



# County of Monterey

Board of Supervisors  
Chambers  
168 W. Alisal St., 1st Floor  
Salinas, CA 93901

## Legislation Details (With Board Report)

**File #:** 16-1080 **Name:** AEE - MBCP update  
**Type:** General Agenda Item **Status:** Agenda Ready  
**File created:** 9/16/2016 **In control:** Alternative Energy and Environment Committee  
**On agenda:** 9/22/2016 **Final action:**

**Title:** a. Receive a status report on the Monterey Bay Community Power Project; and  
b. Provide direction to staff as appropriate.

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. MBCP Early Adopters – JPA Design Organization Chart

Date	Ver.	Action By	Action	Result
9/22/2016	1	Alternative Energy and Environment Committee		

- a. Receive a status report on the Monterey Bay Community Power Project; and  
b. Provide direction to staff as appropriate.

### RECOMMENDATION:

It is recommended that the Alternative Energy & Environment Committee:

- a. Receive a status report on the Monterey Bay Community Power Project; and  
b. Provide direction to staff as appropriate.

### SUMMARY:

This is a monthly staff report update on the Monterey Bay Community Power (MBCP) project. At the August 25, 2016 Alternative Energy and Environment (AEE) Committee meeting, it was recommended by the committee that the Board of Supervisors authorize a letter to be submitted to the MBCP Project Team on behalf of Monterey County requesting a public opinion survey. The purpose of this survey is to gauge the level of knowledge towards MBCP from Monterey County's residents. The Board of Supervisors approved the request and letter on September 13, 2016.

On August 31, 2016 Monterey County staff attended the second MBCP ad hoc subcommittee on governance and finance. Topics of discussion for this meeting are outlined below:

- A new governance structure proposes an eleven member board (max), where if the number of partnering jurisdictions is over eleven there will be a rotating/shared seat system based on a population threshold of 50,000
- The potential for early adopter jurisdictions to provide a credit guarantee for the MBCP Joint Powers Authority (JPA) to secure a loan for start-up costs (seed capital)
- A draft "Resolution of Intent to Join" document will be sent out to potential partnering jurisdictions that is intended to generally address some of the risks related to entering into the MBCP JPA
- MBCP proposed a revised timeline which will allow jurisdictions additional time to formulate their decision to be an early-adopter. The new deadline is January 31, 2017 with a proposed launch date of April 2018.

**DISCUSSION:**

At the August 25<sup>th</sup>, 2016 meeting the AEE was given an update on the MBCP project as a result of the first ad-hoc subcommittee meeting on governance and finance. Staff expressed continued concerns over lack of clarity related to finance and governance issues related to the proposal. In addition the Committee raised concerns related to public opinion of the proposal and questioned whether or not MBCP had conducted any opinion surveys. The AEE recommended that a letter be drafted and authorized by the Board of Supervisors to be sent to the MBCP Project Team Manager asking for MBCP to conduct a public opinion survey in Monterey County regarding the MBCP proposal. The request and letter was approved by the Board of Supervisors on September 13, 2016.

On August 31, 2016 Monterey County staff attended the second MBCP ad-hoc subcommittee meeting on governance and finance. During this meeting, representatives of the County of Santa Cruz and cities within Santa Cruz County expressed their commitment to forming the MBCP Joint Powers Authority (JPA). Santa Cruz County Assistant CAO and Capitola City Manager gave an update on a potential new governance design that proposes:

- Two governance boards, one for policy and one for operations
- A maximum of 11 Board Members for each board
- If the number of partnering jurisdictions is less than eleven, each jurisdiction receives one seat on the board
- Should there be more than eleven members, partnering jurisdictions with a population under 50,000 will share a seat depended on the region, where jurisdictions with more than 50,000 will receive one seat
- Monterey County would be given one seat on the Board of Directors whether it is an early adopter or a late joiner

The finance ad hoc meeting focused on revised information regarding the MBCP JPA start-up costs. It was estimated that a loan for start-up costs will now be approximately \$3 million, where the JPA, not the jurisdictions, would be responsible for taking out the loan. Early adopting jurisdictions would be required to provide a credit guarantee on behalf of the JPA. Jurisdictions would share a portion of this guarantee based on population. It is unclear at this point how this credit guarantee requirement would affect County's finances if Monterey County decided to become an early adopter. The MBCP Project Team along with Santa Cruz County will be releasing a draft "Resolution of Intent to Join" document, which is intended to provide more clarity regarding the credit guarantee and other associated risks. This may allow for the Board of Supervisors and staff to get a better sense of the risks and commitments that the County would be entering into if the decision is made to join the MBCP JPA.

The MBCP project team discussed a new timeline and major milestones to form the JPA and launch service as follows:

**Date:**

**Milestone:**

- |                 |  |
|-----------------|--|
| Sep - Nov 2016: | - JPA Agreement/Draft ordinance discussion   |
|                 | - Start-up capital discussions   |
|                 | - Ongoing community outreach   |
| Jan 31, 2017    | - Local Government decision-making deadline re: JPA early adopter membership and ordinance |

- Finalize terms of seed capital loan/guarantee requirements
- Jan - June 2017:
  - JPA Board seated/meets monthly
  - Power supply and other vendor RFPs issued
  - Implementation Plan developed and submitted to CPUC
  - RFP for Credit and Banking Services
- July - Dec 2017:
  - JPA Administration - CEO staffing, credit/banking, office
  - Public marketing program underway
  - Power supplier selected/utility service agreement, et al
- Jan - April 2018
  - Rate setting and Phase 1 customer notifications
  - April 1, 2018 - Program Launch

OTHER AGENCY INVOLVEMENT:

Auditor-Controller, CAO Budget & Analysis, CAO- Intergovernmental and Legislative Affairs, and County Counsel have been involved in the investigation, discussion, and formation of recommendations to the Board of Supervisors.

FINANCING:

Revised start-up costs presented to date by the MBCP Team are projected to be approximately \$3 million. Early adopters may be responsible for providing a credit guarantee for the MBCP JPA to secure a loan. It has not been determined if any of the projected start-up costs will be contributed by Monterey County. It is also not clear at this time what type of funding or financing options are available should the County ultimately opt to join the JPA. If the JPA is formed, there will also be a need for Working Capital and Operational funding (\$10.0 - \$15.0 million) to cover timing lag between customer energy delivery and revenue receipt.

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Attachments: MBCP Early Adopters - JPA Design Organization Chart