

Minutes
Special Meeting
City Council/Public Financing Authority
City of Huntington Beach

Tuesday, May 16, 2023
8:00 PM — Council Chambers
Civic Center, 2000 Main Street
Huntington Beach, California 92648

**A video recording of this meeting
is on file in the Office of the City Clerk, and archived at
www.surfcity-hb.org/government/agendas/**

8:00 PM - COUNCIL CHAMBERS

CALLED SPECIAL MEETING TO ORDER — 8:49 PM

ROLL CALL

Present: Kalmick, Moser, Van Der Mark, Strickland, McKeon, Bolton, and Burns
Absent: None

ANNOUNCEMENT OF SUPPLEMENTAL COMMUNICATIONS (Received After Agenda Distribution)

Pursuant to the Brown "Open Meetings" Act, City Clerk Robin Estanislau announced supplemental communications that were received by her office following distribution of the Council Agenda packet, which were all uploaded to the City's website and Councilmember iPads:

Administrative Item #1 (17 e-mails)

PUBLIC COMMENTS (3-Minute Time Limit) — 7 Speakers

The number [hh:mm:ss] following the speakers' comments indicates their approximate starting time in the archived video located at <http://www.surfcity-hb.org/government/agendas>.

Cari Swan was called to speak and stated her support for Administrative Item #1, to withdraw from the Orange County Power Authority (OCPA). (00:02:08)

Charlie Jackson was called to speak and stated his opposition to Administrative Item #1, to withdraw from the Orange County Power Authority (OCPA). (00:03:44)

Joclyn Rabbitt-Sire, a resident of Huntington Beach since 1999, was called to speak and stated her opposition to Administrative Item #1, to withdraw from the Orange County Power Authority (OCPA). (00:04:41)

Danny Gray was called to speak and stated his opposition to Administrative Item #1, to withdraw from the Orange County Power Authority (OCPA). (00:07:20)

Jose Trinidad Castaneda, Buena Park Councilmember and OCPA Board Member, was called to speak and stated his opposition to Administrative Item #1, to withdraw from the Orange County Power Authority (OCPA). (00:09:41)

Linda Kraemer, Climate Reality of Orange County, Chapter Chair, was called to speak and stated her opposition to Administrative Item #1, to withdraw from the Orange County Power Authority (OCPA). (00:12:03)

Steve Shepherd was called to speak and stated his opposition to Administrative Item #1, to withdraw from the Orange County Power Authority (OCPA). (00:15:14)

ADMINISTRATIVE ITEMS

1. 23-443 Approved request to withdraw from the Orange County Power Authority (OCPA)

Councilmember McKeon stated he believes in providing choice, but he does not believe the government is the proper vehicle to provide private sector choice, especially in the complex and volatile energy market. He shared what he called poor decisions by the OCPA, such as hiring a CEO with no energy sector experience, and claims the OCPA could deliver 100% green energy at lower rates than Southern California Edison (SCE). He stated that OCPA problems were further exacerbated by the lack of transparency, mismanagement, whistle blower complaints, audit after audit, shady contract purchases, circumvented Board oversight, paying a fine instead of providing required Resource Adequacy energy in order to stabilize the grid, chaos on the Board, firing of legal counsel, firing the CEO, and the list goes on and on.

Councilmember McKeon described the difficulties in acquiring a copy of the Huntington Beach Power Purchase Contracts to determine whether or not those contracts could be re-sold at a higher price to protect the rate payers. He noted that at the March 15, 2023, OCPA Board meeting, Consultant Pacific Energy Advisers explained it would be very challenging for OCPA to purchase required Resource Adequacy energy because of lack of energy currently being produced. He further explained that SCE's market share and ability to purchase long-term contracts allows them to purchase required Resource Adequacy energy and protect the grid, and is therefore a safer option for Huntington Beach residents. Pacific Energy Advisers noted there is currently a sellers' market as evidenced by the high cost of energy.

Councilmember McKeon stated all of these issues make it abundantly clear it is time to pull the plug on OCPA before they straddle Huntington Beach ratepayers with more expensive power contracts and further jeopardize the grid by not providing required Resource Adequacy energy. He noted the County of Orange decision in December to withdraw from OCPA and their analysis has shown Huntington Beach can sell its energy contracts for more than was paid at their purchase.

A motion was made by Strickland, second Van Der Mark to direct the City Manager to work with the City Attorney to provide notice to withdraw from the Orange County Power Authority (OCPA).

Mayor Strickland noted that according to OCPA filings with the Public Utilities Commission (PUC), OCPA does not even meet the minimum Renewable Portfolio Standards (RPS). He believes this effort has been a disaster from the beginning, including lack of basic transparency, unqualified leadership, and Grand Jury reports for an organization that is barely off the ground. He continued by listing many more reasons for supporting this item.

Councilmember Kalmick shared his concern that there is no staff report for this discussion and decision, nor is there any information on what this action may cost, and in his opinion this is totally irresponsible. He stated that OCPA will have \$70M in cash reserves at the end of this fiscal year, and SCE cannot provide a 100% renewable rate because of their waiting list. Councilmember Kalmick noted that all Huntington Beach businesses who are in the OCPA basic rate will receive at least a 2% increase in energy costs when they are forced to return to SCE in June of 2024.

Councilmember Kalmick stated he believes the OCPA is now on the right track, and shared that "Resource Adequacy Energy" is an esoteric creation of contracts in order to prove you have 115% above what you've got. He added that the fine was cheaper than paying \$80 million in costs at the time. He shared concerns about what the energy market will do between now and June of 2024 which will determine whether or not Huntington Beach may take a loss, and approving this action could place rate payer residents and taxpayers on the hook for an enormous amount of money. He suggested the appropriate action would be to hire a consultant to determine how to unwind this contract so Council has a clear understanding of all the potential ramifications.

Councilmember Kalmick continued by sharing that opting the City out, so the City is not involved in managing OCPA is one thing, but taking energy choice away from residents is totally irresponsible, especially considering the manner this Special Meeting was noticed and held when there is no need for urgency. He stated there is no risk to the City, and only 25% of residents and 15% of businesses opted out. He added he will not support leaving the OCPA.

A substitute motion was made by Moser, second Kalmick to go back to the original request and obtain a professional analysis on what would be required to withdraw from Orange County Power Authority (OCPA) to understand the potential financial ramifications to the City as well as to businesses and residents.

The substitute motion failed by the following roll call vote:

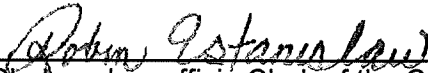
AYES: Kalmick, Moser, and Bolton
NOES: Van Der Mark, Strickland, McKeon, and Burns

The original motion by Strickland, second Van Der Mark directing the City Manager to work with the City Attorney to provide notice to withdraw from the Orange County Power Authority (OCPA), carried by the following roll call vote:

AYES: Van Der Mark, Strickland, McKeon, and Burns
NOES: Kalmick, Moser, and Bolton

ADJOURNMENT — 9:24 PM, a motion made by Burns, second by Van Der Mark, to adjourn to the next regularly scheduled meeting of the Huntington Beach City Council/Public Financing Authority on Tuesday, June 6, 2023, in the Civic Center Council Chambers, 2000 Main Street, Huntington Beach, California.

INTERNET ACCESS TO CITY COUNCIL/PUBLIC FINANCING AUTHORITY AGENDA AND
STAFF REPORT MATERIAL IS AVAILABLE PRIOR TO CITY COUNCIL MEETINGS AT
<http://www.huntingtonbeachca.gov>



City Clerk and ex-officio Clerk of the City Council
of the City of Huntington Beach and Secretary of
the Public Financing Authority of the City of
Huntington Beach, California

ATTEST:



City Clerk-Secretary



Mayor-Chair