



CITY COUNCIL
Staff Report

Meeting Date: March 19, 2019

To: Mayor and City Council

From: Scott Chadwick, City Manager

Staff Contact: Jason Haber, Assistant to the City Manager
jason.haber@carlsbadca.gov or 760-434-2958

Subject: Resolution of Intention to Pursue Community Choice Energy

Recommended Action

Consider adoption of a resolution expressing the City Council's intention to pursue a community choice energy program that prioritizes certain operating principles.

Executive Summary

On February 26, 2019, the City Council directed staff to bring forward a resolution expressing the City Council's intention to pursue a community choice energy program that prioritizes certain operating principles for consideration at a future meeting. This item presents a resolution for City Council consideration.

Discussion

On February 26, 2019, the City Council reviewed a Draft Community Choice Energy (CCE) Technical Feasibility Study (Draft Feasibility Study) prepared by EES Consulting for the partner cities of Carlsbad, Del Mar, Encinitas, and Oceanside. The Draft Feasibility Study found that formation of a partner CCE is financially feasible and could yield considerable benefits for all participating residents and businesses, potentially including electric retail rates that are at least 2% lower than SDG&E rates. As such, the City Council passed Resolution No. 2019-025 authorizing the City Manager to negotiate, execute, and fund a cost share agreement allowing for the City of Carlsbad's participation in an evaluation of potential community choice energy program governance options in an amount not to exceed \$35,000.

Also, on February 26, 2019, the City Council directed staff to prepare a resolution stating the City Council's intention to pursue a community choice aggregation program that prioritizes the following operating principles desired by the City Council: payment of prevailing wages on construction projects in the event a CCE constructs local clean energy resources, use of community benefit agreements and project labor agreements, and an assurance that a CCE governing entity would remain neutral in the event its workers intended to unionize.

Adoption of this resolution does not obligate the City of Carlsbad to participate in any future decision to establish a Community Choice Energy program.

Fiscal Analysis

This item has no fiscal impact; however, should the City Council decide to implement a CCE program at a future date in accordance with the intentions stated in the subject resolution, additional analysis would be required to fully assess the fiscal impacts thereof.

Next Steps

Staff will continue to work with EES and the partner cities to achieve final acceptance of the North San Diego County Cities Community Choice Energy Technical Feasibility Study, to include participating in a public workshop on March 21, 2019, and soliciting community feedback on the Draft Feasibility Study (in coordination with the cities of Del Mar, Encinitas and Oceanside).

Staff will work with the partner cities to negotiate and execute a cost share agreement to conduct an evaluation of CCE program governance options, to be completed by July 2019. Upon receiving direction from the City Council, staff would pursue the necessary legislative, regulatory, administrative and operational steps to achieve a 2021 CCE program launch, which would be the city's earliest opportunity to do so.

Environmental Evaluation (CEQA)

Pursuant to Public Resources Code Section 21065, this action does not constitute a "project" within the meaning of CEQA in that it has no potential to cause either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, and therefore does not require environmental review.

Public Notification

This item was noticed in accordance with the Ralph M. Brown Act and was available for public viewing and review at least 72 hours prior to scheduled meeting date.

Exhibits

1. City Council Resolution

RESOLUTION NO. 2019-036

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARLSBAD, CALIFORNIA, EXPRESSING ITS INTENTION TO PURSUE A COMMUNITY CHOICE ENERGY PROGRAM THAT PRIORITIZES CERTAIN OPERATING PRINCIPLES

WHEREAS, on February 26, 2019, the City Council reviewed a Draft Community Choice Energy (CCE) Technical Feasibility Study (Draft Feasibility Study) prepared by EES Consulting for the cities of Carlsbad, Del Mar, Encinitas, and Oceanside; and

WHEREAS, the Draft Feasibility Study found that formation of a partner CCE is financially feasible and could yield considerable benefits for all participating residents and businesses, potentially including electric retail rates that are at least 2% lower than SDG&E rates; and

WHEREAS, the City Council passed Resolution No. 2019-025 authorizing the City Manager to negotiate, execute, and fund a cost share agreement allowing for the City of Carlsbad's participation in an evaluation of potential CCE program governance options in an amount not to exceed \$35,000; and

WHEREAS, the City Council wishes to adopt a resolution stating its intention to pursue CCE to provide electric commodity service to the citizens and businesses of Carlsbad; and

WHEREAS, the City Council wishes to clarify its preference that in conducting evaluations and negotiations concerning CCE, the City Manager shall prioritize the following points of principle desired by the City Council: payment of prevailing wages on construction projects in the event a CCE constructs local clean energy resources, use of community benefit agreements and project labor agreements, and an assurance that a CCE governing entity would remain neutral in the event its workers intended to unionize.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Carlsbad, California, as follows:

1. That the above recitations are true and correct.
2. That the City of Carlsbad intends to pursue CCE to provide electric commodity service to the citizens and businesses of Carlsbad.
3. That in conducting evaluations and negotiations concerning CCE, the City Manager shall prioritize the following points of principle desired by the City Council:
 - a. The CCE shall pay prevailing wages for construction of local clean energy resources.

- b. The CCE shall advantage local communities through the use of negotiated community benefit agreements and project labor agreements demonstrating local hiring preferences where appropriate and allowed by law.
- c. The CCE shall remain neutral in the event its workers seek to unionize.
- 4. These principles are statements of intent and reflect the City Council's preferences, but are not intended to preclude the City Manager from bringing forth any proposal that provides the potential benefits demonstrated in the Draft Feasibility Study.

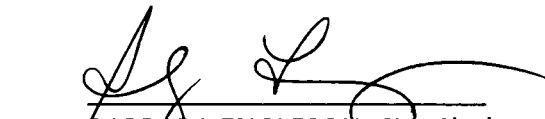
PASSED, APPROVED AND ADOPTED at a Regular Meeting of the City Council of the City of Carlsbad on the 19th day of March 2019, by the following vote, to wit:

AYES: Hall, Blackburn, Bhat-Patel, Schumacher, Hamilton.

NOES: None.

ABSENT: None.


MATT HALL, Mayor


BARBARA ENGLESON, City Clerk
for
(SEAL)

