Business Operations Committee and Ratepayer Advisory Committee (Agenda Item No. 2)

Date: October 3, 2013

Requested Action: Receive ad hoc committee recommendations and appoint members to Business Operations Committee and Ratepayer Advisory Committee

Background:

The SCPA Joint Powers Agreement requires the Board to establish two committees, the Business Operations Committee and the Ratepayer Advisory Committee.

The Ratepayer Advisory Committee “shall represent the interests of the ratepayers,” and the Board must “appoint members of the Ratepayer Advisory Committee from those individuals expressing interest in serving” on the Committee. The Committee has seven members, three of whom must be nonresidential customers (e.g., commercial, industrial, non-profit), and four of whom must be residential customers. One the four residential members must be a renter. (JPA, section 4.5.1.) The Ratepayer Advisory Committee must review, comment, and make a recommendation upon any proposed annual budget or any rates or charges the Authority proposes to impose. (JPA, section 4.5.2.1.) The Ratepayer Advisory Committee may also “prepare or cause to be prepared for presentation to the Board any reports, investigations, studies, or analyses relating to the Authority or the CCA Program.” (JPA, section 4.5.3.2.)

The Business Operations Committee “shall consist of five members appointed by the Board of Directors, having expertise in one or more of the areas of management, administration, finance, public contracts, infrastructure development, renewable power generation, power sales and marketing, or energy conservation.” (JPA, section 4.5.3.) The Business Operations Committee “shall review the operations of the CCA Program” (JPA, section 5.4.3.1), and review

all contracts in excess of \$250,000 before their submission to the Board for approval (JPA, section 4.5.3.3.) The Board may delegate other powers to the Business Operations Committee in addition to those specified in the JPA. (JPA, section 4.5.3.4.)

At the September 19 meeting, the Board appointed an ad hoc committee comprised of Directors Gorin, Landman, Swinth, and Kyes to review applications for the committees and to make recommendations to the full Board. The ad hoc committee worked with SCPA staff to evaluate individuals who submitted applications by the September 27 deadline. The ad hoc committee reviewed application materials and interviewed candidates as necessary.

The ad hoc committee's recommendations will be reported to the full Board at the October 3 meeting.

Requested Action: Receive ad hoc committee recommendations and appoint members to Business Operations Committee and Ratepayer Advisory Committee



Staff Report

To: Sonoma Clean Power Authority Board of Directors

From: Geof Syphers, CEO

Item: Employee Benefits Package (Agenda Item No. 3)

Date: October 3, 2013

Requested Action: Approve benefits package for SCPA employees and authorize CEO to negotiate agreements with benefits providers to implement the benefits package

Background:

At the September 19 meeting, staff presented information about possible benefit packages for SCPA employees, the cost of those packages, and the cost of benefits provided by other relevant public agencies. The benefits proposed by staff were:

- A “defined contribution” retirement plan under which SCPA would contribute 4% of an employee’s salary
- Employee-only health insurance, with SCPA covering up to \$1750 per month in premiums
- Employee-only vision and dental plans, with SCPA covering 100% of the cost

Board members made several requests to staff regarding the proposed package, including (a) investigating the feasibility of requiring an employee “match” against the proposed 4% defined-benefit contribution from SCPA; (b) investigating the cost of providing health insurance coverage for employees’ families; (c) investigating the possibility of SCPA joining health insurance pools of other public agencies to reduce cost; and (d) allowing employees who elect not to participate in SCPA benefit programs to obtain some additional compensation.

Staff has conducted additional research to investigate the Board’s suggestions, and has requested formal, binding proposals from several benefits providers. These proposals have been received, but staff is still working to make a specific recommendation. Staff will provide

the Board with detailed information about the proposals, the cost of the proposals, and staff's recommendations on a final benefit package by September 30. Staff will also post that information on the SCP website. Staff will request that the Board approve a specific benefit package and authorize the CEO to negotiate final agreements with vendors to implement the package. The agreements would be brought back to the Board for review and approval.

Requested Action: Approve benefits package for SCPA employees and authorize CEO to negotiate agreements with benefits providers to implement the benefits package



MEETING MINUTES

**SONOMA CLEAN POWER AUTHORITY
BOARD OF DIRECTORS
THURSDAY, SEPTEMBER 19, 2013
575 Administration Drive, Room 102 A,
Santa Rosa, California**

The Board of Directors of the Sonoma Clean Power Authority met this date in adjourned session with the following members present: Susan Gorin, Mark Landman, Steve Barbose, Michael Kyes, Sam Salmon (Alternate), Jake Ours, Gary Wysocky (Alternate), and Shirlee Zane.

Staff Present: Geof Syphers, Interim CEO Sonoma Clean Power and Steve Shupe, Authority Counsel

I. CALL TO ORDER

8:48 A.M. Chairwoman Gorin called the meeting to order.

II. REGULAR CALENDAR

1. Chief Executive Officer's Report (information only)

8:48 A.M.

Geof Syphers, Interim Chief Executive Officer reported on the following items:

- **Marketing and Outreach:**

The next public information meeting will be held on December 7, 2013 at The Sea Ranch. The next round of public outreach meetings will focus on the business community. The full calendar of upcoming meetings is available online at www.sonomacleanpower.org under the 'News and Events' tab.

- **Committee Formation:**

Applications are still being accepted for the Business Operations

and Ratepayer Advisory Committees through noon on Friday, September 27, 2013. Committee members will be appointed by the Board of Directors on October 3, 2013.

- Operations:

Sonoma Clean Power is on schedule with all regulatory work. The negotiating team, lead by John Dalessi of Dalessi Management Consulting and Kirby Dusel of Paradigm Energy, is making progress on terms of power supply agreements.

The Ad Hoc Committee on Contracts will meet again on Monday, September 23, 2013 to work on a unified set of contract and bid documents which are close to being finalized.

- Office Lease:

An office lease has been executed for Suite 605 at 50 Old Courthouse Square in the amount of \$170,456 for a 40 month term which includes tenant improvement costs for the space.

- Financial:

The operating account at First Community Bank has been established. Maher Accountancy has established internal controls on payments and the County of Sonoma's Auditor-Controller-Treasurer- Tax Collector is now contracted to provide oversight functions.

- Staff:

Applications have been coming in for the Executive Assistant and Public Affairs & Marketing Manager positions. Interviews are being scheduled for October.

2. Adopt Benefits Package for SCPA Employees

9:15 A.M.

Present: Linda Daube, Employment Attorney

9:40 A.M. Recessed

9:54 A.M. Reconvened

Speaker:

David Keller

Board Action: Board supports the staff recommendation for a 401a/457b plan. Direction was given to staff to review the possibility of setting this up in a way that matches employee contributions up to 4%.

Board Action: Board supports the staff recommendation for Option 2 health coverage as outlined in the staff report. Direction given to staff to review a stipend for employees who do not use the company's health plan; give consideration to partial coverage for employee family members; and research additional health plan options being used by local agencies and cities.

Board Action: Board supports the staff recommendation of paying 100% of dental and vision coverage.

3. Provide Direction to Staff on Method for Appointing Business Operations Committee and Ratepayer Advisory Committee Members

10:15 A.M.

Speakers:

Alan Strachan

Ann Hancock

Board Action: The Board created an Ad Hoc Committee consisting of Directors Kyes and Swinth, Vice-Chair Landman and Chair Gorin to review committee applications and provide recommendations to the full Board on October 3, 2013.

Motion: Michael Kyes

Second: Shirlee Zane

UNANIMOUS

Board Action: Direction given to staff to advertise more broadly for the Business Operations and Ratepayer Advisory Committees specifically placing an Ad in the local newspapers and the Chambers of Commerce.

4. Approve the September 5, 2013 meeting minutes of the Sonoma Clean Power Authority Board of Directors

11:21 A.M.

Board Action: Approved as Recommended

AYES: Susan Gorin, Mark Landman, Michael Kyes, Steve Barbose, Jake Ours, Shirlee Zane

ABSTAINED: Gary Wysocky and Sam Salmon

III. BOARD MEMBER ANNOUNCEMENTS

11:21 A.M.

None

IV. PUBLIC COMMENT ON MATTERS NOT LISTED ON THE AGENDA

None.

V. ADJOURN

11:22 A.M. The Board adjourned the meeting to October 3, 2013 at 8:45 A.M. in the County of Sonoma Board Chambers, 575 Administration Drive, Room 102A, Santa Rosa, California.