



County of Santa Cruz

COUNTY ADMINISTRATIVE OFFICE

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SUSAN A. MAURIELLO, J.D., COUNTY ADMINISTRATIVE OFFICER

October 4, 2016

Mr. Lew Bauman
County Administrative Officer
County of Monterey
168 West Alisal St., 3rd Floor
Salinas, CA 93901
Sent via email

Mr. Ray Corpuz
City Manager
City of Salinas
200 Lincoln Ave.
Salinas, CA 93901
Sent via email

Subject: Monterey Bay Community Power Draft Resolution of Intent

Lew Ray
Dear Mr. ~~Bauman~~ and Mr. ~~Corpuz~~,

Thank you for providing feedback on the draft resolution of intent, as well your engagement in the discussion as we consider forming a regional agency.

Based on information we have received, there appears to be at least 11 jurisdictions who intend to place the Resolution of Intent before their City Council or Board of Supervisors. Therefore, it is likely that we will move immediately to a population based governance model for membership on the Joint Powers Authority (JPA) Board of Directors, rather than the two-step phased approach that was originally envisioned in the draft Resolution of Intent. This will ensure that all interested local jurisdictions have an opportunity to join the agency now or later. The governance structure will be scalable to accommodate the partners who want to join the JPA now, but will offer the future opportunity of membership to others in the region, with the possibility that all 21 may eventually join:

- All jurisdictions with 50,000+ population will have a permanent seat on the Board, (Santa Cruz County, Monterey County, Salinas, Watsonville and Santa Cruz);
- Santa Cruz County small cities (Scotts Valley and Capitola) will share 1 seat, appointed by the City Select Committee;
- Monterey County small cities will share seats within each region, jointly appointed:
 - Peninsula Cities - 1 seat (Monterey, Carmel, Pacific Grove);
 - Coastal Cities - 1 seat (Marina, Sand City, Del Rey Oaks, Seaside);
 - Salinas Valley Cities - 1 seat (Gonzales, Greenfield, King City, Soledad);
 - San Benito County, San Juan Bautista and Hollister will share 1 seat, jointly appointed.

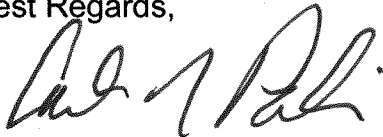
The JPA governing Board would consist of 10 members.

Regarding your request that the project team conduct a public survey, we feel that the community outreach has been extensive and appropriate to complete this initial formation phase. Attached is a summary of the outreach as well as the marketing plan that will continue through the end of the year. Once the agency is formed, another phase of comprehensive outreach will occur to fulfill the legal obligation of informing the affected public that they have a choice in energy providers. As you may recall, we must give each ratepayer four opportunities to "opt out" and remain a customer of PG&E. In addition, the outreach will aim to ensure that all affected ratepayers have the information they will need to make the right choice for themselves. The customer acceptance rate in other communities has been very high and we expect that to be the case in this region.

Santa Cruz County provided the project team staff, coordinated the regional committee of local government partners, raised all of the money to conduct the study and managed the various consultants to complete the work. We were willing to fulfill that lead role because we saw the tremendous potential benefits of community choice energy for the entire Monterey Bay area, which remains our guiding principle as we continue the regional discussion on formation. The basic governance structure as outlined here is agreeable to those jurisdictions that have indicated their interest in becoming early adoptive partners in the regional agency. To ensure that all county and city partners have ample time to complete their deliberations, we are committed to keeping the door open until the end of the year, but intend to seat a Board in early 2017, at which time the door must close for at least a year after the agency begins providing service in the spring of 2018. This means that the next opportunity to join the JPA Board would be April of 2019. It is our hope that Monterey County and Salinas become one of the early adoptive partners under the proposed governance structure, but we respect whatever decision you make and are prepared to move forward.

Please let me know if you have any questions or if I can be of further assistance.

Best Regards,



Carlos J. Palacios
Assistant County Administrative Officer

Attachment: Monterey Bay Community Power Outreach Report