



CITY OF PACIFIC GROVE
300 Forest Avenue, Pacific Grove, California 93950

AGENDA REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Ben Harvey, City Manager

MEETING DATE: January 11, 2017

SUBJECT: Monterey Bay Community Power Status Update

CEQA: This action does not constitute a “project” as defined by the California Environmental Quality Act (CEQA) guidelines section 15378.

RECOMMENDATION

Form a committee comprised of two City Council Members and City staff to review the proposed Monterey Bay Community Power joint powers authority and bring a recommendation back to the City Council.

DISCUSSION

Monterey Bay Community Power (MBCP) is a regional project among local government agencies in Santa Cruz, Monterey and San Benito Counties that aims to provide electricity to residents and businesses through the Community Choice Energy (CCE) model enabled by the State of California in 2002. MBCP seeks to be formed in early 2017, serving customers as early as Spring 2018.

The City Council has previously taken two actions related to the MBCP:

1. Agreeing in August 2013 to participate in a regional feasibility study, and
2. Adopting a non-binding resolution in November 2016 signifying the City’s interest in potentially joining the MBCP.

Along with the adoption of the non-binding resolution in November 2016, the City Council directed City staff to attend a December 2016 meeting of potential MBCP participant agency representatives for the purposes of discussing proposed joint powers authority governance structure, and participant agency financing. The City Manager and City Attorney attended.

Both the City Manager and City Attorney agree that the December 2016 meeting of potential MBCP participant agency representatives produced some issues that the City will need to further investigate, analyze and review before joining the MBCP may be considered, including:

1. What is the City's share of total start-up costs?
2. What is the final proposal for governance structure, and will the City have adequate representation within MBCP?
3. What are the costs associated with the joint powers authority employees for which the City will be partially responsible both in the short-term and long-term, including pension liability?
4. Should the City decide to withdraw from MBCP after joining, what is the cost/penalty?
5. How will the renewable energy stream for MBCP compare with that of PG&E in the future?
6. How will the MBCP model address potential future changes in federal energy policy changes and/or subsidies?
7. With the understanding that it will likely cost more for the City to join down the road, what are the future "onboard" costs should the City opt to wait to join MBCP after reviewing and monitoring the group for a year (or more)?

With the following issues (among others) identified, it is recommended that the City Council appoint two Members to form a committee with City staff to bring back a recommendation at a near future date for the City Council to consider.

OPTIONS

1. Join the MBCP without addressing the considerations and concerns identified.
2. Take no action.

FISCAL IMPACT

There is no fiscal impact for forming the proposed City Council and City staff committee.

RESPECTFULLY SUBMITTED:



Ben Harvey
City Manager