

Minutes

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

Thursday, December 10, 2020
5:00 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/**

5:00 PM - COUNCIL CHAMBERS

CALL TO ORDER SPECIAL MEETING — 5:00 PM

ROLL CALL

Pursuant to Resolution No. 2001-54, Councilmembers Peterson and Ortiz requested, and were granted permission, to be absent.

Present: Kalmick, Carr, Posey, Moser, and Delgleize
Absent: Peterson, and Ortiz

PLEDGE OF ALLEGIANCE — Led by Councilmember Posey

ANNOUNCEMENT OF SUPPLEMENTAL COMMUNICATIONS (Received After Agenda Distribution)

Pursuant to the Brown "Open Meetings" Act, City Clerk Robin Estanislau announced supplemental communications received by her office following distribution of the Council Agenda packet:

Administrative Item

(20-2082) Email and MyHB communications regarding the proposed joining of the Orange County Power Authority (OCPA), a Community Choice Energy (CCE) Joint Powers Authority (JPA) received from:

Jim Martin	Deb Janus	Flossie Horgan
Gregory Tabat	Russell Neal	Linda Kraemer
Jim Stewart	Linda Law	Lisa Swanson
Adam Chung	Craig Peterson	Kim Donnelly
Phyllis Bailey (2)	Ted Ross	Steve May
Cathey & Bob Ryder	Bethany Webb (2)	Audrey Prosser
Mark Bixby	Greg Kordich	John Wacaster
Alan Brown & Lara Von Urff	Steve Shepherd	
Scott Freeman (2)	Jose Trinidad Castaneda	

PUBLIC COMMENTS (3 Minute Time Limit) — 9 Call-In 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>.

Ayn Craciun, a resident of Irvine and volunteer for Irvine City Councilmember Mike Carroll's Community Choice Energy (CCE) Stakeholder Committee, was invited to speak and stated her support for Administrative Item 20-2082 regarding joining the Orange County Power Authority (OCPA). (00:04:43)

Casey McKeon, a member of the Huntington Beach Finance Commission, was invited to speak and stated he agrees with the thousands of Huntington Beach residents who are opposed to the City getting into the energy business, and asked for a "No" vote on Administrative Item 20-2082 regarding joining the Orange County Power Authority (OCPA). (00:06:39)

Jose Trinidad Castaneda, Climate Action Campaign, was invited to speak and stated his support for Administrative Item 20-2082 regarding joining the Orange County Power Authority (OCPA). (00:09:33)

Caller #270, a student from Huntington Beach High School, was invited to speak and stated her support for Administrative Item 20-2082 regarding joining the Orange County Power Authority (OCPA). (00:11:54)

Caller #523, Eric Silkenson, a teacher at Edison High School, was invited to speak, thanked Caller #270 for calling in, and congratulated Mayor Carr and newly elected Councilmembers Kalmick and Moser. Mr. Silkenson stated that at this time of budget constraints he is opposed to Administrative Item 20-2082 regarding joining the Orange County Power Authority (OCPA). (00:14:02)

Hoiyin Ip, a member of the Sierra Club, was called to speak and stated support for Administrative Item 20-2082 regarding joining the Orange County Power Authority (OCPA). (00:16:40)

Caller #870, Linda Kraemer, a clean energy advocate, was invited to speak and stated support for Administrative Item 20-2082 regarding joining the Orange County Power Authority (OCPA). (00:18:18)

Austin Edsell was invited to speak and stated his opposition to Administrative Item 20-2082 regarding joining the Orange County Power Authority (OCPA). (00:22:40)

Carol Crane was invited to speak and stated her support for Administrative Item 20-2082 regarding joining the Orange County Power Authority (OCPA). (00:23:32)

ADMINISTRATIVE ITEMS

20-2082 Consider joining the Orange County Power Authority (OCPA), a Community Choice Energy (CCE) Joint Powers Authority (JPA) by adopting Resolution No. 2020-87, approving for introduction Ordinance No. 4227 and authoring execution of a Joint Powers Agreement (JPA)

City Manager Chi introduced Mark Stoyer, Irvine Public Works Director; Ryan Barren, Lead Attorney with Best, Best and Krieger; and Gary Saleba, Executive Consultant, EES Consulting (via Zoom). Mr. Barren presented a Power Point communication entitled: *Consider Joining the OC Power Authority* with slides titled: *Issue Background, What Is A CCE? Irvine's Efforts, Orange County Power Authority*

Formation Details, Next Steps, City of Huntington Beach Orange County Power Authority Update, How Does A CCE Operate? History of California CCEs, Cities That Responded to Orange County Power Authority Invitation Letter, Steps to Form Orange County Power Authority, What Goes Into Financials?, JPA Evaluation, Funding for Current, Pre-Launch and Launch Costs, Overview of OCPA Status, What is Needed for Huntington Beach to be a Founding Member, and Questions/Answers.

Councilmember Delgleize explained this special meeting was scheduled to meet a Public Utility Commission deadline, and discussed resident questions with Mr. Barren including who sets rates, how revenues are collected and distributed, transparency through procedures governed by the Brown "Open Meetings" Act, Joint Powers Authority (JPA) does not belong to any Public Utilities Commission (PUC), there is total local control, individuals may opt into or out of the program at their discretion, the Orange County JPA is expected to have three to five potential employees, participation will not increase the City's General Fund liability, State conflict-of-interest laws must be followed, and JPA can move faster than the State to incorporate renewable energy. Mr. Barren explained that joining a JPA would be more cost effective for Huntington Beach because of larger group purchasing power and increased liability protection.

Councilmember Kalmick and Mr. Barren discussed the Power Authority experiences and issues in Palmdale, a member of Cal Choice, and Ventura, a member of Clean Power Alliance Program, including volatility in exit fees, start-up fees, opt-out fees after 60 days are generally \$5 for residential and \$25 for business customers with no option to return for a year, Direct Access (DA) customers, break-even numbers, how the public can appeal any rate increases, Resource Adequacy (RA), and the City's cost exposure.

Councilmember Posey emphasized for the public record that Page 10 of the JPA Agreement states that the City of Irvine is the initial funding authority, there is no requirement for contributions or payments, and Paragraph 5.6.3 specifically states "for the avoidance of doubt, nothing in this agreement requires nor shall the Authority for any reason ever require, that any party adopt any local tax assessment fee or charge for the benefit of the Authority." Councilmember Posey further explained that in exchange for initial funding, Irvine is allowed two Executive Board members until such time as their initial funding is paid back.

Councilmember Delgleize and Mr. Barren discussed the past energy crisis in early 2000's when there was no supplier choice, and lack of infrastructure performance by the State of California, as prompting the current movement for competition, including the fact that Southern California Edison (SCE) has publicly stated they intend to exit from retail electricity in the next few years to focus on wholesale service.

Councilmember Moser, City Manager Chi and Mr. Barren discussed a staff report statement that twenty-one (21) California Community Choice Energy (CCE) entities have been formed and none have experienced any serious financial difficulties, and therefore it is unknown how much a CCE/JPA could financially lean into its member agencies should financial issues arise.

Councilmember Kalmick and Mr. Barren discussed options for residents who are already on solar, the fact that a microgrid would not currently benefit a CCE, and some of the setup considerations for CCEs. City Attorney Michael Gates confirmed a detailed review of the agreement and stated there are no concerns from a legal standpoint.

Councilmember Delgleize, Mr. Barren and Consultant Saleba discussed options for how much green power a resident may choose to buy (ex. minimum of 35 percent green power for approximate cost savings of 2%; 50 percent green power for approximate cost savings of 1%; 100 percent green power at a break-even cost).

Mayor Carr and Consultant Saleba discussed the feasibility of Irvine meeting their goals, including saving money for ratepayers, while also receiving payback of their initial investment.

Mark Stoyer, Director of Public Works and Transportation, City of Irvine, provided a brief overview of the process to reach this point, and highlighted MRW & Associate's third party review which made it clear that a CCE just for the City of Irvine would be feasible, and including additional cities would increase margins. Mr. Stoyer stated three goals for CCEs which need to be prioritized — cleaner, greener and cheaper energy.

Councilmember Posey stated his support for this item because it provides choices for both individuals and industries, and his belief the opportunity to save on utility costs could be the tipping point for a business deciding to locate in Huntington Beach over another area city. Secondly, alternate energy supplies and greenhouse gas reduction are making California better and are a necessary part of the future. Thirdly, investor owned utilities are focused on a greener and cleaner future, and as a free market capitalist, he believes in opportunities for choices.

Councilmember Kalmick stated his support for Councilmember Posey's comments and expressed his support for what he sees as a "no risk" way to move ahead knowing there is still an opportunity to pull out if the financial information isn't solid, and he sees very little downside.

Councilmember Mosher stated her support for this forward thinking item with little to no risk involved for the City. She further stated her support for being a founding member, which she believes will provide the opportunity for more impact and control.

Councilmember Delgleize thanked the City of Irvine, Mr. Stoyer, Mr. Barren and Mr. Saleba for the information they shared, and encouraged residents with concerns to reach out for facts and answers.

Mayor Carr stated her support for this item, especially as a founding partner with the opportunity to become part of the Board of Directors, and the opportunity to explore the details with planned City Council discussions on December 21, 2020, and February 1, 2021. She explained that the benefits of local control, projected excess revenue invested back into the City, opportunity to create local jobs, increased competition and transparency are all valid reasons to move forward. Mayor Carr encouraged people to go to www.cal-cca.org for additional information and facts.

A motion was made by Delgleize, second Kalmick to direct staff to join the Orange County Power Authority CCE JPA as a Founding Member; and, after the City Clerk reads by title, introduce Ordinance No. 4227 for first reading, "An Ordinance of the City Council of the City of Huntington Beach Authorizing the Implementation of a Community Choice Aggregation Program;" and, adopt Resolution No. 2020-87, "A Resolution of the City Council of the City of Huntington Beach, Approving the Orange County Joint Powers Authority Agreement and Authorizing the Implementation of a Community Choice Aggregation Program; and, authorize the City Manager to execute the Orange County Power Authority Joint Powers Agreement; and, appoint from the City Council Board Member Posey and Alternate Kalmick to serve on the Board of Directors of the Orange County Power Authority on behalf of the City of Huntington Beach; and, authorize and direct that staff perform a full financial risk assessment

associated with joining the Orange County Power Authority, and bring those findings back for City Council consideration by February 1, 2021, to determine if the City should maintain membership or withdraw from the Orange County Power Authority before the March 1, 2021, no-risk deadline.

The motion carried by the following vote:

AYES: Kalmick, Carr, Posey, Moser, and Delgleize
NOES: None
ABSENT: Peterson, and Ortiz

City Attorney Michael Gates stated, for the benefit of the public and the record, that the introduction of Ordinance No. 4227 is being approved by the Council to satisfy a State law requirement, but will not be codified nor become part of the Huntington Beach Municipal Code.

ADJOURNMENT — 6:52 PM to the next regularly scheduled meeting of the Huntington Beach City Council/Public Financing Authority on Monday, December 21, 2020, at 4:00 PM 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