




Additional Documents Distributed for the Regular City Council Meeting June 21, 2017


Item No.	Agenda Item Description	Distributor	Document
2	Presentation by the Sanitation District of Los Angeles County Regarding the Clearwater Tunnel Project	Grace Robinson Hyde, Chief Engineer and General Manager, and Ray Tremblay, Head of Facilities Planning Department Ray Tremblay.	PowerPoint, Agency Presentation
3	Councilmember Communications	Robert S. Joe	PowerPoint, Father's Day Luncheon 2017
3	Councilmember Communications	Michael A. Cacciotti	PowerPoint, Various Photos
4	City Manager Communications	Elaine Aguilar	PowerPoint, CM's Bulletin and Senior ID Bracelet Program
6	Merchant Minute	SugarMynt Gallery	PowerPoint, Gallery Photos
14	Discretionary Fund Request from Mayor Cacciotti for the Purpose of an Eagle Scout Project	Barbara Eisenstein, Friend of the South Pasadena Nature Park	Email to Council
15	Approval of a Contract with Envicom Corporation for Environmental Consultant Services Associated with a 15-Unit Condominium Project at 181-187 Monterey Road	John Mayer, Senior Planner	Memo to Council
20	Award of a Professional Services Agreement to KOA Corporation for Engineering Design Services of the Fair Oaks Avenue Traffic Signal Improvement Project	Paul Toor, Public Works Director	Memo to Council
22	Authorize a Letter of Opposition to Senate Bill 649 (Hueso) Wireless and Small Cell: Telecommunications Facilities	Anthony J. Mejia, Chief City Clerk	Memo to Council
23	Award of Contract to Climatec, LLC, to Perform an Energy and Water Resources Investment Grade Audit	Paul Toor, Public Works Director	Memo to Council
24	Discussion of City Public Safety Policy on Immigrant Status and Federal Enforcement	Diana Mahmud, Councilmember	Memo to Council

Regular City Council Meeting Additional Documents
 June 21, 2017

24	Discussion of City Public Safety Policy on Immigrant Status and Federal Enforcement	Gretchen Robinette, South Pasadenans for Immigrant Protection	Email to Council
25	First Reading and Introduction of an Ordinance Amending the South Pasadena Municipal Code to Update the City of South Pasadena Historic Preservation Ordinance	John Mayer, Senior Planner	PowerPoint, Staff Presentation
25	First Reading and Introduction of an Ordinance Amending the South Pasadena Municipal Code to Update the City of South Pasadena Historic Preservation Ordinance	Glen Duncan, South Pasadena Preservation Foundation	Handout, Suggested Edits
28	Consideration of an Ordinance Approving the Joint Powers Agreement for Los Angeles Community Choice Energy and Authorizing the Implementation of a Community Choice Aggregation Program	Jennifer Shimmin, Senior Management Analyst	Memo to Council, Staff Report Provided Under Separate Cover
28	Consideration of an Ordinance Approving the Joint Powers Agreement for Los Angeles Community Choice Energy and Authorizing the Implementation of a Community Choice Aggregation Program	Jennifer Shimmin, Senior Management Analyst	PowerPoint, Staff Presentation


 SANITATION DISTRICTS OF LOS ANGELES COUNTY
 Converting Waste Into Resources


Overview of Agency & Clearwater Program



CLEARWATER PROGRAM
Master Facilities Plan
FINAL

SDWA 2009 Update
November 2012

June 21, 2017


 DOC#4182655



Our Mission Statement

MISSION

SANITATION DISTRICTS OF LOS ANGELES COUNTY

To protect public health and the environment through innovative
 and cost-effective wastewater and solid waste management
 and, in doing so, convert waste into resources such as
 recycled water, energy, and recycled materials.

INTEGRITY

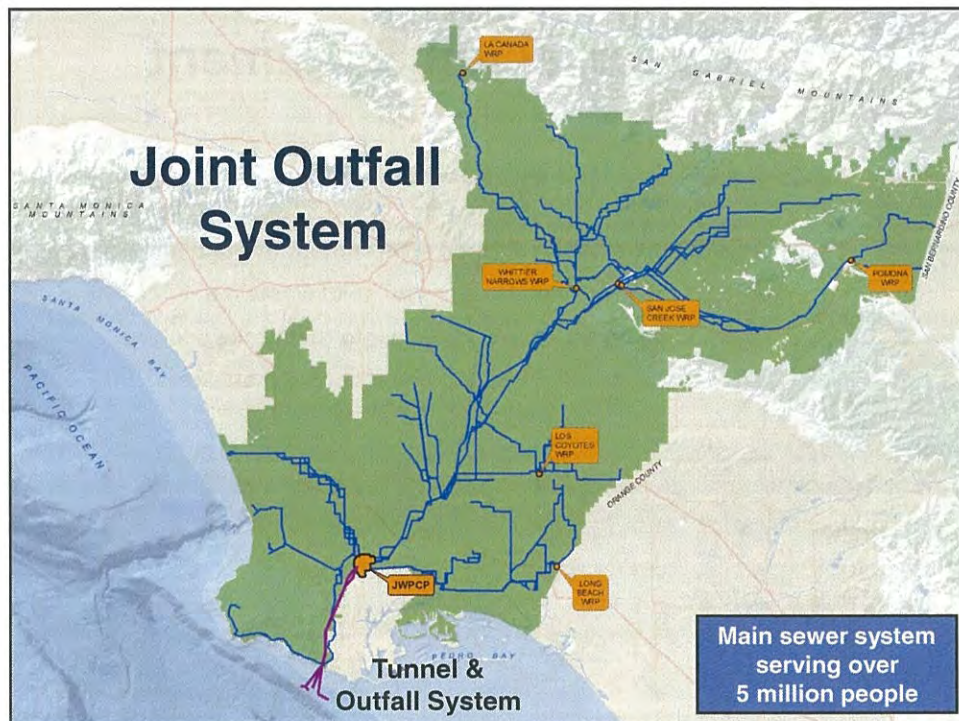
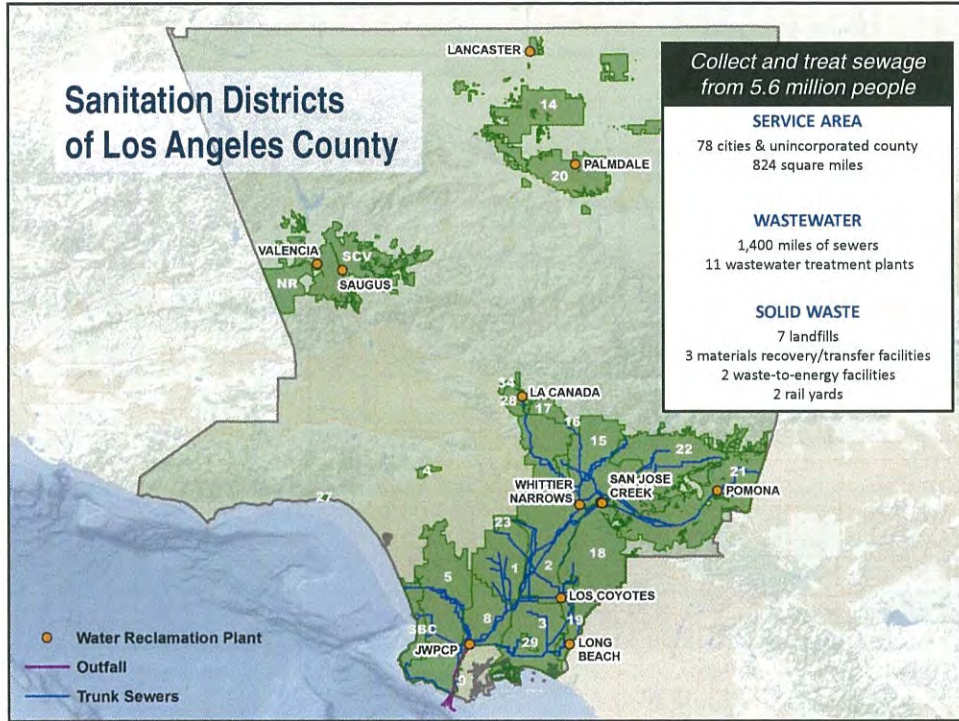


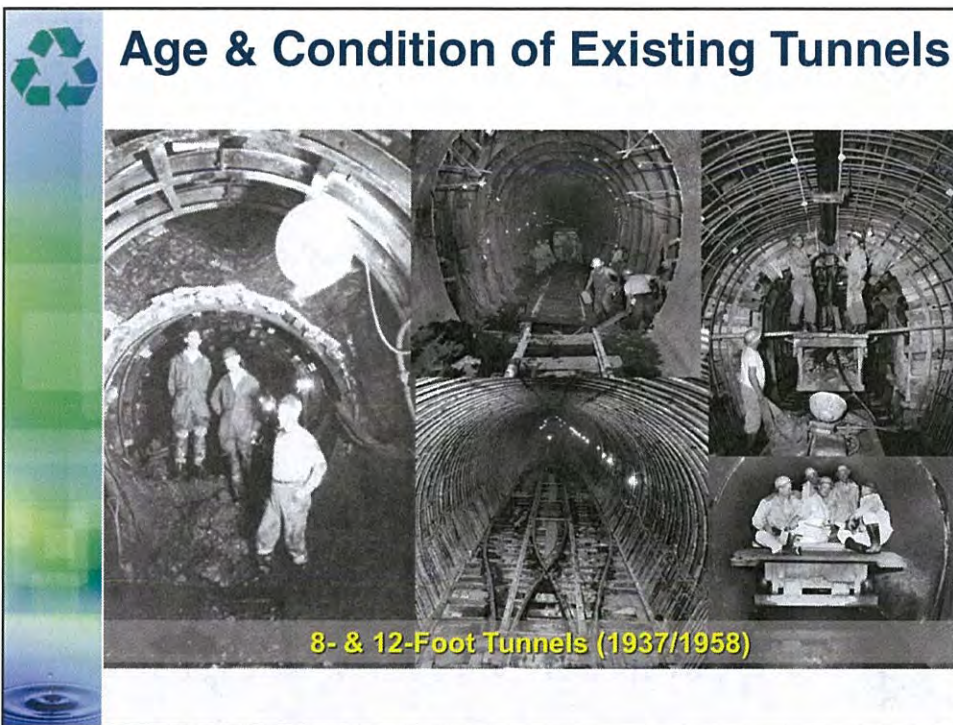
LEADERSHIP



SERVICE







NEW TUNNEL

Essential for System Reliability

- \$700 million
- 18-foot diameter
- 7 miles long
- Depths of 30 to 450 feet to top of tunnel
- Mostly under public roadways
- 7 years to construct (2018-2024)


Map labels: LOMITA RIVER, LOMITA, CARSON, JWPCP, 2018-2025, WILMINGTON, ROLLING HILLS ESTATES, Harbor Regional Park, Capitol Dr, 2020-2024, North Gallery, Port of Los Angeles, Existing Tunnel, Western Ave, 2023-2025, Existing Ocean Outfalls, RANCHO PALMS VERDES, SAN PEDRO, DORSEY AVE.

Nation's Leader in Water Recycling

Largest supplier of recycled water over the last 50 years



32,000,000,000
GALLONS RECYCLED IN 2016



Recent Technical Reviews of Project

- Districts' Technical Review Report 2016
 - Given the risks and serious consequences of tunnel failure, staff recommended continuing to implement new tunnel construction
- LA County Dept. of Public Works Independent Review 2017
 - Agreed with assumptions and conclusions/need for project
 - Strongly urged comprehensive public outreach



Project Status & Next Steps

- Rights-of-Way/Permits – 2017
- Retain outreach consultant – summer 2017
- Bidding process/award contract – early 2018
- Finish Project – 2025





Father's Day Luncheon, June 16, 2017



Councilmember Bob Joe serving lunch with Phlunte' Riddle, District Director of Assemblymember Chris Holden's Office

Lunch and raffle prizes were enjoyed by everyone in attendance.



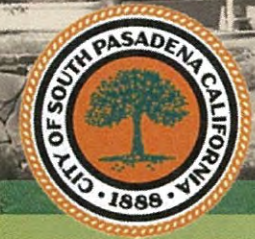
Additional Material
AGENDA ITEM # 3
6/21/17 City Council Mtg.
Joe







Aguiar



City Manager's Bulletin for June 21, 2017 Meeting

Date/ Time	Event	Location
June 23, 7:00 p.m.	Movie in the Park – The Secret Life of Pets	Garfield Park, 1000 Park Ave.
June 24, 10:00 a.m.	Arroyo Seco Pedestrian and Bicycle Trail Ground Breaking Ceremony	Between the Arroyo Seco Racquet Club and Arroyo Seco Golf Course along Lohman Lane
June 29, 7:00 p.m.	General Plan & Downtown Specific Plan – Our Prosperous Community Focus Group Meeting	Senior Center, 1102 Oxley St.



MyID™

by  ENDEVR™

The bracelet that could save
your life.



Time saves lives.



One of the most critical EMT Responsibilities is assessing the medical needs of the sick or injured. This must be done *quickly* and *efficiently*, especially in serious life or death situations when a minute lost can mean the difference between saving someone's life.



Do First Responders Look for MyID?

- Star of Life is Easy to Locate



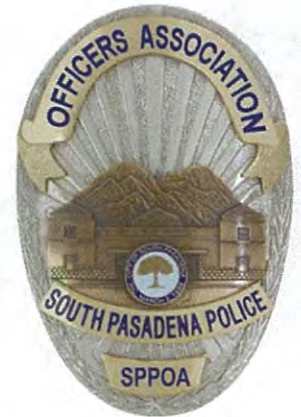
First Responders are trained to look for ID Bracelets identified with the star of life.

- More than **75%** look for a medical ID *immediately* upon assessing a patient.
- More than **95%** of respondents look for a medical ID *during* emergencies.





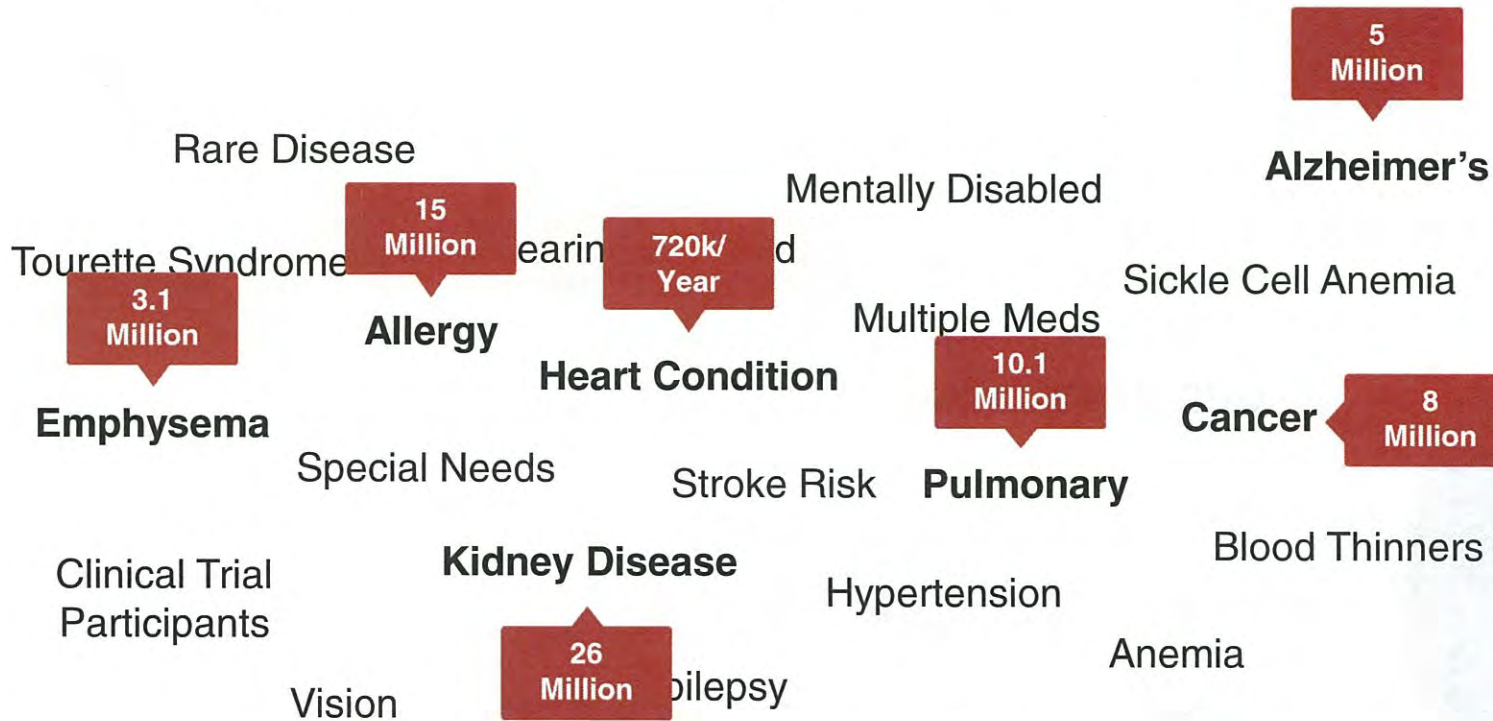
Who Wears Medical IDs?



Medical Needs & Allergies

Active Lifestyles

Children



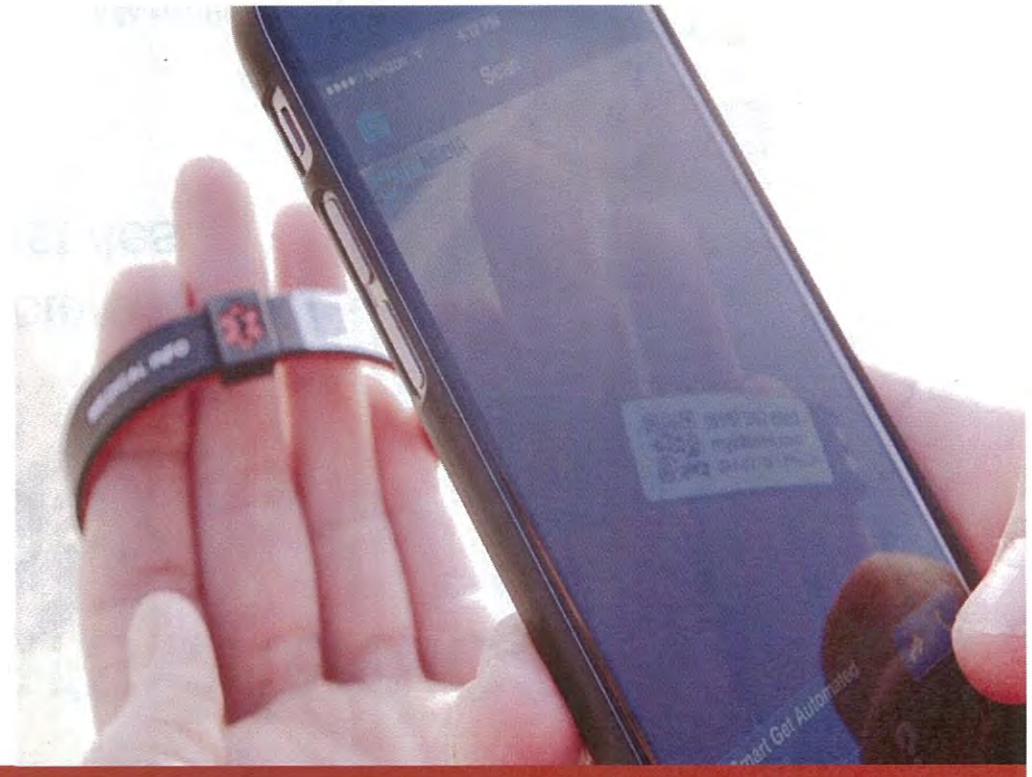


3 Ways to Access Information



In 5 seconds or less, first responders can access your complete medical profile.

- QR Code
- Live Operator
- Online





<https://www.getmyid.com>



Shop MyID

Pricing

FAQ

Log In

Sign Up

First Responder Login

ID 1757572

PIN 1477

Submit

Create a free account



Your medical profile that is immediately available anytime, anywhere.



True Peace of Mind

First Responders can access your profile in 5 seconds or less, telling them who you



Clear Communication

A doctor may be of no help if you can't communicate clearly. MyID stores all of your



Access Anywhere

Our platform provides an extensive medical profile that is immediately available



Improve Your Healthcare

You can connect directly with other MyID users in a trusted, secure

6/21/2017

MyID Personal Identification Bracelet

Michael Cacciotti

■ year old Male from South Pasadena, CA, US



⚠ Vital Medical Conditions

CONDITION:
None

NOTES:
-

Ⓜ Personal Information

NAME:
Michael Cacciotti

PHONE:
■

BIRTH DATE:
■

GENDER:
Male

HAIR:
Black

EYE COLOR:
Green

HEIGHT:
■

WEIGHT:
■

BLOOD TYPE:
■

 **Emergency Contacts**

NAME:
Diana Mahmud

RELATIONSHIP:
Fellow Councilmember

PHONE NUMBER:
[REDACTED]

EMAIL:
-

NAME:
Robert S. Joe

RELATIONSHIP:
Fellow Councilmember

PHONE NUMBER:
[REDACTED]

EMAIL:
-

NAME:
Richard D. Schneider, M.D.

RELATIONSHIP:
Mayor Pro-Tem

PHONE NUMBER:
[REDACTED]

EMAIL:
-

NAME:
Marina Khubesrian, M.D.

RELATIONSHIP:
Fellow Councilmember

PHONE NUMBER:
[REDACTED]

EMAIL:
-

 **Allergies**


No Known Allergies

6/21/2017

MyID Personal Identification Bracelet

 Medications

No Known Medications

 Physicians

NAME: [REDACTED]	TITLE: Family Practice Physician
BUSINESS NAME: [REDACTED]	PHONE NUMBER: [REDACTED]
ADDRESS: [REDACTED]	CITY: [REDACTED]
STATE/PROVINCE: CA	COUNTRY: United States

 Insurance Information

No Known Insurance Information

 Other Information

LABEL: Mayor, City of South Pasadena	NOTES: Often found on a bicycle or walking his yellow Labrador Diane
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Paint and Pinot

| Twice Monthly | 5 - 7pm | \$50 per person |



Art Class With A Buzz!
step by step instruction
easy for any skill level

Price includes materials,
snacks & wine!

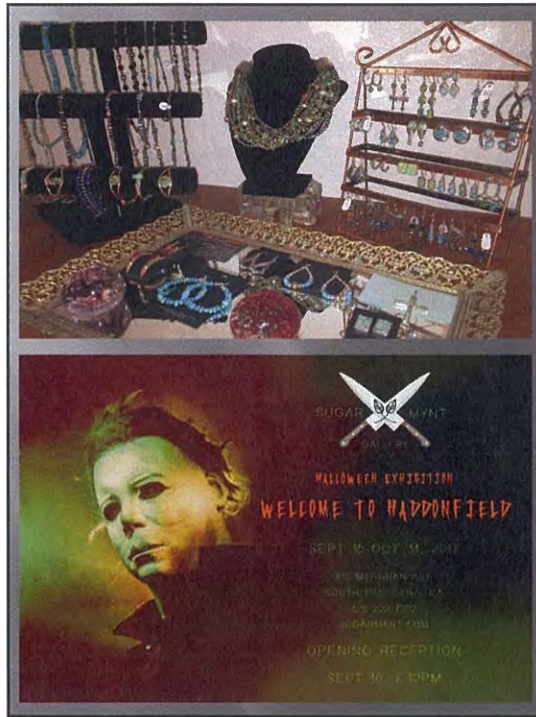
Reserve by email:
info@sugarmynt.com

Online:
www.sugarmynt.com

In person:
810 Meridian Ave.
South Pasadena, CA 91050
(626) 222-7257



Additional Material
AGENDA ITEM # U
6/21/17 City Council Mtg.
Merchant Minute





Desiree Jimenez

From: Barbara Eisenstein [REDACTED]
Sent: Friday, June 16, 2017 9:30 AM
To: Timothy Okitsu
Cc: Walter Okitsu; CCO; Sheila Pautsch; Kristine Courdy; Katherine Hoshimoto; Virginia Gumbert; Monica Kelly
Subject: Fwd: Signage

Hi Timothy,

I noticed on the city council agenda for June 21, Item 14, that a scout is requesting discretionary funds from Michael Cacciotti. Given our past discussions I thought that this might be for your sign holder project for the Eagle Scout Award. Is this correct?

I also thought it might be helpful to write this email - copying city council members and staff, and a few volunteers who have been heavily involved in the park - summarizing our interactions regarding the project - again, for the sake of clarity and open communications.

Here is my understanding of your project to date and those involved.

1. The project is for the construction of a sign holder for the park. The original proposal, as described to me, was for one that is similar to the two existing sign holders: river rock base with metal sign holder on top.
2. The project was signed off on by Sheila Pautsch. I have not seen the proposal so I cannot comment on it.
3. I have expressed concern about the proposal based on the fact that the existing sign holders have not had content in them for many years and so an additional sign holder will not be useful without plans to include content. Furthermore, the empty sign holders are targets for tagging and graffiti.
4. You have agreed to include signage for the new sign holder, though this will not be part of the official Eagle Scout project. I have not seen any plans for this, though in discussing it with your father, it seems you may use a photo of the San Gabriel Mts., identifying the peaks visible from the park.
5. The project will proceed this summer. I will be away from mid-July through mid-September so I will not be available to monitor progress, make suggestions or help with any issues that may arise.
6. Since my involvement in the project is limited, I assume Sheila Pautsch will confirm that it meets all city regulations and requirements, and that she will approve the content of the sign.
7. I have included our last 2 emails with my suggestion that a bulletin board type structure on the main path would be useful to let joggers and walkers know about upcoming park cleanups. This was suggested by a jogger and I do think that it would be helpful in letting people who use the park know that they can volunteer in it as well.

I hope this clearly presents where we stand on this project. I would sincerely appreciate being kept informed of your decisions and progress. Good luck with your project.

Yours,
Barbara Eisenstein
Friends of South Pasadena Nature Park

----- Forwarded message -----

From: Timothy Okitsu [REDACTED]
Date: Wed, May 31, 2017 at 4:34 PM
Subject: Re: Signage
To: Barbara Eisenstein [REDACTED]

Hi,

cc: Council; CM; CA; CCC; DEPT; Reference Bander; Original to 6/21/17 Addl Docs

6/21/17 14

That's definitely of more use than what we have planned. I will talk with my Dad and maybe with the council. At this point, though, we may be able to do a bulletin board on top of a river rock mount? I will ask around about it.

Thanks,
Timothy Okitsu

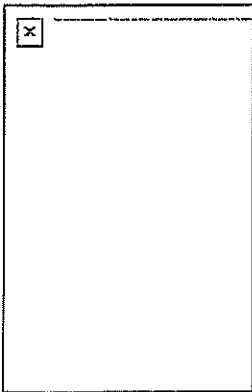
On May 31, 2017 4:01 PM, "Barbara Eisenstein" [REDACTED] wrote:
Hi Timothy and Walter,

Someone who jogs in the nature park made a suggestion regarding a sign. I know this is not what you have been planning and I realize you have already done some work (though I don't know how much) on the sign holder you are currently working on, but please, hear me out.

This person suggested that it would be helpful if there were a community board with info on park cleanups along the main trail where people jog and walk. It could be a bulletin board or something like that. It could be made of wood, without the river rocks and the large metal sign holder. I saw a bunch of these on pinterest - <https://www.pinterest.com/pin/360147301421851275/>

These are simpler to make and would actually serve a big need we have to get the word out regarding volunteer activities. It is similar to the board on Pasadena Ave, though it could (and should) be smaller. Would this still fulfill your Eagle Scout project? Wish I had thought of it myself before you went ahead with the plans for the other sign. Anyway, give it some thought and let me know whether it would be possible and of interest.

Barbara



Available NOW!

Memo

Date: June 21, 2017
To: Honorable Mayor and City Council
CC: Elaine Aguilar, Interim City Manager *EA*
Teresa L. Highsmith, City Attorney
Anthony J. Mejia, Chief City Clerk *Obj for Ann*
From: John Mayer, Senior Planner *JM*
Re: Item Number 15 (Envicom Contract for Environmental Consultant Services)

Please note that the Envicom contract has an error on Page 1, Section 2.1. Envicom's professional services will not include the preparation of a Mitigated Negative Declaration (MND). This was stricken from the contract.

Envicom is only preparing a comprehensive Initial Study which will explain the significance of the environmental effects. Once this is completed, the applicant will be informed about the required environmental document whether it will be an MND or an EIR.

**PROFESSIONAL SERVICES AGREEMENT
FOR CONSULTANT SERVICES**

(City of South Pasadena / *Envicom Corporation*)

1. IDENTIFICATION

This PROFESSIONAL SERVICES AGREEMENT (“Agreement”) is entered into by and between the City of South Pasadena, a California municipal corporation (“City”), and Envicom Corporation, a California Corporation (“Consultant”).

2. RECITALS

- 2.1. City has determined that it requires the following professional services from a consultant: to prepare a comprehensive Initial Study to determine the significance of the potential environmental effects and, perform the environmental assessments, ~~and prepare a Mitigated Negative Declaration and Mitigation Monitoring Program~~ for a proposed 15-unit multi-family condominium project at 181-187 Monterey Road.
- 2.2. Consultant represents that it is fully qualified to perform such professional services by virtue of its experience and the training, education and expertise of its principals and employees. Consultant further represents that it is willing to accept responsibility for performing such services in accordance with the terms and conditions set forth in this Agreement.
- 2.3. Consultant represents that it has no known relationships with third parties, City Council members, or employees of City which would (1) present a conflict of interest with the rendering of services under this Agreement under Government Code Section 1090, the Political Reform Act (Government Code Section 81000 *et seq.*), or other applicable law, (2) prevent Consultant from performing the terms of this Agreement, or (3) present a significant opportunity for the disclosure of confidential information.

NOW, THEREFORE, for and in consideration of the mutual covenants and conditions herein contained, City and Consultant agree as follows:

3. DEFINITIONS

- 3.1. “Scope of Services”: Such professional services as are set forth in Consultant’s **June 6, 2017** proposal to City attached hereto as Exhibit A and incorporated herein by this reference.
- 3.2. “Agreement Administrator”: The Agreement Administrator for this project is John Mayer, Senior Planner. The Agreement Administrator shall be the principal point of contact at the City for this project. All services under this Agreement shall be performed at the request of the Agreement Administrator. The Agreement Administrator will establish the timetable for completion of services and any interim

milestones. City reserves the right to change this designation upon written notice to Consultant

- 3.3. "Approved Fee Schedule": Consultant's compensation rates are set forth in the fee schedule attached hereto as Exhibit B and incorporated herein by this reference. This fee schedule shall remain in effect for the duration of this Agreement unless modified in writing by mutual agreement of the parties.
- 3.4. "Maximum Amount": The highest total compensation and costs payable to Consultant by City under this Agreement. The Maximum Amount under this Agreement is Forty-eight thousand, nine hundred and sixty-three Dollars and thirty-five cents (\$40,884.91).
- 3.5. "Commencement Date": June 22, 2017.
- 3.6. "Termination Date": June 22, 2018.

4. TERM

The term of this Agreement shall commence at 12:00 a.m. on the Commencement Date and shall expire at 11:59 p.m. on the Termination Date unless extended by written agreement of the parties or terminated earlier under Section 18 ("Termination") below. Consultant may request extensions of time to perform the services required hereunder. Such extensions shall be effective if authorized in advance by City in writing and incorporated in written amendments to this Agreement.

5. CONSULTANT'S DUTIES

- 5.1. **Services.** Consultant shall perform the services identified in the Scope of Services. City shall have the right to request, in writing, changes in the Scope of Services. Any such changes mutually agreed upon by the parties, and any corresponding increase or decrease in compensation, shall be incorporated by written amendment to this Agreement.
- 5.2. **Coordination with City.** In performing services under this Agreement, Consultant shall coordinate all contact with City through its Agreement Administrator.
- 5.3. **Budgetary Notification.** Consultant shall notify the Agreement Administrator, in writing, when fees and expenses incurred under this Agreement have reached eighty percent (80%) of the Maximum Amount. Consultant shall concurrently inform the Agreement Administrator, in writing, of Consultant's estimate of total expenditures required to complete its current assignments before proceeding, when the remaining work on such assignments would exceed the Maximum Amount.
- 5.4. **Business License.** Consultant shall obtain and maintain in force a City business license for the duration of this Agreement.

- 5.5. **Professional Standards.** Consultant shall perform all work to the standards of Consultant's profession and in a manner reasonably satisfactory to City. Consultant shall keep itself fully informed of and in compliance with all local, state, and federal laws, rules, and regulations in any manner affecting the performance of this Agreement, including all Cal/OSHA requirements, the conflict of interest provisions of Government Code § 1090 and the Political Reform Act (Government Code § 81000 et seq.).
- 5.6. **Avoid Conflicts.** During the term of this Agreement, Consultant shall not perform any work for another person or entity for whom Consultant was not working at the Commencement Date if such work would present a conflict interfering with performance under this Agreement. However, City may consent in writing to Consultant's performance of such work.
- 5.7. **Appropriate Personnel.** Consultant has, or will secure at its own expense, all personnel required to perform the services identified in the Scope of Services. All such services shall be performed by Consultant or under its supervision, and all personnel engaged in the work shall be qualified to perform such services. Laura Kaufman shall be Consultant's project administrator and shall have direct responsibility for management of Consultant's performance under this Agreement. No change shall be made in Consultant's project administrator without City's prior written consent.
- 5.8. **Substitution of Personnel.** Any persons named in the proposal or Scope of Services constitutes a promise to the City that those persons will perform and coordinate their respective services under this Agreement. Should one or more of such personnel become unavailable, Consultant may substitute other personnel of at least equal competence upon written approval of City. If City and Consultant cannot agree as to the substitution of key personnel, City may terminate this Agreement for cause.
- 5.9. **Permits and Approvals.** Consultant shall obtain, at its sole cost and expense, all permits and regulatory approvals necessary for Consultant's performance of this Agreement. This includes, but shall not be limited to, professional licenses, encroachment permits and building and safety permits and inspections.
- 5.10. **Notification of Organizational Changes.** Consultant shall notify the Agreement Administrator, in writing, of any change in name, ownership or control of Consultant's firm or of any subcontractor. Change of ownership or control of Consultant's firm may require an amendment to this Agreement.
- 5.11. **Records.** Consultant shall maintain any and all ledgers, books of account, invoices, vouchers, canceled checks, and other records or documents evidencing or relating to charges for services or expenditures and disbursements charged to City under this Agreement for a minimum of three (3) years, or for any longer period required by law, from the date of final payment to Consultant under this Agreement. All such documents shall be made available for inspection, audit, and/or copying at any time during regular business hours, upon oral or written request of City. In addition, pursuant to

Government Code Section 8546.7, if the amount of public funds expended under this Agreement exceeds ten thousand dollars, all such documents and this Agreement shall be subject to the examination and audit of the State Auditor, at the request of City or as part of any audit of City, for a period of three (3) years after final payment under this Agreement.

6. SUBCONTRACTING

- 6.1. **General Prohibition.** This Agreement covers professional services of a specific and unique nature. Except as otherwise provided herein, Consultant shall not assign or transfer its interest in this Agreement or subcontract any services to be performed without amending this Agreement.
- 6.2. **Consultant Responsible.** Consultant shall be responsible to City for all services to be performed under this Agreement.
- 6.3. **Identification in Fee Schedule.** All subcontractors shall be specifically listed and their billing rates identified in the Approved Fee Schedule, Exhibit B. Any changes must be approved by the Agreement Administrator in writing as an amendment to this Agreement.
- 6.4. **Compensation for Subcontractors.** City shall pay Consultant for work performed by its subcontractors, if any, only at Consultant's actual cost plus an approved mark-up as set forth in the Approved Fee Schedule, Exhibit B. Consultant shall be liable and accountable for any and all payments, compensation, and federal and state taxes to all subcontractors performing services under this Agreement. City shall not be liable for any payment, compensation, or federal and state taxes for any subcontractors.

7. COMPENSATION

- 7.1. **General.** City agrees to compensate Consultant for the services provided under this Agreement, and Consultant agrees to accept payment in accordance with the Fee Schedule in full satisfaction for such services. Compensation shall not exceed the Maximum Amount. Consultant shall not be reimbursed for any expenses unless provided for in this Agreement or authorized in writing by City in advance.
- 7.2. **Invoices.** Consultant shall submit to City an invoice, on a monthly basis or as otherwise agreed to by the Agreement Administrator, for services performed pursuant to this Agreement. Each invoice shall identify the Maximum Amount, the services rendered during the billing period, the amount due for the invoice, and the total amount previously invoiced. All labor charges shall be itemized by employee name and classification/position with the firm, the corresponding hourly rate, the hours worked, a description of each labor charge, and the total amount due for labor charges.

- 7.3. **Taxes.** City shall not withhold applicable taxes or other payroll deductions from payments made to Consultant except as otherwise required by law. Consultant shall be solely responsible for calculating, withholding, and paying all taxes.
- 7.4. **Disputes.** The parties agree to meet and confer at mutually agreeable times to resolve any disputed amounts contained in an invoice submitted by Consultant.
- 7.5. **Additional Work.** Consultant shall not be reimbursed for any expenses incurred for work performed outside the Scope of Services unless prior written approval is given by the City through a fully executed written amendment. Consultant shall not undertake any such work without prior written approval of the City.
- 7.6. **City Satisfaction as Precondition to Payment.** Notwithstanding any other terms of this Agreement, no payments shall be made to Consultant until City is satisfied that the services are satisfactory.
- 7.7. **Right to Withhold Payments.** If Consultant fails to provide a deposit or promptly satisfy an indemnity obligation described in Section 11, City shall have the right to withhold payments under this Agreement to offset that amount.

8. PREVAILING WAGES

Consultant is aware of the requirements of California Labor Code Section 1720, et seq., and 1770, et seq., as well as California Code of Regulations, Title 8, Section 16000, et seq., (“Prevailing Wage Laws”), which require the payment of prevailing wage rates and the performance of other requirements on certain “public works” and “maintenance” projects. Consultant shall defend, indemnify, and hold the City, its elected officials, officers, employees, and agents free and harmless from any claim or liability arising out of any failure or alleged failure of Consultant to comply with the Prevailing Wage Laws.

9. OWNERSHIP OF WRITTEN PRODUCTS

All reports, documents or other written material (“written products” herein) developed by Consultant in the performance of this Agreement shall be and remain the property of City without restriction or limitation upon its use or dissemination by City except as provided by law. Consultant may take and retain copies of such written products as desired, but no such written products shall be the subject of a copyright application by Consultant.

10. RELATIONSHIP OF PARTIES

- 10.1. **General.** Consultant is, and shall at all times remain as to City, a wholly independent contractor.

- 10.2. **No Agent Authority.** Consultant shall have no power to incur any debt, obligation, or liability on behalf of City or otherwise to act on behalf of City as an agent. Neither City nor any of its agents shall have control over the conduct of Consultant or any of Consultant's employees, except as set forth in this Agreement. Consultant shall not represent that it is, or that any of its agents or employees are, in any manner employees of City.
- 10.3. **Independent Contractor Status.** Under no circumstances shall Consultant or its employees look to the City as an employer. Consultant shall not be entitled to any benefits. City makes no representation as to the effect of this independent contractor relationship on Consultant's previously earned California Public Employees Retirement System ("CalPERS") retirement benefits, if any, and Consultant specifically assumes the responsibility for making such a determination. Consultant shall be responsible for all reports and obligations including, but not limited to: social security taxes, income tax withholding, unemployment insurance, disability insurance, and workers' compensation, and other applicable federal and state taxes.
- 10.4. **Indemnification of CalPERS Determination.** In the event that Consultant or any employee, agent, or subcontractor of Consultant providing services under this Agreement claims or is determined by a court of competent jurisdiction or CalPERS to be eligible for enrollment in CalPERS as an employee of the City, Consultant shall indemnify, defend, and hold harmless City for the payment of any employee and/or employer contributions for CalPERS benefits on behalf of Consultant or its employees, agents, or subcontractors, as well as for the payment of any penalties and interest on such contributions, which would otherwise be the responsibility of City.

11. INDEMNIFICATION

- 11.1 **Definitions.** For purposes of this Section 11, "Consultant" shall include Consultant, its officers, employees, servants, agents, or subcontractors, or anyone directly or indirectly employed by either Consultant or its subcontractors, in the performance of this Agreement. "City" shall include City, its officers, agents, employees and volunteers.
- 11.2 **Consultant to Indemnify City.** To the fullest extent permitted by law, Consultant shall indemnify, hold harmless, and defend City from and against any and all claims, losses, costs or expenses for any personal injury or property damage arising out of or in connection with Consultant's alleged negligence, recklessness or willful misconduct or other wrongful acts, errors or omissions of Consultant or failure to comply with any provision in this Agreement.
- 11.3 **Scope of Indemnity.** Personal injury shall include injury or damage due to death or injury to any person, whether physical, emotional, consequential or otherwise, Property damage shall include injury to any personal or real property. Consultant shall not be required to indemnify City for such loss or damage as is caused by the sole active negligence or willful misconduct of the City.

- 11.4 **Attorneys Fees.** Such costs and expenses shall include reasonable attorneys' fees for counsel of City's choice, expert fees and all other costs and fees of litigation. Consultant shall not be entitled to any refund of attorneys' fees, defense costs or expenses in the event that it is adjudicated to have been non-negligent.
- 11.5 **Defense Deposit.** The City may request a deposit for defense costs from Consultant with respect to a claim. If the City requests a defense deposit, Consultant shall provide it within 15 days of the request.
- 11.6 **Waiver of Statutory Immunity.** The obligations of Consultant under this Section 11 are not limited by the provisions of any workers' compensation act or similar act. Consultant expressly waives its statutory immunity under such statutes or laws as to City.
- 11.7 **Indemnification by Subcontractors.** Consultant agrees to obtain executed indemnity agreements with provisions identical to those set forth here in this Section 11 from each and every subcontractor or any other person or entity involved in the performance of this Agreement on Consultant's behalf.
- 11.8 **Insurance Not a Substitute.** City does not waive any indemnity rights by accepting any insurance policy or certificate required pursuant to this Agreement. Consultant's indemnification obligations apply regardless of whether or not any insurance policies are determined to be applicable to the claim, demand, damage, liability, loss, cost or expense.

12. INSURANCE

- 12.1. **Insurance Required.** Consultant shall maintain insurance as described in this section and shall require all of its subcontractors, consultants, and other agents to do the same. Approval of the insurance by the City shall not relieve or decrease any liability of Consultant. Any requirement for insurance to be maintained after completion of the work shall survive this Agreement.
- 12.2. **Documentation of Insurance.** City will not execute this agreement until it has received a complete set of all required documentation of insurance coverage. However, failure to obtain the required documents prior to the work beginning shall not waive the Consultant's obligation to provide them. Consultant shall file with City:
- Certificate of Insurance, indicating companies acceptable to City, with a Best's Rating of no less than A:VII showing. The Certificate of Insurance must include the following reference: 181-187 Monterey Road Condominium Project MND.
 - Documentation of Best's rating acceptable to the City.
 - Original endorsements effecting coverage for all policies required by this Agreement.
 - City reserves the right to obtain a full certified copy of any Insurance policy and endorsements. Failure to exercise this right shall not constitute a waiver of the right to exercise later.

12.3. **Coverage Amounts.** Insurance coverage shall be at least in the following minimum amounts:

- Professional Liability Insurance: \$2,000,000 per occurrence,
\$2,000,000 aggregate

- General Liability:
 - General Aggregate: \$2,000,000
 - Products Comp/Op Aggregate \$2,000,000
 - Personal & Advertising Injury \$2,000,000
 - Each Occurrence \$2,000,000
 - Fire Damage (any one fire) \$ 100,000
 - Medical Expense (any 1 person) \$ 10,000

- Workers' Compensation:
 - Workers' Compensation Statutory Limits
 - EL Each Accident \$1,000,000
 - EL Disease - Policy Limit \$1,000,000
 - EL Disease - Each Employee \$1,000,000

- Automobile Liability
 - Any vehicle, combined single limit \$1,000,000

Any available insurance proceeds broader than or in excess of the specified minimum insurance coverage requirements or limits shall be available to the additional insured. Furthermore, the requirements for coverage and limits shall be the greater of (1) the minimum coverage and limits specified in this Agreement, or (2) the broader coverage and maximum limits of coverage of any insurance policy or proceeds available to the named insured.

12.4. **General Liability Insurance.** Commercial General Liability Insurance shall be no less broad than ISO form CG 00 01. Coverage must be on a standard Occurrence form. Claims-Made, modified, limited or restricted Occurrence forms are not acceptable.

12.5. **Worker's Compensation Insurance.** Consultant is aware of the provisions of Section 3700 of the Labor Code which requires every employer to carry Workers' Compensation (or to undertake equivalent self-insurance), and Consultant will comply with such provisions before commencing the performance of the work of this Agreement. If such insurance is underwritten by any agency other than the State Compensation Fund, such agency shall be a company authorized to do business in the State of California.

12.6. **Automobile Liability Insurance.** Covered vehicles shall include owned if any, non-owned, and hired automobiles and, trucks.

- 12.7. **Professional Liability Insurance or Errors & Omissions Coverage.** The deductible or self-insured retention may not exceed \$50,000. If the insurance is on a Claims-Made basis, the retroactive date shall be no later than the commencement of the work. Coverage shall be continued for two years after the completion of the work by one of the following: (1) renewal of the existing policy; (2) an extended reporting period endorsement; or (3) replacement insurance with a retroactive date no later than the commencement of the work under this Agreement.
- 12.8. **Claims-Made Policies.** If any of the required policies provide coverage on a claims-made basis the Retroactive Date must be shown and must be before the date of the contract or the beginning of contract work. Claims-Made Insurance must be maintained and evidence of insurance must be provided for at least five (5) years after completion of the contract of work. If coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a Retroactive Date prior to the contract effective date, the Consultant must purchase "extended reporting" coverage for a minimum of five (5) years after completion of contract work.
- 12.9. **Additional Insured Endorsements.** The City, its City Council, Commissions, officers, and employees of South Pasadena must be endorsed as an additional insured for each policy required herein, other than Professional Errors and Omissions and Worker's Compensation, for liability arising out of ongoing and completed operations by or on behalf of the Consultant. Consultant's insurance policies shall be primary as respects any claims related to or as the result of the Consultant's work. Any insurance, pooled coverage or self-insurance maintained by the City, its elected or appointed officials, directors, officers, agents, employees, volunteers, or consultants shall be non-contributory. All endorsements shall be signed by a person authorized by the insurer to bind coverage on its behalf. General liability coverage can be provided using an endorsement to the Consultant's insurance at least as broad as ISO Form CG 20 10 11 85 or both CG 20 10 and CG 20 37.
- 12.10. **Failure to Maintain Coverage.** In the event any policy is canceled prior to the completion of the project and the Consultant does not furnish a new certificate of insurance prior to cancellation, City has the right, but not the duty, to obtain the required insurance and deduct the premium(s) from any amounts due the Consultant under this Agreement. Failure of the Consultant to maintain the insurance required by this Agreement, or to comply with any of the requirements of this section, shall constitute a material breach of this Agreement.
- 12.11. **Notices.** Contractor shall provide immediate written notice if (1) any of the required insurance policies is terminated; (2) the limits of any of the required policies are reduced; (3) or the deductible or self-insured retention is increased. Consultant shall provide no less than 30 days' notice of any cancellation or material change to policies required by this Agreement. Consultant shall provide proof that cancelled or expired

policies of insurance have been renewed or replaced with other policies providing at least the same coverage. Such proof will be furnished at least two weeks prior to the expiration of the coverages. The name and address for Additional Insured Endorsements, Certificates of Insurance and Notices of Cancellation is: City of South Pasadena, Attn: John Mayer, South Pasadena, CA 91030.

- 12.12. **Consultant's Insurance Primary.** The insurance provided by Consultant, including all endorsements, shall be primary to any coverage available to City. Any insurance or self-insurance maintained by City and/or its officers, employees, agents or volunteers, shall be in excess of Consultant's insurance and shall not contribute with it.
- 12.13. **Waiver of Subrogation.** Consultant hereby waives all rights of subrogation against the City. Consultant shall additionally waive such rights either by endorsement to each policy or provide proof of such waiver in the policy itself.
- 12.14. **Report of Claims to City.** Consultant shall report to the City, in addition to the Consultant's insurer, any and all insurance claims submitted to Consultant's insurer in connection with the services under this Agreement.
- 12.15. **Premium Payments and Deductibles.** Consultant must disclose all deductibles and self-insured retention amounts to the City. The City may require the Consultant to provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within retention amounts. Ultimately, City must approve all such amounts prior to execution of this Agreement.
- City has no obligation to pay any premiums, assessments, or deductibles under any policy required in this Agreement. Consultant shall be responsible for all premiums and deductibles in all of Consultant's insurance policies. The amount of deductibles for insurance coverage required herein are subject to City's approval.
- 12.16. **Duty to Defend and Indemnify.** Consultant's duties to defend and indemnify City under this Agreement shall not be limited by the foregoing insurance requirements and shall survive the expiration of this Agreement.

13. MUTUAL COOPERATION

- 13.1. **City Cooperation in Performance.** City shall provide Consultant with all pertinent data, documents and other requested information as is reasonably available for the proper performance of Consultant's services under this Agreement.
- 13.2. **Consultant Cooperation in Defense of Claims.** If any claim or action is brought against City relating to Consultant's performance in connection with this Agreement, Consultant shall render any reasonable assistance that City may require in the defense of that claim or action.

14. NOTICES

Any notices, bills, invoices, or reports required by this Agreement shall be deemed received on: (i) the day of delivery if delivered by hand, facsimile or overnight courier service during Consultant's and City's regular business hours; or (ii) on the third business day following deposit in the United States mail if delivered by mail, postage prepaid, to the addresses listed below (or to such other addresses as the parties may, from time to time, designate in writing).

If to City:

John Mayer, AICP
City of South Pasadena
Planning and Building Department
1414 Mission Street
South Pasadena, CA 91030
Telephone: (626) 403-7228
Facsimile: (626) 403-7221

If to Consultant:

Laura Kaufman, AICP
Envicom Corporation
4165 E. Thousand Oaks Blvd.,
Suite 290
Westlake Village, CA 91362
Telephone: (818) 879-4700

With courtesy copy to:

Teresa L. Highsmith, Esq.
South Pasadena City Attorney
Colantuono, Highsmith & Whatley, PC
790 E. Colorado Blvd. Ste. 850
Pasadena, CA 91101
Telephone: (213) 542-5700
Facsimile: (213) 542-5710

15. SURVIVING COVENANTS

The parties agree that the covenants contained in paragraph 5.11 (Records), paragraph 10.4 (Indemnification of CalPERS Determination), Section 11 (Indemnity), paragraph 12.8 (Claims-Made Policies), paragraph 13.2 (Consultant Cooperation in Defense of Claims), and paragraph 18.1 (Confidentiality) of this Agreement shall survive the expiration or termination of this Agreement, subject to the provisions and limitations of this Agreement and all otherwise applicable statutes of limitations and repose.

16. TERMINATION

- 16.1. **City Termination.** City may terminate this Agreement for any reason on five calendar days' written notice to Consultant. Consultant agrees to cease all work under this Agreement on or before the effective date of any notice of termination. All City data, documents, objects, materials or other tangible things shall be returned to City upon the termination or expiration of this Agreement.

- 16.2. **Consultant Termination.** Consultant may terminate this Agreement for a material breach of this Agreement upon 30 days' notice.
- 16.3. **Compensation Following Termination.** Upon termination, Consultant shall be paid based on the work satisfactorily performed at the time of termination. In no event shall Consultant be entitled to receive more than the amount that would be paid to Consultant for the full performance of the services required by this Agreement. The City shall have the benefit of such work as may have been completed up to the time of such termination.
- 16.4. **Remedies.** City retains any and all available legal and equitable remedies for Consultant's breach of this Agreement.

17. INTERPRETATION OF AGREEMENT

- 17.1. **Governing Law.** This Agreement shall be governed and construed in accordance with the laws of the State of California.
- 17.2. **Integration of Exhibits.** All documents referenced as exhibits in this Agreement are hereby incorporated into this Agreement. In the event of any material discrepancy between the express provisions of this Agreement and the provisions of any document incorporated herein by reference, the provisions of this Agreement shall prevail. This instrument contains the entire Agreement between City and Consultant with respect to the transactions contemplated herein. No other prior oral or written agreements are binding upon the parties. Amendments hereto or deviations herefrom shall be effective and binding only if made in writing and executed on by City and Consultant.
- 17.3. **Headings.** The headings and captions appearing at the commencement of the sections hereof, and in any paragraph thereof, are descriptive only and for convenience in reference to this Agreement. Should there be any conflict between such heading, and the section or paragraph thereof at the head of which it appears, the language of the section or paragraph shall control and govern in the construction of this Agreement.
- 17.4. **Pronouns.** Masculine or feminine pronouns shall be substituted for the neuter form and vice versa, and the plural shall be substituted for the singular form and vice versa, in any place or places herein in which the context requires such substitution(s).
- 17.5. **Severability.** If any term or provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, then such term or provision shall be amended to, and solely to the extent necessary to, cure such invalidity or unenforceability, and shall be enforceable in its amended form. In such event, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected, and each term and provision of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

- 17.6. **No Presumption Against Drafter.** Each party had an opportunity to consult with an attorney in reviewing and drafting this agreement. Any uncertainty or ambiguity shall not be construed for or against any party based on attribution of drafting to any party.

18. GENERAL PROVISIONS

- 18.1. **Confidentiality.** All data, documents, discussion, or other information developed or received by Consultant for performance of this Agreement are deemed confidential and Consultant shall not disclose it without prior written consent by City. City shall grant such consent if disclosure is legally required. All City data shall be returned to City upon the termination or expiration of this Agreement.
- 18.2. **Conflicts of Interest.** Consultant maintains and warrants that it has not employed nor retained any company or person, other than a bona fide employee working solely for Consultant, to solicit or secure this Agreement. Further, Consultant warrants that it has not paid nor has it agreed to pay any company or person, other than a bona fide employee working solely for Consultant, any fee, commission, percentage, brokerage fee, gift or other consideration contingent upon or resulting from the award or making of this Agreement. Consultant further agrees to file, or shall cause its employees or subcontractor to file, a Statement of Economic Interest with the City's Filing Officer if required under state law in the performance of the services. For breach or violation of this warranty, City shall have the right to rescind this Agreement without liability. For the term of this Agreement, no member, officer, or employee of City, during the term of his or her service with City, shall have any direct interest in this Agreement, or obtain any present or anticipated material benefit arising therefrom.
- 18.3. **Non-assignment.** Consultant shall not delegate, transfer, subcontract or assign its duties or rights hereunder, either in whole or in part, without City's prior written consent, and any attempt to do so shall be void and of no effect. City shall not be obligated or liable under this Agreement to any party other than Consultant.
- 18.4. **Binding on Successors.** This Agreement shall be binding on the successors and assigns of the parties.
- 18.5. **No Third-Party Beneficiaries.** Except as expressly stated herein, there is no intended third-party beneficiary of any right or obligation assumed by the parties.
- 18.6. **Time of the Essence.** Time is of the essence for each and every provision of this Agreement.
- 18.7. **Non-Discrimination.** Consultant shall not discriminate against any employee or applicant for employment because of race, sex (including pregnancy, childbirth, or related medical condition), creed, national origin, color, disability as defined by law, disabled veteran status, Vietnam veteran status, religion, age (40 and above), medical condition (cancer-related), marital status, ancestry, or sexual orientation. Employment

actions to which this provision applies shall include, but not be limited to, the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; or in terms, conditions or privileges of employment, and selection for training. Consultant agrees to post in conspicuous places, available to employees and applicants for employment, the provisions of this nondiscrimination clause.

- 18.8. **Waiver.** No provision, covenant, or condition of this Agreement shall be deemed to have been waived by City or Consultant unless in writing signed by one authorized to bind the party asserted to have consented to the waiver. The waiver by City or Consultant of any breach of any provision, covenant, or condition of this Agreement shall not be deemed to be a waiver of any subsequent breach of the same or any other provision, covenant, or condition.
- 18.9. **Excused Failure to Perform.** Consultant shall not be liable for any failure to perform if Consultant presents acceptable evidence, in City's sole judgment, that such failure was due to causes beyond the control and without the fault or negligence of Consultant.
- 18.10. **Remedies Non-Exclusive.** Each right, power and remedy provided for herein or now or hereafter existing at law, in equity, by statute, or otherwise shall be cumulative and shall be in addition to every other right, power, or remedy provided for herein or now or hereafter existing at law, in equity, by statute, or otherwise. The exercise, the commencement of the exercise, or the forbearance from the exercise by any party of any one or more of such rights, powers or remedies shall not preclude the simultaneous or later exercise by such party of any or all of such other rights, powers or remedies.
- 18.11. **Attorneys' Fees.** If legal action shall be necessary to enforce any term, covenant or condition contained in this Agreement, the prevailing party shall be entitled to an award of reasonable attorneys' fees and costs expended in the action.
- 18.12. **Venue.** The venue for any litigation shall be Los Angeles County, California and Consultant hereby consents to jurisdiction in Los Angeles County for purposes of resolving any dispute or enforcing any obligation arising under this Agreement.

SIGNATURES TO FOLLOW ON NEXT PAGE

TO EFFECTUATE THIS AGREEMENT, the parties have caused their duly authorized representatives to execute this Agreement on the dates set forth below.

“City”
City of South Pasadena

“Consultant”
Envicom Corporation

By: _____
Signature

By: _____
Signature

Printed: _____

Printed: _____

Title: _____

Title: _____

Date: _____

Date: _____

Attest:

By: _____
Evelyn G. Zneimer, City Clerk

Date: _____

Approved as to form:

By: _____
Teresa L. Highsmith, City Attorney

Date: _____

EXHIBIT "A"

SCOPE OF SERVICES

Task 1: Administrative Draft Initial Study

Envicom Corporation will prepare an Initial Study pursuant to CEQA. To the extent feasible, the Initial Study will utilize the information to be provided by the City, such as available technical studies and project descriptive materials. Our Initial Study and supporting technical study analysis will rely upon additional project information, including information available in the public domain, project design materials such as site plans and renderings, and other application materials provided by the applicant or City. Consultant will expand the evaluation of each issue area in the City's preliminary Initial Study, as required by CEQA and the City, to include impact analyses and where necessary, identify where mitigation measures would be needed to avoid significant impacts. As discussed, Consultant would not provide the actual mitigation measures or a Mitigation Monitoring Program (MMP) at this time. The goal is just to identify whether there would be a need and if it appears that mitigation could be found to avoid those significant impacts. Consultant will add Tribal Cultural Resources as a separate CEQA Initial Study Checklist topic, as now required by Assembly Bill 52 and recent amendments to the CEQA Guidelines.

The project manager will confirm format and structure of the document with the City at the start of our work. Each evaluation will provide supporting documentation and reasoning to justify the CEQA conclusions, including citations to project technical studies and other data sources. Consultant would assume that the applicant-prepared studies (Arborist Report by Arsen Margossian, February 25, 2016, and Geologic and Soils Engineering Exploration Report by Irvine Geotechnical Inc., September 19, 2014) meet City standards and are adequate to support a CEQA analysis; however, as requested by the City, Envicom Corporation will review these documents (refer to the Technical Studies and Review section below) to confirm CEQA adequacy. Envicom Corporation will review the project materials provided and report on any comments or further data needs related to preparation of the Initial Study. Envicom Corporation will supply evaluations to address all CEQA resource topics; however, the following are anticipated to be the key issues for the project: 1) Air Quality and Greenhouse Gas Emissions, 2) Noise, 3) Cultural Resources, 4) Historic Resources, and based on City and public concern, 5) Oak Trees and Hillside Land Modification (related to Aesthetics, Biological Resources, and Land Use). These items are discussed in greater detail below (refer to Technical Studies section). Relevant project technical studies will be included as Appendices to the Initial Study.

Deliverables will include; Comments on Project Materials/Request for Further Data, as needed (memorandum or email format) for City review; Document Format Confirmation (via telephone or email); and Administrative Draft Initial Study (electronic format) for City review.

Task 2: Screencheck Draft Initial Study

Upon receipt of one (1) consolidated set of City comments on the Administrative Draft Initial Study, Envicom Corporation will prepare the Screencheck Draft Initial Study. Given our past experience with the City and our understanding of City requirements for CEQA documents, are expected to be light. The Deliverables include a Screencheck Draft initial Study (electronic format) for proofing and minor final comments by the City.

Task 3: Meetings/Management

Envicom Corporation's project manager will attend a kick-off meeting (which may occur in person or by phone). The project manager will distribute and oversee all work assignments among the Envicom Corporation team members, including sub-consultants. Weekly or daily check-ins with staff will occur, along with periodic check-ins with City staff. Communications will include the typical business formats of telephone, email and in person discussions, and issues of critical importance, such as data needs and other schedule-driving issues will be emphasized as priorities. The project manager will also rely on information from our time accounting and billing program to manage the work program and maintain the budget. Since this program is relatively straightforward and on a relatively short-term schedule (as described further below), Consultant would not anticipate the need for written status reports, though Consultant will provide these via email upon request.

Technical Studies and Review

Envicom Corporation will review the earlier referenced applicant-prepared Arborist Report, Sewer and Water Report, and Geologic and Soils Engineering Exploration Report for applicable CEQA content to respond to the CEQA Checklist and applicable significance thresholds. Consultant assumes that the City will review these studies to determine their technical adequacy whether they meet City permitting requirements. Our scope of work and cost estimate assume that these studies will be accurate, comprehensive, and meet City and industry standards. This scope of work assumes one (1) round of review, followed by a follow-up review to assure that Envicom Corporation revisions/comments were adequately addressed.

Deliverables include: Comments on the provided Technical Reports (memorandum or email format) for City review; and Confirmation that Envicom Corporation comments were incorporated, or that further concerns remain (memorandum or email format) for City review.

Biological Resources Investigation

The biological resources scope of work includes a literature review, field survey, and response to the CEQA/City Environmental Checklist Form. An Envicom Corporation biologist will conduct a literature review, including the existing Special Status Species reports, California Natural Diversity Database (CNDDB), and other published materials regarding biological resources on the site and in the region. Upon completion of the literature review, a field survey will be conducted to compile the biological resources inventory, including vegetation communities, a list of species, and descriptions of plant communities, wildlife habitats, and special status species. The biologist will traverse the study area in sufficient detail to identify the important plant and animal associations present, and species observed (or their sign), will be documented. Field notes, photographs, and global positioning system (GPS) data will be used to prepare an existing conditions vegetation map. The results of this task will be incorporated into the Initial Study Biological Resources section, including our methodology and findings with respect to biological resources. For efficiency of budget and schedule and given the size of the project study, a stand-alone Biological Resources technical report is not deemed necessary for this scope of work, although some technical data may be appended to the Initial Study, if convenient to do so.

The following tasks are included:

- Setting – description of the site with maps and photographs.
- Physical Characteristics – description of topography and previous site disturbance.
- Vegetation – with reference to the plant species inventory, a description of the site’s plant communities and their distribution on the site (including a map with major plant communities and other biological resources) and a list of species on-site.
- Wildlife – a description of the animal species associated with those habitats, significant wildlife species or communities, and a list of species observed or expected on-site.
- Sensitive Resources – lists of special status and sensitive habitats, plants, and animals observed or likely to occur in the study area, based on the results of the CNDDDB search and field survey; and a description of any rare, threatened, or endangered species with potential to use the site.
- Impact Analysis - based on the site plan and grading plan, our geographic information systems (GIS) specialist will overlay the proposed improvements onto the vegetation maps and quantify the anticipated impacts, and biologists will prepare an impact analysis, including recommendations for mitigation measures for impacts to biological resources.

Biological Resources Investigation Assumptions

The biological resources scope of work is based on the following assumptions.

- All relevant site plans and biological reports, studies, and exhibits prepared for the project shall be made available to the consultant team. If available, electronic files of site topography and aerial photographs for the site will also be provided to the consultant team.
- CAD data will be provided to Envicom Corporation and will be georeferenced in the NAD 83, State Plane Zone V Coordinate System.
- The applicant will provide the Arborist Report.
- Focused or protocol surveys for special-status species (e.g., rare plants), jurisdictional delineation, conceptual mitigation plan, or tree preservation plan would be provided under separate authorization if deemed necessary.
- The impact analysis will be prepared for one (1) version of the project description. Revisions to the project description may warrant additional costs to prepare the biological resources investigation.
- The scope of work does not include consultation with Resource Agencies.

Cultural Resources

Envicom Corporation will provide a cultural resources letter report to evaluate the potential of ground-disturbing activities at the project site to yield cultural resources, responsive to the CEQA Checklist and state definitions for cultural resource significance.

Although the project site includes three (3) residences, portions of the properties are in a natural state and have been developed (i.e., graded and/or paved). Therefore, a site visit by Envicom

Corporation's cultural resources specialist and a cultural resources records search are recommended. Envicom Corporation will contact the South Central Coastal Information Center (SCCIC), located at the campus of California State University Fullerton, and request a records search for previously-identified cultural resources and technical studies that have been completed within the project area. The records search encompasses the proposed project footprint, plus a 0.25-mile buffer study area around the project. By including the additional study area, a regional cultural resource context for the project can be provided.

To inform our cultural resources evaluation, Envicom Corporation will also contact the Native American Heritage Commission (NAHC) and request that they review their Sacred Lands Inventory to determine if tribal cultural resources are located within the project area. Again, 0.25-mile study area will be included to provide tribal cultural resource context for the project. The NAHC will also provide Envicom Corporation with a list of area-affiliated Tribal Group representatives. Envicom Corporation will prepare and send requests for cultural resource information from the Tribal Groups representatives identified by the NAHC (separate from City consultation under AB 52, though Consultant can coordinate efforts with the City if so desired).

Envicom Corporation will complete a cultural and built environment resource physical pedestrian survey of the proposed project area. The cultural survey identifies sites that have previously not been identified through past survey efforts, and which would therefore not be found in the record search of the project area. The survey will be conducted in accordance with Secretary of the Interior's Standards and Guidelines for Archaeological and Historic Preservation (48 FR 44716, Sept. 29, 1983). The survey will involve visual examination of the project area only and will not involve subsurface testing. Consultant does not anticipate finding cultural resources within the project area. However, if cultural resources are found, then a site recordation cost (out of scope) will be required for labor and materials to record the site to California Department of Parks and Recreation standards, as required by state law. Following completion of the records search and fieldwork, the cultural resources letter report will be prepared according to California State Historic Preservation Office (SHPO) guidelines and will describe the literature search findings. This proposal assumes that a negative findings report will be adequate for the proposed project. The cultural resources letter report and historic buildings resources evaluation will be the basis for the Initial Study cultural resources analysis and will be appended to the document.

Cultural Resources Assumptions

The cultural resources scope of work is based on the following assumptions:

- The applicant-provided Geologic and Soils Engineering Exploration Report by Irvine Geotechnical Inc. (or other reports and data provided by the City) will contain sufficient soils data on which to base the paleontological resources assessment.
- The NAHC outreach defined above is specifically to seek cultural resource information; it does not cover project or lead agency obligations under Assembly Bill-52. It is assumed that Senate Bill-18 compliance, also a City function, does not apply, as the project does not require a General Plan Amendment.
- This proposal assumes that the findings will be negative for cultural resources. If cultural resources are located within the project area, or if older cultural resources need to be updated,

then a change order to record the cultural resources will be submitted. Discovered or updated cultural resources must be recorded and mapped using California Department of Parks and Recreation forms, for submittal to the lead agency and information centers.

- This proposal does not include tasks related to cultural site subsurface surveys (Phase Ib), site evaluations (Phase II), site data recovery (Phase III), or evaluation or data recovery plans, communications, or meetings related to such tasks.
- This proposal does not include costs for the formal evaluation of archaeological sites for eligibility and listing on a local, state or regional list or register of significant sites and places. If any of those services are required, a separate scope of work and cost will be submitted upon request based on the necessary level of effort.
- This proposal does not include meetings with the lead agency, Permitting Agencies, SHPO, or Native American Tribal Group representatives. If agency or Native American consultation is required, a separate scope of work and cost will be provided based on the necessary level of effort.
- Envicom will endeavor to perform the services and accomplish the objectives within the costs and schedule; however, the cost and schedule are based on our best judgment of the requirements known at the time of the proposal and can be influenced favorably or adversely by agency coordination needs and other circumstances. Envicom Corporation has assumed the cost for an expedited response for the records search from the SCCIC to accommodate the project schedule, but the SCCIC and NAHC schedule for responses are not in our control.
- The City or applicant will provide Envicom Corporation with copies of all known documentation relating to the physical and/or other conditions concerning the project site at the same time as authorization to proceed. It is assumed that Envicom Corporation can use and rely on the data and information contained in those documents. Envicom will not perform a technical review of such documents and will not be responsible for their content or accuracy.

Historic Resources Evaluation

As three (3) houses on parcels within the project site are older than 50 years of age, the City of South Pasadena requires evaluation of eligibility for listing the National Register of Historic Places (National Register), California Register of Historical Resources (California Register) and under the City of South Pasadena's local ordinance. To prepare the historic resource evaluation report, Historic Preservation Consulting (HPC), as consultants to Envicom Corporation, will conduct a field survey. HPC will photograph the exterior and interior of each building, as well as the setting. They will also gather information on the properties, consulting primary and secondary resources, including historic photographs, maps, drawings, newspapers, building permits, and other documentation. From this information the determination of the properties' potential eligibility for listing in the National Register, the California Register, or as a local landmark will be made. The report will be prepared in draft form for City review. One (1) consolidated set of City comments is assumed, from which a final report will be prepared. For the purposes of this proposal, Consultant assumes City comments will be minor. HPC's scope includes one (1) meeting with the City's Cultural Heritage Commission. The historic resources evaluation and cultural resources letter report will be the basis for the Initial Study cultural resources analysis and will be appended to the Initial Study.

Historic Resources Assumptions

The following materials are requested for the Study:

- Copies of all building permits (both original and alterations)
- Chain of title (history of ownership)
- Any planning or related departmental files on the property
- Phase 1 Environmental Site Assessment, if available
- One (1) round of minor City/team comments is assumed
- Findings of significance resources are not assumed for this proposal. If significance is found, additional scope of work may be required and would be assessed at that time.

Air Quality and Greenhouse Gas Emissions Analysis

Envicom Corporation will provide air quality and greenhouse gas emissions analyses in response to the CEQA/City Environmental Checklist Form. The technical analysis will be included in the Air Quality and Greenhouse Gas Emissions sections of the Initial Study. Technical materials may be appended to the Initial Study. The analyses will quantify project impacts for the construction and operational phases of the project. The analyses will follow the latest protocols established by the South Coast Air Quality Management District (SCAQMD) including pollutant emission estimations using the CalEEMod model. The impact analyses evaluate the appropriate CEQA Checklist questions and applicable SCAQMD thresholds, and will include mitigation measures, where necessary.

Air Quality and Greenhouse Gas Emissions Analysis Assumptions

- The applicant or City will provide information on the project's sustainability features for the greenhouse gas emissions analysis.
- The Air Quality and Greenhouse Gas Analysis will be prepared for one (1) version of the project description. Revisions to the project description or sustainability components may warrant additional costs.
- Envicom Corporation will rely on construction vehicle/equipment and duration of construction phase estimates provided by CalEEMod, unless project specific estimates for these items are provided by the applicant or project engineer. The operational emissions will be based on trip estimates provided by CalEEMod.

Noise Study

Working with Giroux and Associates, Envicom will provide an analysis of short-term construction noise as well as long-term operation noise impacts related to the proposed project. Noise levels with potential to impact the project site would come primarily from construction. Operational noise would occur primarily from vehicular traffic from the proposed 15-unit project traveling the adjacent and nearby streets. The need for project features and/or mitigation measures will be noted, where significant impacts are anticipated.

The noise study scope of work is as follows:

- Provide a quantified description of the existing noise conditions by establishing an existing baseline noise (CNEL noise metric) exposure profile using the Federal Highway Administration (FHWA) Model with the latest California vehicle noise curves (CALVENO) for freeway and arterial noise and the noise attenuation provided by intervening uses. Discuss existing ground-borne vibration conditions.
- Identify the regulatory framework for noise and ground-borne vibration, including applicable federal, state, and/or local regulations and/or standards and provide definitions of noise-specific terminology to inform the general public and make the subsequent discussion understandable to the layperson.
- Describe the criteria used to determine project noise and ground-borne vibration impacts for construction and operations from the State CEQA/City Environmental Checklist Form, direction provided in CEQA and applicable CEQA case law, and City-established thresholds.
- Evaluate the project's potential noise and ground-borne vibration impacts from construction and operation, where applicable, on sensitive receptors, based upon the significance criteria/thresholds.
- Evaluate the project's contribution to cumulative noise impacts within the City, with emphasis on potentially traffic-impacted street segments identified by the City. Discuss cumulative ground-borne vibration impacts, if any are anticipated.
- Establish a quantitative significance threshold for exposure to ground-borne vibration levels and on-site ground-borne vibration levels associated with site grading that may be experienced at sensitive receptor locations adjacent to the project site in the course of construction. Vibration attenuation and construction-related setback features for the proposed project will be assessed and any additional measures to reduce vibration levels experienced by nearby sensitive receptors will be recommended, where needed.
- Identify noise and ground-borne vibration attenuation by project structures or site characteristics, and identify if there is a potential need for project features or mitigation measures, considering project impacts measured against stated significance criteria and thresholds.
- Provide a residual impact statement.

The stand-alone noise study will be the basis for the Initial Study noise analysis and will be appended to the document.

Noise Study Assumptions

- Trips estimates will be based on CalEEMod information and the City will provide current traffic volume data and information regarding traffic-impacted street segments.
- A Noise Study will be prepared for one version of the project description. Revisions to the project description may warrant additional costs.

EXHIBIT "B"

COST TABLE - 181-187 Monterey Road Condominium Project Initial Study

Task	Staff/Subconsultants	Hours	Rate	Cost
LABOR COSTS				
Task 1: Administrative Draft Initial Study				
Project Description	Laura Kaufman	6.0	190	1,140.00
Aesthetics/Visual Resources	Charles Cohn	4.0	110	440.00
Agricultural and Forest Resources	Mitchel Morrison	1.0	95	95.00
Air Quality and Greenhouse Gas Emissions	<i>See Envicom Technical Studies</i>			
Biological Resources	<i>See Envicom Technical Studies</i>			
Cultural Resources and Tribal Cultural Resources	Wayne Bischoff	4.0	135	540.00
	Mitchel Morrison	8.0	95	760.00
Geology and Soils	Mitchel Morrison	6.0	95	570.00
Hazards/Hazardous Materials	Charles Cohn	4.0	110	440.00
Hydrology/Water Quality	Charles Cohn	6.0	110	660.00
Land Use and Planning	Mitchel Morrison	6.0	95	570.00
Mineral Resources	Mitchel Morrison	1.0	95	95.00
Noise	Mitchel Morrison	6.0	95	570.00
Population and Housing	Amanda Miner	2.0	85	170.00
Public Services	Amanda Miner	6.0	85	510.00
Recreation	Amanda Miner	2.0	85	170.00
Transportation/Circulation	Charles Cohn	4.0	110	440.00
Utilities	Mitchel Morrison	6.0	95	570.00
Mandatory Findings	Laura Kaufman	0.5	190	95.00
Word Processing	Renee Mauro	8.0	70	560.00
Graphics	Chris Boyle	8.0	95	760.00
Direction, Review/Edit, QA/QC	Laura Kaufman	16.0	190	3,040.00
			Subtotal	12,195.00
Task 2: Screencheck Draft Initial Study				
Revisions due to City Comments	Laura Kaufman	6.0	190	1,140.00
	Charles Cohn	6.0	110	660.00
	Mitchel Morrison	10.0	95	950.00
	Renee Mauro	6.0	70	420.00
	Chris Boyle	2.0	95	190.00
			Subtotal	3,360.00
Task 3: Meetings/Management				
Project Management/Administration	Laura Kaufman	5.0	190	950.00
Kick-off Meeting/Other Project Conference Meetings	Laura Kaufman	5.0	190	950.00
Clerical (Mailing, Filing, Reproduction)	Renee Mauro	4.0	70	280.00
	Roberta Ryniewicz	2.0	70	140.00
			Subtotal	2,320.00
			INITIAL STUDY LABOR SUBTOTAL	17,875.00
TECHNICAL STUDIES AND REVIEW				
Review of Applicant's Technical Studies	Laura Kaufman	4.0	190	760.00
Arborist Report Review	Erin Roberts	8.0	95	760.00
Water and Sewer Report Review	Mitchel Morrison	4.0	95	380.00
Geological Study Review	Mitchel Morrison	8.0	95	760.00
			Subtotal	2,660.00
Envicom Technical Studies/Field Work				
Cultural Resources Letter Report	<i>Envicom Corporation/Wayne Bischoff</i>			1,900.00
Historic Resources Evaluation & One Mtg w/ Cult. Heritage Commission	<i>Historic Preservation Consulting/J. Snow, K. McGee</i>			7,975.00
Biological Resources Investigation (in Initial Study section)	<i>Envicom Corporation/Tyler Barnes</i>			4,350.00
Air Quality and Greenhouse Gas Emissions (in Initial Study sections)	<i>Envicom Corporation</i>			2,640.00
Noise Study	<i>Ciroux & Associates</i>			2,180.00
			Subtotal	19,045.00
			TECHNICAL STUDIES/FIELD WORK SUBTOTAL	21,705.00
MATERIALS/DIRECT COSTS				
Mileage, General Mailing, Delivery, Misc. Reproduction, Communications				1,304.91
			MATERIALS/DIRECT COSTS SUBTOTAL	1,304.91
			INITIAL STUDY TOTAL	40,884.91
Notes:				
1) Assumptions in the Scope Proposal shall apply.				
2) Envicom Corporation 2017 Fee Schedule and the assumptions in the proposal shall apply.				
3) Additional time for tasks, including meetings, can be provided on a time and materials basis with approval by the City (e.g., authorization for additional expenditure, contract amendment, or by shifting budget between line items upon mutual consent). Additional direct costs will also be cleared with the City and billed according to our standard rates.				
4) Staff assignments are estimated; qualified staff may be substituted where necessary to adjust workloads and meet deadlines. We may shift budget between line items, upon mutual agreement, to avoid the need for contract amendments.				

Envicom Project #57-726-001
3/20/2017, Revised 5/23/17



CITY OF SOUTH PASADENA

INTER-OFFICE MEMORANDUM

Date: June 21, 2017

To: Honorable Mayor and Members of the City Council

Via: Elaine Aguilar, Interim City Manager *EA*

From: Paul Toor, Public Works Director *PT*

Re: June 21, 2017 City Council Meeting Agenda Item No. 20 - Award of a Professional Services Agreement to KOA Corporation for Engineering Design Services of the Fair Oaks Avenue Traffic Signal Improvement Project

The purpose of this memorandum is to provide detailed fee information for the consulting services contract for the Fair Oaks Avenue Traffic Signal Improvement/Synchronization Project (Project). Award of contract to KOA Corporation is scheduled for the City Council's consideration at the regular meeting on June 21, 2017.

A request for proposals (RFPs) was direct-mailed to four consulting firms experienced in conducting and performing traffic signal improvements; Albert Grover and Associates, KOA Corporation, Minagar and Associates, Inc., and Wildan Engineering. On May 16, 2017, two firms responded to the RFP listed as follows:

KOA Corporation, Monterey Park	\$97,000* (\$109,220)
Minagar and Associates, Inc., Irvine	\$175,528

*Negotiated contract amount.

After ranking the proposals, staff determined KOA Corporation to be the best qualified consultant to undertake this Project. It may be noted that Minagar and Associates, Inc. is providing traffic services to the City of South Pasadena (City) on an on-call basis and the firm has a good reputation. However, staff determined the proposal submitted by KOA Corporation was superior and is in the best interest of the City to award the contract to KOA Corporation. As the project is funded through two different grant programs, staff did explore to split the work between both the firms. However, given the nature of the Project, funding sources, coordination with Metro, County of Los Angeles Department of Public Works, and Caltrans, it is prudent to engage a single consultant for efficient delivery and effective utilization of available grant funds.

KOA Corporation has performed similar services throughout Southern California for this type of work and staff verified the consulting firm's references which were found satisfactory. KOA

Additional Material
AGENDA ITEM # 20
6/21/17 City Council Mtg.

CC: Council; CM; CA; CCC; DEPT; REFERENCE BINDER; ORIGINAL TO 6/21/17 Addl Docs

Fee Proposal Summary – Fair Oaks Avenue Traffic Signal Improvement Summary

June 21, 2017

Page 2 of 2

Corporation is familiar with the City's operations and has established a working relationship with staff. The Consultant will be compensated on a time and materials basis with a not to exceed amount of \$97,000. Also, the hourly rates proposed by KOA Corporation for the professional services are comparable to the other consultants.



CITY OF SOUTH PASADENA


1414 MISSION STREET, SOUTH PASADENA, CA 91030

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WWW.SOUTHPASADENACA.GOV

Date: June 21, 2017

TO: Mayor Cacciotti and City Council

FROM: Anthony J. Mejia, Chief City Clerk 

SUBJECT: June 21, 2017 City Council Meeting – Agenda Item No. 22 Authorize a Letter of Opposition to Senate Bill 649 (Hueso) Wireless and Small Cell Telecommunications Facilities

Attached are marketing documents submitted by “5 Bars” regarding a proposal to serve as the City’s 3rd party wireless administrator. These materials suggest that implementation of such a contract may allow the City to maintain local control of City assets, including consideration of location, aesthetics, and pricing.

The City Council is not requested to take action regarding this unsolicited proposal at this time. If desired, the City Council may provide direction to staff to review the proposal and to return to the City Council at a future meeting.

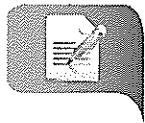


CC: Council; CM; CA; CCC; Reference Binder; Original to 6/21/17 Addl Docs

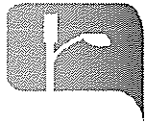
Additional Material
AGENDA ITEM # 22
6/21/17 City Council Mtg.

WHY 5 BARS?

Protect Your City Assets, Maintain Local Control,
Manage Aesthetics, Generate Revenue at No Cost to your City



Maintain Control - SB 649 protection



Aesthetics - Prevent Visual Blight



Generate New Revenue

The ability to charge reasonable rates for the use of City assets by carriers

Small Cell Site Issue

- There is pending legislation, SB 649 (Hueso), which looks to limit local control over small wireless cell sites.
- The legislation will directly limit a city's ability to control its public infrastructure, specifically street and traffic lights and electric poles.
- SB 649 grants telecommunication companies the right to go on public infrastructure and takes away a city's ability to object over the time, place and manner of the installation.
- SB 649 also establishes a monetary limit on how much local agencies can charge the telecommunication companies, which is substantially less than the current market rate.
- The local loss of control mirrors other authority grabs by the state, especially in the telecommunications sector, such as cable franchise permitting.
- SB 649 is expected to be enacted this year and will take effect immediately.

How You Can Protect Your City

- Recognize that this legislation is happening and will become reality
- Develop an Action Plan that acts immediately to maintain control of City assets – location, aesthetic and pricing
- Acknowledge that contracting timeframes may be an impediment (e.g. By the time you act it may be too late)
- A proven legal remedy is to have an existing contract with a 3rd party wireless administrator who manages the City's wireless approvals.
- Long Term Contract provides stability and consistency

5 Bars

- 5 Bars is a recognized industry leader in the small cell site administration field
- 5 Bars is a local California firm based out of Irvine
- 5 Bars has recently been awarded competitively bid contracts (Ex. City of Sacramento)
- 5 Bars is listed with National IPA, a national purchasing cooperative as an approved vendor. This allows immediate contracting opportunities
- 5 Bars has a deep awareness of local agency needs
- At Will Contract



5 BARS[®]
XG COMMUNITIES




5 BARS CONTRACT OPTIONS

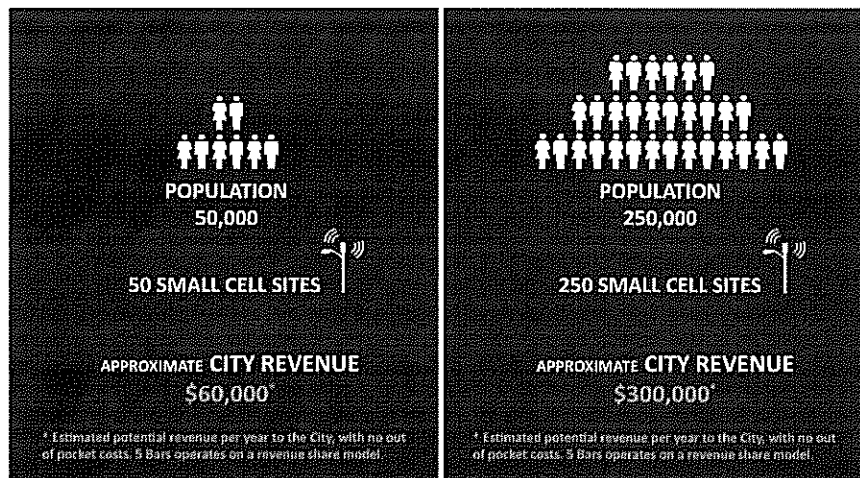


Contract Details

AGREEMENT	CONTRACT DETAILS	REVENUE SHARE
<p>An Agreement with 5 Bars to proactively market underutilized city-owned asset to wireless carriers, negotiate market driven lease rates, and increase wireless coverage and capacity in your City with <u>no cost to the City</u>.</p> <p>At Will Agreement</p>	<p>Initial five (5) year marketing agreement from June 2016 through June 2021</p> <p>Option to renew for four (4) additional five (5) year periods</p>	<p>BASE PRICE: \$0*</p> <p>REVENUE SHARE: City 65% 5 Bars 35%</p> <p><i>*5 Bars will recover its investment and program costs solely through revenue sharing generated from wireless carrier marketing program.</i></p>

Options

 	<p>City of Sacramento Cooperative Piggyback National IPA Purchasing Group</p> <p>Formal RFP completed March 26th, 2016 BID #Q16071011005 <i>Agreement and staff report available (cut & paste for rationale)</i></p>
	<p>5 Bars Stand-alone <i>See agreement attached</i></p>





5 BARS DELIVERABLES

5 Bars is pleased to offer this proposal to deliver a comprehensive planning and marketing program for wireless communications facilities and infrastructure to your City.

The 5 Bars team collectively brings over 150 years of telecom and wireless experience in planning, marketing, implementing, deploying, maintaining, and managing wireless networks and complex technical solutions. We have established strong relationships with wireless carriers and service providers at key levels, and possess an extensive background with experience in legislative, regulatory, and corporate communications with public policy, corporate strategy, external affairs and strategic partnerships. 5 Bars has agreements with Verizon, AT&T, Sprint and T-Mobile.

In support of all activities occurring during each major milestone, 5 Bars will develop a highly detailed project plan for your City. The goal is to lay out the strategy of anticipated processes and tools to be used during the project, and to act as a primary source of information of the project as it is planned, executed, monitored, controlled and completed. The key high level tasks will include:

Task 1 – Negotiate and execute a **Master License Agreement (MLA)** to represent your City with the four major carriers and third party operators.

Task 2 – Provide **planning** for your City to serve as a roadmap for technology development now and in the future.

5 Bars will create a plan to enhance the wireless coverage that allows your city to achieve ubiquitous coverage, which may include constructing a network using municipal assets where possible, licensing the site locations to the carriers and providing rent or access fees to the city.

We will conduct an RF benchmark assessment that will identify coverage gaps. In addition to the RF survey, we will inventory existing city assets, including street lights, street furniture, real estate, fiber and conduit located through the city.



Task 3 – Compile available city assets in GIS platform including fiber, street lights, conduit, street furniture, buildings, and align them with gaps in carrier coverage per the RF studies. 5 Bars will organize this synthesized information on our cloud-based software platform and market specific, pre-approved city sites to wireless carriers to quickly accommodate Small Cell deployments and expand city-wide coverage and capacity for the city’s residents.

Task 4 – Carrier Marketing

Provide advocacy and representation in the implementation of the Wireless Master Plan and secure funding from the wireless carriers on behalf of the City.

5 Bars will develop a marketing package, generate carrier interest, rationalize assets and host regular meetings with all major carriers.

Task 5 – Carrier Agreements

Negotiate and execute carrier agreements for the initial term of 5 years with the City’s option to extend. 5 Bars will provide input, guidance and market data in regards to rates, best practices and carrier interests.

Task 6 – Carrier Site Selection

5 Bars will articulate all appropriate steps to the carriers and 3rd party operators, as well as sharing access to our GIS database platform in order to select available pre-approved sites.

In conjunction with the assets made available to carriers over the GIS database platform, 5 Bars will work with city planners to ensure that all locations offered to carriers are pre-approved for placement in acceptable locations that meet the carriers network requirements for seamless coverage. 5 Bars will have personnel dedicated to your City in order to ensure all guidelines and requirements are met.

All requests to reserve site locations will be entered into the database as they work through the application process. 5 Bars will encourage attachments to existing assets to reduce new pole clutter and increase revenue to the City.

5 Bars has a proven process to manage 3rd party operator site leasing and locating by working with legal counsel and planning departments at the city. Through the 5 Bars streamlined process, we will articulate all appropriate steps to the carriers and 3rd party operators, as well as sharing access to our GIS database platform in order to select available pre-approved sites.



Task 7 – Site encroachment & permitting

Coordinate with carriers on behalf of your City for the planning, permitting, installation and ongoing maintenance of a seamless municipal wireless system.

5 Bars will streamline permits for all the carriers, and become a single point of contact for cell site applications. 5 Bars will be the city advisor and advocate, working closely in collaboration with carriers to increase carrier participation, and generate revenue more quickly. This cost-effective model requires no out of pocket cost for the city.

5 Bars will assist with batch permitting applications submitted to the city under the required form factor specifications and pricing.

Task 8 – Technology construction

Manage site locations to be determined with city approval in coordination with the Wireless Master Plan and through carrier requests. Administer the use of public assets through a Site License Agreement according to the terms of the Master License Agreement, and provide on site supervision and coordination with the wireless carriers. Encourage attachments to existing city assets to reduce new pole clutter and increase revenue to the city.

City participation will include providing available asset inventory and designating a single point of contact. The city will have final approval of sites, form factors, pricing, permits, and guidelines.

Task 9 – Provide ongoing marketing for revenue generating technology, regulation consulting, and wireless coverage assessment.

5 Bars will also work with ecosystem partners to encompass citywide technology strategies such as Internet of Things (IoT), analytics, sensor technologies and other communication platforms in order to address smart city initiatives.





Federal and State Preemption

To promote lower cost deployment solutions, wireless carriers are turning to state and federal authorities to preempt local control over wireless siting in the right of way. Wireless carriers are significantly increasing the number of wireless applications submitted to cities. These new applications can be for new poles in the right of way (such as 75' wood poles or 120' steel poles) or antenna/radio attachments to light poles. Typically, the attachment and new pole applications include sites located in historic, residential and high-end commercial areas. As municipalities push for "time, place and manner" restrictions, carriers are attempting to bypass local rules by appealing to the state and federal government for preemption.

History of California Preemption Bills

Gatto Bill – AB 2788 – 2016 (The Initial Attempt)

In late June, California assembly member Gatto proposed Assembly Bill 2788 to compel cities and counties throughout California to make their property available for the installation of "small cell" wireless antennas. As defined, "Small Cells" were not all that small; they included facilities "with antennas of no more than six cubic feet in volume each and associated equipment with a cumulative volume no larger than 21 cubic feet on all poles and structures and 28 cubic feet on all nonpole structures."

Local agencies would have no authority to conduct aesthetic review, and in fact would have *no discretion* to deny applications for the use of their property; the bill required that "a small cell is a permitted use not subject to a city or county discretionary permit or aesthetic review in all zoning districts, subject only to issuance of a building permit ... or an administrative encroachment permit." Further, the timeline for the mandatory issuance of permits was accelerated to require that cities and counties issue the permit no later than 60 days after the submission of an application.

Cities, counties, and others lobbied extensively against the bill, and it was ultimately withdrawn.

Hueso Bill – SB 649 – 2017 (The Revival)

On February 17, 2017, on behalf of wireless companies, California Senator Hueso introduced SB 649, another attempt to preempt local authority over wireless right of way applications. In this Bill, the Senate states, "the impact on local interests from individual small wireless facilities will be sufficiently minor and that such deployments should be a permitted use statewide and should not be subject to discretionary zoning review." The Senate then grants reasonable, nondiscriminatory and nonexclusive access to utility poles, street lights and other right of way structures, and public land such as stadiums, parks, campuses, hospitals, transit stations and public buildings, consistent with health and safety welfare laws. The Bill also (i) limits pole attachment fees and (ii) requires cities to charge wireless permit fees that are cost based.

Should SB 649 pass, cities will have no ability to deny wireless attachments in the city and cannot mandate reasonable aesthetic modifications such as shrouding or stealthing. Therefore, applications for pole attachments in residential, historic or high-end commercial districts can be constructed without any city input. Below are examples of pole attachments we can expect carriers will continue to construct without reasonable “time, place and manner” restrictions.



Protecting Against Preemption (The Contracts Clause)

Typically, federal and state legislation preempts local authority, requiring adherence to new guidelines that often contradict previous local rules. However, there have been limits placed upon federal and state preemption by use of the Contracts Clause, both as they appear in the United States Constitution and the California Constitution. In short, the Contracts Clause prevents a government entity from enacting legislation that affects the contractual rights of a private party. Although a novel idea in the realm of wireless siting, the Contracts Clause has been successfully argued within California.

There are two areas where the Contracts Clause has been tested:

Employee Pension Cases: Various states have attempted to alter employee pension rights, sometimes requiring higher employee contributions while lowering vesting amounts. Various courts, including the US Supreme Court, have ruled that state employees are considered to have a contract right, not just for the vested amounts, but for future amounts as well. In doing so, the Court ruled that states cannot enact rules that harm or otherwise degrade these employee contract rights. Examples include (i) Dodge v. Board of Education of the City of Chicago, 302 U.S. 74 (1937), (ii) Abbott v. City of San Diego, 332 P.2d 324 (Cal. Ct. App. 1958), and (iii) Pasadena Police Association v. City of Pasadena, 195 Cal. Rptr. 339 (Ct. App. 1983). Applying the same logic, should a city enter into a public-private agreement for the management of right of way applications for a revenue share fee structure, then subsequent state legislation that decreases the maximum allowable right of way fee,

causes the fee the private party can collect to be negatively affected, thereby resulting in a degradation of contract rights.

California Redevelopment: California attempted to take away redevelopment funds from local communities and developers. In 2011, California faced a \$25 Billion deficit. As a result, the California Legislature passed AB 1X27 seeking to divert funds from redevelopment agencies to school and local districts. Developers successfully argued the diversion of redevelopment funds harmed their existing city agreements. The California Supreme Court agreed in the case of California Redevelopment Association v. Montasantos. *Redev. Ass'n v. Matosantos*, 53 Cal. 4th 231, 262 (2011). Cities that had public-private agreements preceding the state reallocation of redevelopment funds were protected and allowed to keep such funds, thus protecting their agreements.

In both categories of cases, laws were enacted that violated or degraded the contractual rights of a party, i.e. pensioners and redevelopers. Using this logic, cities that enter into a commercial agreement with a private party for the management and administration of wireless facilities in the right of way have a strong argument that any state or federal legislation that reduces those fees violates contractual rights.

To set up a strong Contracts Clause structure, a city should include the following components:

1. Contract with a legitimate private party to manage the administration of wireless attachments in the right of way
2. Grant exclusivity to defend against “work arounds”
3. Term lengths that establish longevity to afford long term protection
4. Consideration that is tied to the generation of revenue for the city

Having these four components allows the private party to argue that newly enacted, fee reducing legislation degrades the contractual benefit. The exclusivity provision protects the scope of the contract by not allowing “work arounds”, i.e. carriers trying to bypass the management agreement. Last, a clear contractual term length, such as five years with five automatic renewals, can protect the municipality for the thirty-year life of the contract. It is important to note that any public-private agreement should be entered before the passage of legislation to preserve the Contracts Clause defense.

Defense

Should federal or state legislation, such as the Hueso Bill, be enacted, the private party can file an injunction with the appropriate court enjoining the preemption of local authority to the extent it negatively affects its contract. The private party can argue that its exclusive rights to review and enforce aesthetic standards for the city, for which the consideration is a portion of the revenue generated to the city, violates the California and United States Contracts Clauses because it negates or otherwise diminishes the contractual benefits of the private party.

Conclusion

Wireless companies are heavily lobbying California legislators to preempt local review authority and fee structures. Taking no action will result in preemption legislation. However, setting up a Contracts Clause arrangement could result in the city being “Grandfathered” out of future preemption laws.



CITY OF SOUTH PASADENA

INTER-OFFICE MEMORANDUM

Date: June 21, 2017

To: Honorable Mayor and Members of the City Council

Via: Elaine Aguilar, Interim City Manager *EA*

From: Paul Toor, Public Works Director *PT*

Re: June 21, 2017 City Council Meeting Supplement Information Agenda Item No. 23
Award of a contract to Climatec, LLC

The purpose of this memorandum is to provide supplement information regarding award of contract to perform an Energy and Water Resources Investment Grade Audit (Audit).

As stated in the staff report, in response to the request for proposals in February, 2017, City of South Pasadena (City) received proposals from four firms; Climatec, Opterra, Ameresco and Siemens. All four firms were interviewed and ranked based upon their proposal and presentation. Climatec was ranked as the best qualified firm to conduct the Audit. Two of the four firms (Climatec and Opterra) proposed to conduct the Audit at no charge to the City and without any obligation to do project development or implementation.

Upon completion of the Audit, the City will make a decision, at its sole discretion, whether to proceed or not to proceed with the implementation phase for one or more projects based on the findings in the Audit.

Government Code (GC) Section 4217 authorizes public agencies to enter into energy service contracts for the development of energy conservation, co-generation and alternate supply sources, without competitive bidding where the result is the reduction of energy use or a more efficient use of energy.

Staff will review the findings of the Audit upon completion and will recommend to the City Council with input from the Renewal Energy Council and/or other Commissions to proceed with one or more projects recommended by the Consultant. City Council may direct staff to negotiate a contract pursuant to GC 4217 and bring it back to the City Council for approval or direct staff to proceed with a formal bidding process. Generally, the consultant performing the Audit engages subcontractors to perform the work on competitive basis and acts as General Contractor. Alternatively, the consultant may perform the work with their own staff as General Contractor. In any case, City staff will do its due diligence to ensure that our residents are getting the latest available technology with most competitive rates before recommending an implementation contract to the City Council.

Additional Material
AGENDA ITEM # *23*
6/21/17 City Council Mtg.

*CC - Council, CM, CA, CCC, Dept, Reference Binder, Original to 6/21/17
Add Docs*



CITY OF SOUTH PASADENA

INTER-OFFICE MEMORANDUM

Date: June 21, 2017

To: Honorable Mayor and Members of the City Council

Via: Elaine Aguilar, Interim City Manager *EA*

From: Desiree Jimenez, Deputy City Clerk *DJ*

Re: June 21, 2017 City Council Meeting Agenda Item No. 24 - Discussion of City Public Safety Policy on Immigrant Status and Federal Enforcement

On behalf of Councilmember Mahmud, attached for your reference are documents that will be presented during the discussion of the above item at the June 21, 2017 City Council Meeting.

- City of Los Angeles City Attorney Report entitled "Sanctuary City Litigation and Policies relating to the City's Undocumented Immigrant Population."
- City of Los Angeles Executive Directive No. 20 "Standing with Immigrants: A Safety, Refuge, and Opportunity for All."

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ERIC GARCETTI
MAYOR

EXECUTIVE DIRECTIVE NO. 20

Issue Date: March 21, 2017

Subject: Standing with Immigrants: A City of Safety, Refuge, and Opportunity for All

Since our City's founding, Los Angeles has always been a city of immigrants. The very first Angelenos—*Los Pobladores*—arrived here 236 years ago, a small band of settlers who traced their ancestry from all over the world, including to the native people of this region, and who saw opportunity where the mountains meet the sea. In the centuries since, we have grown into the most diverse city on the face of the earth—a city that champions inclusiveness and tolerance, and welcomes everyone who seeks to realize their dreams and build their families here, regardless of national origin or immigration status.

Today, more than 1.5 million residents of our city are foreign-born, and nearly two of every three Angelenos are either immigrants or children of immigrants. Our immigrants are the engine of the Los Angeles economy, representing 47 percent of the employed workforce in our city and more than half of the self-employed workforce—entrepreneurship that generated \$3.5 billion in income in 2014 alone. Even more so, our immigrants have woven the social, cultural, and civic fabric of Los Angeles, from our educational institutions to our artistic stages, from the halls of government to community activism, from our vibrant culinary scene to our fields of play.

I have a longstanding commitment to immigrants in Los Angeles. As a City Councilmember, I proposed establishing an Office of Immigrant Affairs, prompting Mayor James K. Hahn's decision to create the Mayor's Office of Immigrant Affairs. Upon becoming Mayor, I immediately re-established this Office to advance the economic, cultural, social, and political well-being of our immigrant communities with initiatives that support immigrant integration through the coordination of City services, outreach, and advocacy. My vision is to ensure all Angelenos, regardless of immigration status, are

connected to community resources, have access to critical government services, are engaged in civic life, and are informed about critical immigration law and policy.

My most solemn responsibility as Mayor is to keep all of our city's people safe, and I strongly support the Police Department's longstanding policies with respect to immigration enforcement, which are rooted in the principle that all of Los Angeles is safer when the Police Department maintains a relationship of trust, respect, and cooperation with all city residents. When people feel confident that they can come forward as a victim of or witness to a crime, irrespective of immigration status, the Police Department's ability to protect and serve all is enhanced. The Police Department maintains the following policies, all of which are consistent with federal and state laws and court decisions:

- **Special Order 40**—Since 1979, when the Chief of Police issued Special Order 40, the Police Department has maintained a policy that prohibits police officers from initiating any action to determine a person's immigration status and from arresting anyone due to the person's civil immigration status.
- **ICE detainer policy**—Since 2014, in light of multiple court decisions finding compliance with certain United States Immigration and Customs Enforcement (ICE) detainer requests to be unconstitutional, the Police Department has not honored any ICE request to hold an individual otherwise eligible for release from custody absent a judicial determination of probable cause for that detainer or a valid warrant from a judicial officer.
- **Policy against partnering with ICE to enforce civil immigration law**—Because civil immigration enforcement is a federal responsibility and it is vital to public safety for the Police Department to build public trust in all communities in Los Angeles, the Police Department has never participated and will not participate in the voluntary program authorized by section 287(g) of the Immigration and Nationality Act, 8 U.S.C. § 1357 (2012), or any other similar program. Section 287(g) permits designated local law enforcement officers to perform civil immigration enforcement.

All residents of Los Angeles must feel safe and supported when accessing the vast array of City facilities, programs, and services available to them. The City will not assist or cooperate with any effort by federal immigration agents to use public facilities or resources for the purposes of enforcing federal civil immigration law.

Moreover, to ensure that they will avail themselves of City services, programs, and resources, all Angelenos must have confidence that doing so will not place themselves or their families in peril due to their immigration status being unnecessarily solicited or their personal data being left unprotected.

Accordingly, I hereby order the following:

Keeping immigrant Angelenos safe:

- The Chief of Police shall reaffirm and maintain the Police Department's existing policies and procedures with respect to immigration enforcement, including the policy that originated in Special Order 40, the ICE detainer policy, and the policy against partnering with ICE to perform civil immigration enforcement.
- The Fire Chief, the Chief of Airport Police, and the Chief of Port Police shall issue policies and procedures consistent with the Police Department's existing policies and procedures with respect to immigration enforcement, including the policy that originated in Special Order 40, the ICE detainer policy, and the policy against partnering with ICE to perform civil immigration enforcement.
- No person acting in his or her capacity as a City employee shall assist or cooperate with, or allow any City monies or resources to be used to assist or cooperate with, any federal agent or agency in any action where the primary purpose is federal civil immigration enforcement.
- No City employee shall grant any federal immigration agent access to any City facility not open to the general public unless such access is legally required.
- All General Managers, Heads of Departments/Offices, and Commissions of City Government shall report to my Chief of Immigrant Affairs and the Chief of Police any efforts by federal immigration enforcement officials from ICE, U.S. Customs and Border Protection, or U.S. Citizenship and Immigration Services to enforce federal civil immigration laws with the cooperation, support, or use of City resources or facilities.

Providing equal access to City services to all Angelenos of any immigration status:

- All General Managers, Heads of Departments/Offices, and Commissions of City Government shall:
 - ensure equal access to facilities, services, and programs without regard to any person's citizenship or immigration status to the maximum extent that the law permits; and
 - foster a welcoming atmosphere for all regardless of immigration status.

Protecting the security of immigrant Angelenos' data and information:

- No City employee shall collect information from individuals that is not necessary to perform the employee's duties. In particular, no City employee shall collect information regarding a person's citizenship or immigration status unless legally required to do so or mandated by policy to protect victims and witnesses of crimes.
- I hereby deem any information in the City's possession that can be used to distinguish or trace an individual's citizenship or immigration status, either on its own or when combined with other information, to be Personally Identifiable Information (PII). All City employees shall treat PII as Confidential Information as allowed by law and shall handle, maintain, and secure such information according to the standards for Confidential Information that the Information Technology Policy Committee established in the Information Handling Guidelines, Policy No. IT-017, effective May 19, 2016, as updated, which are available from the Information Technology Agency.

Engaging and empowering immigrant Angelenos:

- All General Managers, Heads of Departments/Offices, and Commissions of City Government shall:
 - make available at public facilities printed copies of the Community Resource Guide for Immigrant Angelenos that my Office of Immigrant Affairs prepared;
 - ensure that all City websites link to the Community Resource Guide for Immigrant Angelenos from the websites' homepages;
 - inform their staffs of the policies and practices outlined in this Executive Directive and of the availability of the Community Resource Guide for Immigrant Angelenos, and encourage their staffs to share this information with their families and networks; and
 - encourage employees to take part in volunteer and civic engagement opportunities to protect our city's immigrant populations and to strengthen our status that are posted at <https://www.lamayor.org/immigrants>.

Coordinating City actions for immigrants:

- Each General Manager or Head of Department/Office shall designate an Immigrant Affairs Liaison for the Department/Office, notifying my Chief of Immigrant Affairs of that person's name and contact information (including when there is a subsequent personnel change or change to that person's contact information).

- The Immigrant Affairs Liaisons shall work closely with my Chief of Immigrant Affairs and her staff to ensure departmental support in advancing and advocating for the full and active civic, social, political, and economic participation of immigrant Angelenos of any status.

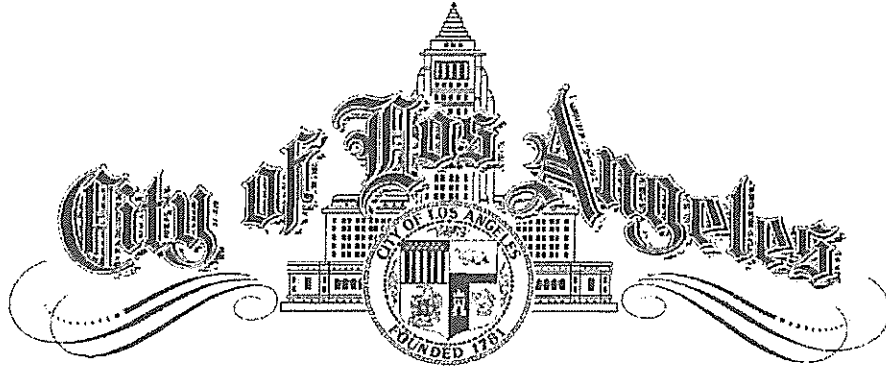
Executed this 21st day of March 2017.



ERIC GARCETTI
Mayor

Supersedes Executive Directive No. IC-2 (Hahn Series).

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MICHAEL N. FEUER
CITY ATTORNEY

REPORT NO. R 17 - 0 1 6 7
MAY 1 8 2017

REPORT RE:

**SANCTUARY CITY LITIGATION AND POLICIES RELATING TO
THE CITY'S UNDOCUMENTED IMMIGRANT POPULATION**

The Honorable City Council
of the City of Los Angeles
Room 395, City Hall
200 North Spring Street
Los Angeles, California 90012

Council File No. 16-1320

Honorable Members:

We are pleased to transmit this report summarizing guidance this Office has given to general managers of City departments to assist them in responding to requests by U.S. Immigration and Customs Enforcement ("ICE") for access to City facilities and/or information for immigration enforcement purposes. The report also discusses this Office's participation in litigation challenging President Trump's Executive Order No. 13768 ("EO 13768" or the "Order") concerning "sanctuary jurisdictions." Finally, this report addresses two of the City's immigrant-related policies, Los Angeles Police Department Special Order 40 and Mayor Garcetti's Executive Directive 20 ("ED 20"), in light of the Executive Order and federal law.

I. Guidance Regarding ICE Access to City Facilities and Information

Following recent press reports about ICE immigration enforcement activities in or near public spaces – such as courthouses and public schools – this Office has developed and provided guidelines to City department heads regarding how to respond to potential enforcement activities by ICE agents on City property, including requests by ICE to gain entry into areas of City facilities not open to the general public and requests

for information and records.¹ This Office's memorandum to City of Los Angeles department heads, entitled "Guidelines on ICE Access to City Facilities and Information" is attached to this report.

In general, the guidance regarding ICE access to City facilities mirrors the pronouncement in ED 20 that, if a City facility (or portion thereof) is not open to the general public, then the City is not required to grant access to ICE absent a warrant or court order. Therefore, City personnel who receive a request by an ICE agent to gain entry into an area of City property not open to the general public without a warrant or court order should advise the agent of that policy, and should immediately notify his or her supervisor who should report the incident to this Office. If an ICE agent presents a warrant or court order to gain entry to an area not open to the general public, then the City employee should obtain a copy of the warrant or order and request that the ICE agent wait outside the area while the employee consults with a supervisor and legal counsel.

On the other hand, ICE agents generally have the right to be present in a City facility (or portion of a facility) open to the general public — such as the reception areas and public counters of most city buildings — and can engage in investigatory encounters and enforcement activities with persons present within those premises. However, pursuant to a 2011 ICE policy concerning "sensitive locations," ICE agents are discouraged from taking enforcement actions on or near any public area deemed to be a "sensitive location," which includes facilities that provide childcare, educational programs, vocational training, and health care-related programs or services. Accordingly, City departments that provide such services should maintain copies of and be aware of the "sensitive locations" policy, and document any perceived violation by ICE agents of that policy. City employees should also document the date, time, location, and details of any ICE encounter on public City property, and report such encounters to his or her supervisor, who should report the incident to this Office.

An ICE agent may request City records and information regarding citizenship and immigration status of any individual. Under 8 U.S.C. Section 1373 ("Section 1373"), the City may not restrict a City employee from providing ICE with existing City records specifically responsive to such a request. However, before an employee responds in any way to an ICE request for citizenship and immigration status of an individual, the employee and his or her supervisor are asked to seek legal guidance from this Office.

¹ This Office's guidance regarding City facilities not open to the general public is similar to the advice provided by legal counsel for the City of New York. However, guidance relating to public schools, including for example LAUSD and the New York City public schools, will differ from guidance provided to municipalities because school campuses are typically not open to the general public, whereas significant portions of a municipality's property and facilities, such as those of the City of Los Angeles, are open to the general public.

If an ICE agent makes a request for records and documents not specific to the citizenship and immigration status of an individual, the request will be considered under the California Public Records Act ("CPRA") and the ICE agent is entitled to receive a written response and disclosure of any public, non-confidential, or non-exempt responsive records in the City's possession. If, however, an ICE agent seeks access to non-public records or public records that the City determines are confidential or exempt from disclosure under the CPRA, City departments are entitled to withhold such documents from ICE, unless the agent presents to the department a warrant or court order directing the relevant City department to provide such records to ICE. All requests for records from ICE should be reported to an employee's supervisor, who should report the request to this Office.

The guidance from this Office does not prohibit City personnel from exchanging with ICE records and information already in the City's possession that are specific to the citizenship or immigration status of any individual. Therefore, this Office's guidance to City department heads is consistent with the City's obligations under Section 1373, a federal statute that prohibits state and local entities from restricting the exchange of immigration status information with federal immigration authorities. It is important to note, however, that Section 1373 does not require those entities to collect immigration status information in the first instance. *City of New York v. United States*, 179 F.3d 29 (2d Cir. 1999); *Sturgeon v. Bratton*, 174 Cal. App. 4th 1407 (2009).

II. The President's Executive Order on "Sanctuary Jurisdictions" and Pending Litigation Challenging the Executive Order

A. "Sanctuary Jurisdiction" Provisions of EO 13768

President Trump's Executive Order No. 13768 was signed on January 25, 2017. Among other things, it purports to impose certain obligations on "sanctuary jurisdictions" upon pain of losing federal funding and the risk of unspecified federal enforcement action. EO 13768 sets forth the Trump administration's policy regarding immigration enforcement and directs the Attorney General and Secretary of Homeland Security ("Secretary") to take the following actions. (EO 13768, Sec. 9, *Sanctuary Jurisdictions*).

First, EO 13768 directs the Attorney General and Secretary to ensure that states and their political subdivisions are complying with Section 1373. If a jurisdiction "willfully refuse[s] to comply" with Section 1373, the Attorney General and Secretary are authorized to ensure that it is not eligible to receive federal grants.

Second, the Order authorizes the Secretary to designate a jurisdiction as a "sanctuary jurisdiction," according to "his discretion and to the extent consistent with

law.” Although EO 13768 does not explicitly define “sanctuary jurisdiction”² and does not provide any criteria that the Secretary is required or permitted to consider in making such a designation, the Order suggests that, at a minimum, a “sanctuary jurisdiction” is one that willfully refuses to comply with Section 1373.

Third, EO 13768 authorizes the Attorney General to “take appropriate enforcement action” against a jurisdiction that violates Section 1373, or which has any law, policy, or practice “that prevents or hinders the enforcement of Federal law.” The Order does not specify what type of “enforcement action” the Attorney General is permitted to take, nor what it means to “prevent or hinder” the enforcement of federal law, apart from willfully violating Section 1373.

Fourth, the Order directs the Secretary to publish, on a weekly basis, a report listing jurisdictions that have ignored or failed to honor Immigration and Customs Enforcement (“ICE”) detainers. An ICE detainer is a request from ICE to a local law enforcement agency asking the local agency to voluntarily hold an arrestee in custody based on his or her immigration status for an additional 48 hours after the individual would otherwise be released.

B. Status of Pending Litigation

To date, three lawsuits in California, one lawsuit in Washington, and one lawsuit in Massachusetts have been filed in federal district court challenging the constitutionality of EO 13768. Two of the California cases – filed in late January and early February of 2017 by the City and County of San Francisco, and the County of Santa Clara, respectively – are pending in the Northern District of California and have been deemed “related” so that they can be heard by the same judge, the Honorable William Orrick. The third California lawsuit was filed in late March 2017 by the City of Richmond, also in the Northern District, and was also deemed “related” to the San Francisco and Santa Clara actions before Judge Orrick. This Office has participated in an *amicus curiae* capacity in both the San Francisco and Santa Clara actions.³

The San Francisco lawsuit alleges that San Francisco is a “Sanctuary City” with “Sanctuary City laws” and policies that generally prohibit its employees from using city funds or resources to assist in the enforcement of federal immigration law, unless required by state and federal law – such as Section 1373, which San Francisco alleges it complies with. The complaint further alleges that San Francisco’s policies prohibit its law enforcement officers from cooperating with ICE detainer requests, and that the

² Indeed, there is no federal legal definition, as far as this Office is aware, of the terms “sanctuary jurisdiction” and “sanctuary city.”

³ The Office’s decision to participate as *amicus curiae* and not file an independent action was predicated on several factors, which the Office can discuss in closed session upon the City Council’s request.

federal government might interpret EO 13768 as providing that Section 1373 requires San Francisco to comply with ICE detainers, thereby subjecting it to a risk of losing federal funds.⁴ The complaint seeks an order declaring both EO 13768 and Section 1373 unconstitutional under the Tenth Amendment, which prohibits the federal government from “commandeering” state and local entities to enforce federal programs.

The Santa Clara lawsuit alleges that, in 2010 and 2011, Santa Clara adopted a series of policies designed to prohibit its law enforcement officers from (i) initiating an inquiry or enforcement action based solely on an individual's immigration status, (ii) honoring ICE detainer requests, and (iii) transmitting to ICE information collected by Santa Clara in the course of providing social services. The lawsuit further alleges that the Order seeks to compel Santa Clara and the State of California to rescind their immigration-related policies and to require them to participate in federal immigration enforcement, which puts at jeopardy the \$1 billion in federal funds Santa Clara receives each year.⁵ Santa Clara alleges that EO 13768 is unconstitutional in numerous respects. For example, the lawsuit alleges that the Order is unconstitutionally vague because, among other things, it fails to provide a definition for the term “sanctuary jurisdiction,” and gives the Secretary unfettered and standardless discretion to designate which jurisdictions are “sanctuary jurisdictions.” The lawsuit also alleges that, to the extent the Order purports to be able to strip *all* federal funds from a “sanctuary jurisdiction,” it improperly purports to vest the Executive with legislative spending powers that even Congress does not have, and also violates the Tenth Amendment commandeering prohibition. The lawsuit further alleges that the Order violates due process, in that it does not provide any mechanism by which a state or local government agency may review, challenge, or even obtain notice that it has been designated a “sanctuary jurisdiction” subject to a loss of federal funds and unspecified enforcement action.

In late March 2017, this Office joined two *amicus curiae* briefs filed by more than thirty cities in support of Santa Clara and San Francisco's requests for a preliminary nationwide injunction. The *amicus* briefs, which were signed by an assortment of cities – some that consider themselves to be “sanctuaries,” and others that do not – argue that EO 13768 is unconstitutional in three respects. First, the briefs argue that the Order violates the Tenth Amendment in that it threatens to place conditions on federal

⁴ In the lawsuit, San Francisco alleges that it receives \$1.2 billion annually in federal funds, which comprises 13 percent of its annual budget. The complaint also alleges that only a small percentage of those federal funds received relate to immigration or law enforcement. The lawsuit further alleges that the Order's threat to cut federal funds impairs San Francisco's ability to properly prepare a budget for the next fiscal year.

⁵ Santa Clara alleges that this funding represents about 15 percent of its \$6 billion annual budget, and that only a small fraction of these federal funds relate to immigration or law enforcement. It further alleges that much of its federal funding is received indirectly through the State of California.

funding to coerce state and local entities to participate in the enforcement of federal immigration law. Second, the briefs charge that the Order is unconstitutionally vague because, among other things, it does not identify what specific conduct is prohibited by its pronouncement that the Attorney General shall “take appropriate enforcement action” against any entity that “has in effect a statute, policy, or practice that prevents or hinders the enforcement of Federal law.” Third, the briefs contend that the Order violates procedural due process, because it purports to empower the executive branch to arbitrarily label jurisdictions as “sanctuary jurisdictions” without providing those jurisdictions with notice of the designation or an opportunity to be heard to challenge the designation.

On April 14, 2017, a hearing on the plaintiffs’ requests for a preliminary injunction was held before Judge Orrick. At the hearing, the U.S. Department of Justice (“DOJ”) attorney arguing in support of the Order conceded that the Order “does not rewrite the law,” “does not create new law,” “does not invoke new powers,” and “does not instruct the Department of Justice or Department of Homeland Security to engage in unconstitutional activity.” The DOJ argued that the Order should be read narrowly, to avoid constitutional problems, and suggested that the Order did nothing more than reflect the Trump administration’s policy regarding immigration enforcement priorities. The DOJ attorney maintained that the financial impact of the Order was limited to federal grants issued by the Department of Homeland Security and the Department of Justice that are expressly conditioned on compliance with Section 1373.⁶ The DOJ attorney also suggested that the Order does not provide any direct monetary or other consequences that might flow from the designation of a jurisdiction as a “sanctuary jurisdiction.” With respect to ICE detainer requests, the DOJ attorney represented that “[t]he federal government has acknowledged repeatedly that the requests are not mandatory; that they’re voluntary” and that local governments routinely do not comply with such requests.

On April 25, 2017, Judge Orrick granted the plaintiffs’ motions for a nationwide preliminary injunction, enjoining enforcement of Section 9(a) of the Order. Noting that it was “heartening that the Government’s lawyers recognize that the Order cannot do more constitutionally than enforce existing law,” Judge Orrick nevertheless found that the Order by its plain terms attempted to reach all federal funding, and that the President and Attorney General have made various public comments confirming that they have a broad interpretation of the Order that renders it unconstitutional. Nevertheless, the Court clarified that the Order does not affect the federal government’s ability to use lawful means to enforce existing conditions of federal grants, nor its ability

⁶ On April 21, 2017, the DOJ sent letters to nine local agencies – California Department of Corrections, Chicago Police Department, City of New Orleans, City of Philadelphia, Clark County, Miami Dade County, Milwaukee County, and the City of New York – demanding that they confirm compliance with Section 1373 in connection with Justice Assistance Grants (“JAG”) they had received from the DOJ. The City of Los Angeles was not among those jurisdictions.

to develop regulations or guidance defining what a sanctuary jurisdiction is or designating a jurisdiction as such.

Since the issuance of the nationwide preliminary injunction, the DOJ has announced that the Trump administration intends to release interpretive guidelines relating to the Order. The Office will continue to monitor developments in this litigation, including any action by the relevant federal agencies to issue or publish interpretive guidelines regarding the Order.

III. Special Order 40

Special Order 40 refers to a Los Angeles Police Department (“LAPD”) policy – adopted by the Los Angeles Board of Police Commissioners and signed by former Chief of Police Daryl Gates in 1979 – that restricts an officer from initiating a police action with the objective of discovering a person’s immigration status, and also prohibits arrests based solely on civil immigration status. Special Order 40 added Section 1/390 (Undocumented Aliens) to the LAPD Manual, and amended Section 4/264.50 (Enforcement of United States Immigration Laws).

Section 1/390 provides generally that “[u]ndocumented alien status in itself is not a matter for police action” and proclaims that LAPD personnel are required to enforce the law and serve members of the public equally without regard to immigration status. Section 1/390 also recognizes that participation by undocumented persons in police activities and investigations increases the LAPD’s ability to protect and serve the entire community.

Section 4/264.50 provides that “[o]fficers shall not initiate police action where the objective is to discover the alien status of a person.” This section also provides that “[o]fficers shall neither arrest nor book persons for violation of Title 8, Section 1325 of the United States Immigration Code (Illegal Entry).”

The LAPD policies that were promulgated by Special Order 40 are compliant with Section 1373. Indeed, in the 2009 case *Sturgeon v. Bratton*, the California Court of Appeal confirmed that when it decided a legal challenge to Special Order 40 – as set forth in Section 4/264.50 of the LAPD manual – alleging that the language of the policy conflicted with Section 1373 and should therefore be invalidated. The Court of Appeal held that because the language of Special Order 40 does not address the issue of communications with ICE, but rather prohibits police officers from initiating police action regarding immigration status and making arrests for illegal entry, the policy does not conflict with (nor violate) Section 1373.

IV. Executive Directive No. 20

Signed by Mayor Eric Garcetti on March 21, 2017, Executive Directive No. 20

("ED 20") sets forth various policy pronouncements for how City employees are to interact with undocumented immigrants and federal immigration enforcement authorities. At its core, ED 20 prohibits City employees from taking action to assist federal agencies with federal immigration enforcement.

Among its more key provisions, ED 20 prohibits City employees from collecting personal information from individuals — including information about citizenship or immigration status — unless that information is necessary for the performance of the employee's duties. However, it does not prohibit City employees from providing ICE with immigration status information which the City has obtained and has in its possession. Thus, ED 20 is compliant with Section 1373 while limiting the amount of immigration status information that comes within the City's possession. In effect, ED 20 reduces the volume of information that the City might have to provide to ICE pursuant to a request for immigration status information under Section 1373.

ED 20 also recognizes that there may be limited circumstances in which other legal mandates may override its policy pronouncements. For example, in prohibiting City employees from collecting immigration status information "unless legally required to do so or mandated," ED 20 acknowledges that there are situations — such as when the LAPD assists immigrants in obtaining T- or U-Visas for victims of trafficking and other crimes — when program participation requirements may require City personnel to collect and/or provide information about a person's immigration status as a condition of program eligibility. Similarly, in prohibiting City employees from granting federal immigration agents access to private City facilities "unless such access is legally required," ED 20 recognizes that there may be situations when the City may not have the authority to exclude agents from those areas, such as when an agent presents a valid search warrant signed by a judicial officer.

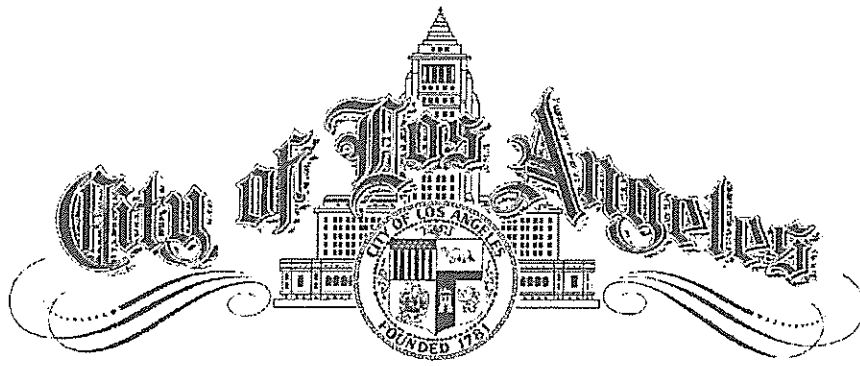
If you have any questions regarding this matter, please contact Deputy City Attorney Mike Dundas at (213) 978-8130.

Very truly yours,

MICHAEL N. FEUER, City Attorney

By 
LEELA KAPUR
Chief of Staff

LK:pj
Attachment



MICHAEL N. FEUER
CITY ATTORNEY

To: Department Heads, City of Los Angeles
From: Office of the Los Angeles City Attorney
Subject: Guidelines on ICE Access to City Facilities and Information
Date: May 18, 2017

This memorandum contains general guidelines for City departments and their employees regarding potential enforcement activities by Immigration and Customs Enforcement (ICE) agents on City property, and requests for information by ICE.

A. ICE Seeking Access to City Facilities Not Open to the General Public

- If a City facility is *not open to the general public* – such as areas restricted to City employees or City offices and meeting rooms where only invited members of the public may enter – then the City is not required to grant an ICE agent entry to that facility absent a warrant or court order.
- An employee who receives a request by an ICE agent to gain entry into an area of a City facility not open to the general public should tell the ICE agent that the area is not open to the general public and access is not allowed without a warrant or court order. If the ICE agent still seeks entry but has no warrant or court order, the employee should request the name and badge/ID number of the ICE agent and purpose of the visit and ask the ICE agent to wait outside the area until the employee can consult with his or her supervisor and legal counsel. The employee should immediately notify his or her supervisor and together contact this Office by calling the phone number listed at the end of this guidance memo. If the ICE agent refuses to wait until the employee consults with the supervisor and our Office, the employee should make clear his or her objection to the ICE agent's conduct but should not attempt physically to prevent entry. The employee should document the incident and immediately inform his or her supervisor, this Office and the LAPD's Security Services Division.
- If an ICE agent presents an employee with a warrant or court order to gain entry into an area of a City facility not open to the general public, the employee should obtain a copy of the warrant or order and request that the ICE agent wait outside the area until the employee can consult with his

or her supervisor and legal counsel. The employee should immediately notify the supervisor and together contact this Office by calling the phone number listed at the end of this guidance memo. If the ICE agent insists on entering the area without waiting for the employee to consult with the supervisor and this Office, the employee should make clear the objection to the ICE agent's conduct but should not attempt physically to prevent entry. The employee should immediately inform his or her supervisor, this Office and the LAPD's Security Services Division along with documenting the incident.

- If a City department has a general question about whether an area or room in a City facility is open to the general public, the department's general manager or designee should contact the Deputy City Attorney who regularly advises the department.

B. ICE Enforcement Activities in City Facilities Open to the General Public

- As a general matter, if a City facility, or portion of the facility, is *open to the general public*, an ICE agent has the right, in that public area, to initiate a consensual encounter with a person; to question the person and ask for identification; to conduct an investigatory stop pursuant to a reasonable suspicion of criminal activity; and to surveil, question, serve papers on, and even arrest a person.
- If a City employee observes an ICE agent engaging in enforcement activities at a City facility, the employee should document the date, time, location, and details of the encounter.
- The City employee should immediately report the incident to a supervisor. The same day, the supervisor should report the incident to the attorney who regularly advises the department.
- The City employee should not attempt to impede or interfere with an ICE agent engaged in immigration enforcement activity.
- City departments that provide childcare, educational, vocational training, or health care-related programs and services, or which otherwise serve vulnerable populations – children, pregnant women, victims of crimes or abuse, individuals with mental or physical disabilities, or senior citizens – should be made aware and maintain copies of ICE's "sensitive locations" policy, which discourages ICE enforcement actions in sensitive locations or where services are provided to vulnerable groups. If any ICE enforcement activity takes place in a sensitive location, the department should document and report the incident, as above, with a notation that the incident occurred in a sensitive location.

C. ICE Requests for City Records Regarding Citizenship and Immigration Status

- ICE may request City records regarding citizenship and immigration status of an individual. Under 8 U.S.C. Section 1373, the City may not restrict a City employee from providing ICE with existing City records responsive to such a request. However, before an employee responds in any way to such a request, the employee and his or her supervisor should seek legal guidance from this Office by contacting this Office at the phone number listed at the end of this guidance memo.

D. ICE Requests for City Records Not Regarding Citizenship or Immigration Status

- If ICE seeks access to City records that do not directly concern the citizenship or immigration status of an individual, the request will be considered under the California Public Records Act (CPRA). ICE is entitled to receive a response and a production of public, non-exempt records, just like any other person who requests records under the CPRA. However, if ICE seeks non-public records, public records exempt under the CPRA, or other confidential information maintained by a City department, the record should only be provided if ICE has a warrant or court order directing the City department to provide ICE access to such information. The department should obtain a copy of the warrant or court order and before complying contact this Office by calling the phone number listed at the end of this guidance memo.
- If ICE seeks confidential, non-public, or non-exempt City records without a warrant or court order, the department should inform ICE that before access to the records can be provided, the department must first obtain advice from its legal counsel. The department should immediately report the ICE request to this Office by calling the phone number listed at the end of this guidance memo.

* * *

Where this guidance memo requests that City department personnel contact this Office, please call (213) 978-8100, identify yourself and the department you work for, and ask for the Deputy City Attorney on duty for client department immigration advice.

Hi Anthony

I had hoped to get this to you by Monday but I've been trying to get the updated, relevant document from the Pasadena Police Department which I now have. The documents attached to this email should be helpful to the Council in dealing with item 24 on tomorrow night's agenda. Please include them in their packet. The attachments are as follows:

1. South Pasadena Demographics - U.S. Census data relating to the ethnic makeup of our residents and citizenship
2. City of South Pasadena Resolution of Diversity – Resolution 7491
3. South Pasadena Police Department Police Manual – Immigration Violations – Policy 415
4. Pasadena Police Department Immigration Policy 428
5. LAPD Special Order 40
6. City of LA Executive Directive No, 20 – Standing with Immigrants by Mayor Eric Garcetti

Thank you,

Gretchen

Gretchen Robinette
South Pasadenans for Immigrant Protection
626-484-0477
gretchen@southpascpa.com

CC: Council; CM; CA; ECC; AMiller; MNeff; LDemirjian;
JF; Original to 6/21/17 ADDL DOCS

Additional Material
AGENDA ITEM # 24
6/21/17 City Council Mtg.

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SOUTH PASADENA DEMOGRAPHICS 2011-2015 American Community Survey 5-Year Estimates

AGE

	NUMBER	PERCENT
Total Population	25,999	100.00%
Under 5 years	1,511	5.80%
5 to 9 years	1,627	6.30%
10 to 14 years	1,820	7.00%
15 to 19 years	1,698	6.50%
20 to 24 years	972	3.70%
25 to 34 years	3,569	13.70%
35 to 44 years	4,235	16.30%
45 to 54 years	3,998	15.40%
55 to 59 years	1,617	6.20%
60 to 64 years	1,522	5.90%
65 to 74 years	1,965	7.60%
75 to 84 years	997	3.80%
85 years and over	468	1.80%

VOTING AGE

	NUMBER	PERCENT
Total Population	25,999	100.00%
Under 18	6,233	23.97%
18 years and over	19,766	76.03%

TWO OR MORE RACES

	NUMBER	PERCENT OF TOTAL POPULATION	PERCENT OF SUBCATEGORY
Total Population	25,999	100.00%	--
<i>Two or more races</i>	1,913	7.36%	100.00%
White & Black or African American	166	0.64%	8.68%
White & American Indian & Alaska Native	66	0.25%	3.45%
White & Asian	839	3.23%	43.86%
Black or African American & American Indian & Alaska Native	0	0.00%	0.00%

RACE ALONE OR IN COMBINATION

	NUMBER	PERCENT OF TOTAL POPULATION
Total Population	25,999	100.00%
White	15,655	60.21%
Black or African American	960	3.69%
American Indian and Alaska Native	226	0.87%
Asian	8,806	33.87%
Native Hawaiian and Other Pacific Islander	234	0.90%
Some other race	2,176	8.37%

HISPANIC OR LATINO & RACE

	NUMBER	PERCENT OF TOTAL POPULATION	PERCENT OF SUBCATEGORY
Total Population	25,999	100.00%	--
<i>Hispanic or Latino (of any race)</i>	5,289	20.34%	100.00%
Mexican	4,017	15.45%	75.95%
Puerto Rican	100	0.38%	1.89%
Cuban	32	0.12%	0.61%
Other Hispanic or Latino	1,140	4.38%	21.55%
<i>Not Hispanic or Latino</i>	20,710	79.66%	100.00%
White alone	11,071	42.58%	53.46%
Black or African American alone	477	1.83%	2.30%
American Indian and Alaska Native alone	54	0.21%	0.26%
Asian alone	7,636	29.37%	36.87%
Native Hawaiian and Other Pacific Islander alone	39	0.15%	0.19%
Some other race alone	136	0.52%	0.66%
Two or more races	1,297	4.99%	6.26%

LANGUAGE SPOKEN AT HOME

	NUMBER	PERCENT OF TOTAL POPULATION	PERCENT OF SUBCATEGORY
Total Population (5 years and over)	24,488	100.00%	--
<i>English only</i>	15,226	62.18%	100.00%
<i>Language other than English</i>	9,262	37.82%	100.00%
Speak English less than "very well"	3,206	13.09%	34.61%
<i>Spanish</i>	2,595	10.60%	100.00%
Speak English less than "very well"	471	1.92%	18.15%
<i>Other Indo-European languages</i>	995	4.06%	100.00%
Speak English less than "very well"	120	0.49%	12.06%
<i>Asian and Pacific Islander languages</i>	5,556	22.69%	100.00%
Speak English less than "very well"	2,567	10.48%	46.20%
<i>Other languages</i>	116	0.47%	100.00%
Speak English less than "very well"	48	0.20%	41.38%

NATIVE/FOREIGN BORN

	NUMBER	PERCENT OF TOTAL POPULATION	PERCENT OF SUBCATEGORY
Total Population	25,999	100%	--
<i>Native</i>	<i>19,075</i>	<i>73.37%</i>	--
<i>Foreign Born</i>	<i>6,924</i>	<i>26.63%</i>	<i>100.00%</i>
Naturalized U.S. Citizen	4,431	17.04%	63.99%
Not a U.S. Citizen	2,493	9.59%	36.01%

FOREIGN BORN NATURALIZED CITIZENS

	NUMBER	PERCENT OF TOTAL POPULATION	PERCENT OF SUBCATEGORY
Total Population	25,999	100%	--
<i>Naturalized U.S. Citizen</i>	<i>4,431</i>	<i>17.04%</i>	--
Europe	381	1.47%	8.60%
Asia	3,175	12.21%	71.65%
Africa	57	0.22%	1.29%
Latin America	784	3.02%	17.69%
Northern America	34	0.13%	0.77%

FOREIGN BORN NON-CITIZENS

	NUMBER	PERCENT OF TOTAL POPULATION	PERCENT OF SUBCATEGORY
Total Population	25,999	100%	--
<i>Not a U.S. Citizen</i>	<i>2,493</i>	<i>9.59%</i>	<i>100.00%</i>
Europe	171	0.66%	6.86%
Asia	1,813	6.97%	72.72%
Africa	41	0.16%	1.64%
Latin America	404	1.55%	16.21%
Northern America	57	0.22%	2.29%

FOREIGN BORN DATE OF ENTRY

	NUMBER	PERCENT OF TOTAL POPULATION	PERCENT OF SUBCATEGORY
Total Population	25,999	100%	--
<i>Foreign Born</i>	<i>6,924</i>	<i>26.63%</i>	<i>100.00%</i>
Entered 2010 or later	462	1.78%	6.67%
Entered before 2010	6,462	24.85%	93.33%

RACE

	NUMBER	PERCENT OF TOTAL POPULATION
Total Population	25,999	100.00%
One race	24,086	92.64%
Two or more races	1,913	7.36%

ONE RACE ALONE

	NUMBER	PERCENT OF TOTAL POPULATION	PERCENT OF SUBCATEGORY
Total Population	25,999	100.00%	--
<i>One race</i>	24,086	92.64%	100.00%
White	14,170	54.50%	58.83%
Black or African American	510	1.96%	2.12%
American Indian and Alaska Native	102	0.39%	0.42%
Asian	7,703	29.63%	31.98%
Native Hawaiian and Other Pacific Islander	39	0.15%	0.16%
Some other race	1,562	6.01%	6.49%

ONE RACE ALONE: ASIAN

	NUMBER	PERCENT OF TOTAL POPULATION	PERCENT OF SUBCATEGORY
Total Population	25,999	100.00%	--
<i>Asian</i>	7,703	29.63%	100.00%
Asian Indian	187	0.72%	2.43%
Chinese	3,432	13.20%	44.55%
Filipino	694	2.67%	9.01%
Japanese	865	3.33%	11.23%
Korean	1,740	6.69%	22.59%
Vietnamese	253	0.97%	3.28%
Other Asian	532	2.05%	6.91%

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Resolution of Diversity

On December 21, 2016, the South Pasadena City Council adopted the following resolution affirming the City's commitment to diversity and to safeguarding the civil rights, safety and dignity of *all* of our residents:



RESOLUTION NO. 7491

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SOUTH PASADENA, CALIFORNIA, AFFIRMING THE CITY OF SOUTH PASADENA'S COMMITMENT TO DIVERSITY AND TO SAFEGUARDING THE CIVIL RIGHTS, SAFETY AND DIGNITY OF ALL OF OUR RESIDENTS

WHEREAS, the City of South Pasadena believes that diversity of backgrounds, perspectives, and experiences of the American people – native and immigrant – makes our nation, communities, bonds between neighbors, and economies richer and stronger; and

WHEREAS, the City of South Pasadena is committed to protecting the civil rights and liberties of all of our residents, partnering with our community leaders to foster a positive dialogue and to speak against human injustices and abuses, and welcoming immigrants to our community; and

WHEREAS, the City of South Pasadena values all of its residents and recognizes the rights of individuals to live their lives with dignity, free of discrimination and intimidation because of their race, color, religion, national origin, sex, gender identity, immigration status, disability, housing status, economic status, or other social status; and

WHEREAS, the City Council stands firm with all our residents and will work with community to protect against acts of violence, intimidation and discrimination that are rooted in fear, ignorance, prejudice, and hate; and

WHEREAS, fostering a relationship of trust, respect, and open communication between City officials and residents is essential to the City's mission of delivering efficient public services in partnership with our community which ensures public safety, a prosperous economic environment, opportunities for our youth, and a high quality of life for all residents.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SOUTH PASADENA, CALIFORNIA, DOES RESOLVE, DECLARE, DETERMINE AND ORDER AS FOLLOWS:

SECTION 1. The City of South Pasadena declares it the public policy of the City to be inclusive and to respect the inherent worth of every person, without regard to a person's race, color, religion, national origin, sex, gender identity, immigration status, disability, housing status, economic status, political affiliation, or cultural practices.

SECTION 2. The City Clerk of the City of South Pasadena shall certify to the passage and adoption of this resolution and its approval by the City Council and shall cause the same to be listed in the records of the City.

PASSED, APPROVED AND ADOPTED ON this 21st day of December, 2016.

I HEREBY CERTIFY the foregoing resolution was duly adopted by the City Council of the City of South Pasadena, California, at a regular meeting held on the 21st day of December, 2016, by the following vote:

AYES: JOE, KHUBESRIAN, MAHMUD, SCHNEIDER, AND MAYOR CACCIOTTI

NOES: NONE

Immigration Violations

415.1 PURPOSE AND SCOPE

The purpose of this policy is to provide guidelines to members of the South Pasadena Police Department for investigating and enforcing immigration laws.

415.2 POLICY

It is the policy of the South Pasadena Police Department that all members make personal and professional commitments to equal enforcement of the law and equal service to the public. Confidence in this commitment will increase the effectiveness of this department in protecting and serving the entire community and recognizing the dignity of all persons, regardless of their immigration status.

415.3 VICTIMS AND WITNESSES

To encourage crime reporting and cooperation in the investigation of criminal activity, all individuals, regardless of their immigration status, must feel secure that contacting or being addressed by members of law enforcement will not automatically lead to immigration inquiry and/or deportation. While it may be necessary to determine the identity of a victim or witness, members shall treat all individuals equally and without regard to race, color or national origin in any way that would violate the United States or California Constitutions.

415.4 ENFORCEMENT

An officer may detain an individual when there are facts supporting a reasonable suspicion that the individual entered into the United States in violation of a federal criminal law. Federal authorities shall be notified as soon as possible and the detained individual shall be immediately released if the federal authorities do not want the person held. An officer should not detain any individual, for any length of time, for a civil violation of federal immigration laws or a related civil warrant.

415.4.1 CIVIL VS. CRIMINAL FEDERAL OFFENSES

An individual who enters into the United States illegally has committed a misdemeanor (8 USC § 1325(a)). Generally, an alien who initially made a legal entry into the United States but has remained beyond what is a legal period of time has committed a federal civil offense.

Reasonable suspicion that a criminal immigration violation has occurred shall not be based on race, color, national origin or any other generalization that would cast suspicion on or stigmatize any person, except to the extent permitted by the United States or California Constitutions. Instead, the totality of circumstances shall be used to determine reasonable suspicion, and shall include factors weighing for and against reasonable suspicion.

Factors that may be considered in determining reasonable suspicion that a criminal immigration violation has occurred may include, but are not limited to:

- (a) An admission that the person entered the United States illegally.

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- (b) Reason to suspect that the person possesses immigration documentation that is forged, altered or otherwise indicative that the person is not legally present in the United States.
- (c) While a lack of English proficiency may be considered, it should not be the sole factor in establishing reasonable suspicion. When practicable, reasonable effort should be made to accommodate persons with limited English proficiency.
- (d) Other factors based upon training and experience.

415.4.2 IMMIGRATION CHECKS

Immigration status may be determined through any of the following sources:

- (a) A law enforcement officer who is authorized by the federal government under 8 USC § 1357 to verify or ascertain an alien's immigration status (sometimes referred to as a 287(g) certified officer)
- (b) Immigration and Customs Enforcement (ICE)
- (c) U.S. Customs and Border Protection (CBP)

An officer shall verify from a 287(g) certified officer, ICE or CBP whether a person's presence in the United States relates to a federal civil violation or a criminal violation.

If the officer has facts that establish probable cause to believe that a person already lawfully detained has committed a criminal immigration offense, he/she may continue the detention and may request ICE or CBP to respond to the location to take custody of the detained person. In addition, the officer should notify a supervisor as soon as practicable. No individual who is otherwise ready to be released should continue to be detained only because questions about the individual's status are unresolved.

An officer is encouraged to forgo detentions made solely on the basis of a misdemeanor offense when time limitations, availability of personnel, issues of officer safety, communication capabilities or the potential to obstruct a separate investigation outweigh the need for the detention.

415.4.3 SUPERVISOR RESPONSIBILITIES

When notified that an officer has detained a person and established probable cause to believe the person has committed a criminal immigration offense, the supervisor should:

- (a) Confirm that the detained person's immigration status was properly verified.
- (b) Ensure that the detained person is taken into custody when appropriate. Take any additional steps necessary that may include, but are not limited to:
 1. Transfer to federal authorities.
 2. Lawful arrest for a criminal offense or warrant.

415.5 ARREST NOTIFICATION TO IMMIGRATION AND CUSTOMS ENFORCEMENT

Except as described below, it is not necessary to notify ICE when booking arrestees at the county jail. Immigration officials routinely interview suspected undocumented aliens who are booked into the county jail. Notification should be handled according to jail operation procedures.

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Whenever an officer has reason to believe that an individual arrested for any offense listed in Health and Safety Code § 11369 may not be a citizen of the United States, and the individual is not going to be booked into the county jail, the arresting officer shall notify ICE or other appropriate agency of the United States.

Individuals arrested for other offenses who are not going to be booked into the county jail may be reported to ICE or other appropriate agency of the United States.

When determining whether notification of immigration authorities is appropriate, the officer should, in consultation with a supervisor, consider the totality of circumstances of each case, including, but not limited to:

- (a) Seriousness of the offense
- (b) Community safety
- (c) Potential burden on ICE or other federal agency
- (d) Impact on the immigrant community

No individual who is otherwise ready to be released should continue to be detained solely for the purpose of making notification to immigration authorities.

415.6 ICE REQUESTS FOR ASSISTANCE

Requests by ICE, or any other federal agency, for assistance from this department should be directed to a supervisor. The Department may provide available support services, such as traffic control or peacekeeping efforts, to ICE or other federal agencies.

415.7 U VISA AND T VISA NONIMMIGRANT STATUS

Under certain circumstances, federal law allows temporary immigration benefits, known as a U visa, to victims and witnesses of certain qualifying crimes (8 USC § 1101(a)(15)(U)). A law enforcement certification for a U visa may be completed by an officer in order for a U visa to be issued.

Similar immigration protection, known as a T visa, is available for certain qualifying victims of human trafficking (8 USC § 1101(a)(15)(T)). A law enforcement declaration for a T visa may be completed by an officer in order for a T visa to be issued.

Any request for assistance in applying for U visa or T visa status should be forwarded in a timely manner to the Detective Bureau supervisor assigned to oversee the handling of any related case. The Detective Bureau supervisor shall:

- (a) Consult with the assigned investigator to determine the current status of any related case and whether further documentation is warranted.
- (b) Contact the appropriate prosecutor assigned to the case, if applicable, to ensure the certification or declaration has not already been completed and whether a certification or declaration is warranted.

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- (c) Address the request and complete the certification or declaration, if appropriate, in a timely manner.
 - 1. The instructions for completing certification and declaration forms can be found on the U.S. Department of Homeland Security (DHS) website.
 - 2. Form I-918 Supplement B certification shall be completed if the victim qualifies under Penal Code § 679.10.
- (d) Ensure that any decision to complete, or not complete, a certification or declaration form is documented in the case file and forwarded to the appropriate prosecutor. Include a copy of any completed form in the case file.
- (e) Inform the victim liaison of any requests and their status.

415.7.1 TIME FRAMES FOR COMPLETION

Officers and their supervisors who are assigned to investigate a case of human trafficking shall complete the above process and the documents needed for a T visa application within 15 business days of the first encounter with the victim, regardless of whether it is requested by the victim (Penal Code § 236.5).

Officers and their supervisors shall complete the above process and the documents needed for a U visa application pursuant to Penal Code § 679.10 within 90 days of a request from the victim or victim's family related to one of their assigned cases. If the victim is in removal proceedings, the certification shall be processed within 14 days of the request.

415.8 INFORMATION SHARING

No member of this department will prohibit, or in any way restrict, any other member from doing any of the following regarding the citizenship or immigration status, lawful or unlawful, of any individual (8 USC § 1373):

- (a) Sending information to, or requesting or receiving such information from ICE
- (b) Maintaining such information in department records
- (c) Exchanging such information with any other federal, state or local government entity

415.8.1 IMMIGRATION HOLDS

Individuals should not be held in custody solely for a civil immigration hold under 8 CFR 287.7 unless the individual (Government Code § 7282; Government Code § 7282.5):

- (a) Has been convicted of offenses specified in Government Code § 7282.5.
- (b) Has been charged with offenses specified in Government Code § 7282.5 after a court has determined probable cause supports the charge.
- (c) Is a sex or arson registrant.

In no event should a person be held under this section for longer than 48 hours. Notification to the federal authority should be made prior to the release.

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415.9 TRAINING

The Training Sergeant shall ensure that all appropriate members receive immigration training.

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Immigration Policy

428.1 PURPOSE AND SCOPE

The purpose of this policy is to provide guidelines to members of the Pasadena Police Department when contacting persons who are or may be residing in the United States while undocumented and to reaffirm equal enforcement of the law and equal service to the public regardless of immigration status.

428.2 POLICY

It is the expectation that Pasadena Police Department members will enforce the law equally and will not engage in law enforcement activities based solely on someone's immigration status. Members of the Pasadena Police Department shall not contact, stop, detain, investigate or arrest persons exclusively on their immigration status, with the narrow exception of investigations involving national security concerns such as terrorism or transnational criminal activity (e.g. human, drug or weapon trafficking). The Pasadena Police Department will continue to enforce all applicable local and state laws; however, people living in, working, or visiting our community will not be subject to scrutiny by the Pasadena Police Department solely based on their immigration status. Confidence in this commitment will increase the effectiveness of this department in protecting and serving the entire community and recognizing the dignity of all persons, regardless of their immigration status or national origin.

428.3 VICTIMS AND WITNESSES

To encourage crime reporting and cooperation in the investigation of criminal activity, all individuals, regardless of their immigration status or national origin, must feel secure that contacting or being addressed by members of law enforcement will not automatically lead to immigration inquiry and/or deportation. While it may be necessary to determine the identity of a victim or witness, members shall treat all individuals equally and without regard to race, color or national origin in any way that would violate the United States or California Constitutions. All individuals, regardless of immigration status, should feel secure that contacting the Pasadena Police Department will not make them vulnerable to harassment, arrest or deportation.

428.4 CIVIL VS. CRIMINAL FEDERAL OFFENSES

An individual non-US citizen who enters into the United States without the proper visa or immigration documents has committed a federal misdemeanor (8 USC § 1325(a)). Generally, an individual who initially made a legal entry into the United States but remained beyond the time approved in their documents has committed a federal civil offense. The investigation and prosecution of violations of civil and criminal federal immigration law falls within the authority of the federal government.

Despite the fact that an individual's immigration status may reveal itself during an investigation, it is not the Pasadena Police Department's duty to determine the immigration status of crime victims, witnesses, suspects or arrestees. The Pasadena Police Department will not enforce federal civil

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immigration laws. Unless required by law, or the narrow exception of investigations involving national security concerns such as terrorism or transnational criminal activity (e.g. human, drug or weapon trafficking), the Department shall not investigate, detain, arrest or book any individual solely for federal criminal immigration law even when undocumented status has been revealed.

428.5 ARREST NOTIFICATION TO IMMIGRATION AND CUSTOMS ENFORCEMENT

Except as may be required by law, it is not the practice of the Pasadena Police Department to notify Immigration and Customs Enforcement (“ICE”) when booking arrestees.

No individual who is otherwise ready to be released should continue to be detained solely for the purpose of making notification to immigration authorities except to the extent required by law.

428.6 ICE REQUESTS FOR ASSISTANCE

Requests by ICE, or other federal agency, for assistance from the Department should be directed to a supervisor. The Department may provide to ICE or other federal agency the same, available, ancillary support services, such as traffic control or peacekeeping efforts, to protect the general public as the Department would provide based upon an incident dispatch made on complaint or request of any member of the public or inter-agency assist. To the maximum extent permitted by law, the Department shall not directly assist ICE in investigating, detaining or arresting individuals solely for violations of federal immigration law. The Department shall cooperate with ICE to the extent required by law and in efforts to investigate and to apprehend individuals in the United States that present national security concerns involving terrorism or transnational criminal activity such as human, drug or weapon trafficking.

428.7 INFORMATION SHARING

Federal law explicitly precludes the Pasadena Police Department from prohibiting, or in any way restricting, any individual (including any member of the Department) from doing any of the following regarding the citizenship or immigration status, lawful or unlawful, of any individual (8 USC § 1373):

- (a) Sending information to, or requesting or receiving such information from ICE;
- (b) Maintaining such information in Department records;
- (c) Exchanging such information with any other federal, state or local government entity.

428.7.1 IMMIGRATION HOLDS

Individuals should not be held in custody in the Pasadena City jail solely for a civil immigration hold under 8 USC § 287.7 unless pursuant to court order.

428.7.2 NOTICE TO INDIVIDUALS

Individuals shall be given a copy of documentation received from Immigration and Customs Enforcement (ICE) regarding a hold, notification or transfer request along with information as to whether the Pasadena Police Department intends to comply with the request (Government Code § 7283.1).

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Unless required by law, the Pasadena Police Department will not notify ICE that an undocumented person is being released. If the Pasadena Police Department is required to provide ICE with notification that an undocumented person is being, or will be, released on a certain date, the same notification shall be provided in writing to the individual and to his/her attorney or to one additional person who the individual may designate (Government Code § 7283.1).

428.7.3 ICE INTERVIEWS

Before any interview between ICE personnel and an individual in custody for federal civil immigration violations, the Pasadena Police Department shall provide the individual with a written consent form that explains the purpose of the interview, that the interview is voluntary and that he/she may decline to be interviewed or may choose to be interviewed only with his/her attorney present. The consent form must be available in the languages specified in Government Code § 7283.1.

428.8 U VISA AND T VISA PROTECTION FOR CERTAIN VICTIMS AND WITNESSES

Under certain circumstances, federal law allows temporary immigration benefits, known as a U visa, to victims and witnesses of certain qualifying crimes (8 USC § 1101(a)(15)(U)). In order for a U visa to be issued, a law enforcement certification should be completed by the Lieutenant assigned to Crimes Against Persons with review by the Criminal Investigations Division Commander, and approval by the Chief of Police.

Similar immigration protection, known as a T visa, is available for certain qualifying victims of human trafficking (8 USC § 1101(a)(15)(T)). In order for a T visa to be issued, a law enforcement declaration should be completed by the Lieutenant assigned to Crimes Against Persons with review by the Criminal Investigations Division Commander, and approval by the Chief of Police.

Any request for assistance in applying for U visa or T visa status should be forwarded in a timely manner to the Lieutenant assigned to Crimes Against Persons. This Lieutenant shall:

- (a) Consult with the assigned investigator to determine the current status of any related case and whether further documentation is warranted.
- (b) Contact the appropriate prosecutor assigned to the case, if applicable, to ensure the certification or declaration has not already been completed and whether a certification or declaration is warranted.
- (c) Address the request and complete the certification or declaration, if appropriate, in a timely manner.
 1. The instructions for completing certification and declaration forms can be found on the U.S. Department of Homeland Security (DHS) website.
 2. Form I-918 Supplement B certification shall be completed if the victim qualifies under Penal Code § 679.10 (multiple serious offenses). Form I-914 Supplement B certification shall be completed if the victim qualifies under Penal Code § 236.5 or Penal Code § 679.11 (human trafficking).

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- (d) Ensure that any decision to complete, or not complete, a certification or declaration form is documented in the case file and forwarded to the appropriate prosecutor. Include a copy of any completed form in the case file.
- (e) Inform the victim liaison of any requests and their status.

428.8.1 TIME FRAMES FOR U VISA AND T VISA APPLICATION COMPLETION

Officers and their supervisors who are assigned to investigate a case of human trafficking as defined by Penal Code § 236.1 shall complete the above process and submit the T visa application to the Lieutenant assigned to Crimes Against Persons within 15 business days of the first encounter with the victim, regardless of whether it is requested by the victim (Penal Code § 236.5).

Officers and their supervisors shall complete the above process and the documents needed for a U visa or T visa application to the Lieutenant assigned to Crimes Against Persons pursuant to Penal Code § 679.10 and Penal Code § 679.11 within 90 days of a request from the victim or victim's family related to one of their assigned cases. If the victim is in removal proceedings, the certification shall be processed within 14 days of the request.

428.8.2 REPORTING TO LEGISLATURE

The Custodian of Records or the authorized designee should ensure that certification requests are reported to the Legislature in January of each year and include the number of certifications signed and the number denied. The report shall comply with Government Code § 9795 (Penal Code § 679.10; Penal Code § 679.11).

428.9 TRAINING

The Training Sergeant and the Jail Administrator shall ensure that all appropriate members receive immigration training.

OFFICE OF THE CHIEF OF POLICE**SPECIAL ORDER NO. 40****NOVEMBER 27, 1979****SUBJECT: UNDOCUMENTED ALIENS**

PURPOSE: The Los Angeles community has become significantly more diverse during the past several years with substantial numbers of people from different ethnic and sociological backgrounds migrating to this City. Many aliens, whether from Latin American, African, Asian or European countries, are legal residents. Others are undocumented and are residing in the City without legal sanction.

On March 20, 1979, the Board of Police Commissioners adopted a policy statement concerning undocumented aliens. This order incorporates the policy into The Department Manual and amends related Manual provisions.

POLICY: The Department is sensitive to the principle that effective law enforcement depends on a high degree of cooperation between the Department and the public it serves. The Department also recognizes that the Constitution of the United States guarantees equal protection to all persons within its jurisdiction. In view of those principles, it is the policy of the Los Angeles Police Department that undocumented alien status in itself is not a matter for police action. It is, therefore, incumbent upon all employees of this Department to make a personal commitment to equal enforcement of the law and service to the public, regardless of alien status.

The Department acknowledges the existence of social issues involving problems of health, welfare, education, housing and employment which are related to the assimilation of large numbers of persons with varied cultural heritages. Further, as the Department identifies and distinguishes police problems from social problems, it will continue to cooperate with those persons and agencies responsible for resolving these social issues.

In fulfilling its obligations, the Department will provide courteous and professional service to any person in Los Angeles, while taking positive enforcement action against all individuals who commit criminal offenses, whether they are citizens, permanent legal residents or undocumented aliens. In addition, the Department will provide special assistance to persons, groups, communities and businesses who, by the nature of the crimes being committed upon them, require individualized services. Since undocumented aliens, because of their status, are often more vulnerable to victimization, crime prevention assistance will be offered to assist them in safeguarding their property and to lessen their potential to be crime victims. To ensure that these principles can be effective, the Department will encourage the willing cooperation of all persons in programs designed to enhance community—police cooperation. Police service will be readily available to all persons, including the undocumented alien, to ensure a safe and tranquil environment. Participation and involvement of the undocumented alien community in police activities will increase the Department's ability to protect and to serve the entire community.

PROCEDURE:

- I. ENFORCEMENT OF UNITED STATES IMMIGRATION LAWS.** Officers shall not initiate police action with the objective of discovering the alien status of a person.

Officers shall not arrest nor book persons for violation of Title 8, Section 1325 of the United States Immigration Code (Illegal Entry).

- II. ALIEN ARREST INFORMATION—NOTIFICATION.** When an undocumented alien is booked for multiple misdemeanor offenses, a high grade misdemeanor or a felony offense, or has been previously arrested for a similar offense, the arresting officer shall:

Telephonically notify the Headquarters Section Desk Officer, Detective Headquarters Division, of the arrest, the arrestee's name, booking number, charge and location booked.

Mark the arrest face sheet "Undocumented Alien."

DISTRIBUTION "A"

NOVEMBER 27, 1979

III. DETECTIVE HEADQUARTERS DIVISION, HEADQUARTERS SECTION—RESPONSIBILITIES. The Headquarters Section Desk Officer, Detective Headquarters Division, upon notification that an undocumented alien has been arrested for multiple misdemeanor offenses, a high grade misdemeanor or a felony offense, or has been arrested for the same offense a second time, shall:

- Record the information provided in the DHD Undocumented Alien Log.
- Notify the United States Immigration and Naturalization Service via teletype of the arrest of the individual.
- Forward daily all Arrest Reports marked "Undocumented Alien" to the United States Immigration and Naturalization Service.

IV. AREA/DIVISION RECORDS UNIT—RESPONSIBILITY. Area/division records clerks shall forward one copy of each Arrest Report marked "Undocumented Alien" to Detective Headquarters Division.

AMENDMENTS:

This order adds Section 1/390.; amends Sections 4/264.50, 4/264.53, and 5/5.2-86; and deletes Sections 4/264.57 and 4/264.60 from The Department Manual.

AUDIT RESPONSIBILITY:

Detective Headquarters Division shall monitor compliance with procedural portions of this directive, in accordance with the provisions of Department Manual Section 0/080.30.



**DARYL F. GATES
CHIEF OF POLICE**

DISTRIBUTION "A"



ERIC GARCETTI
MAYOR

EXECUTIVE DIRECTIVE NO. 20

Issue Date: March 21, 2017

Subject: Standing with Immigrants: A City of Safety, Refuge, and Opportunity for All

Since our City's founding, Los Angeles has always been a city of immigrants. The very first Angelenos—*Los Pobladores*—arrived here 236 years ago, a small band of settlers who traced their ancestry from all over the world, including to the native people of this region, and who saw opportunity where the mountains meet the sea. In the centuries since, we have grown into the most diverse city on the face of the earth—a city that champions inclusiveness and tolerance, and welcomes everyone who seeks to realize their dreams and build their families here, regardless of national origin or immigration status.

Today, more than 1.5 million residents of our city are foreign-born, and nearly two of every three Angelenos are either immigrants or children of immigrants. Our immigrants are the engine of the Los Angeles economy, representing 47 percent of the employed workforce in our city and more than half of the self-employed workforce—entrepreneurship that generated \$3.5 billion in income in 2014 alone. Even more so, our immigrants have woven the social, cultural, and civic fabric of Los Angeles, from our educational institutions to our artistic stages, from the halls of government to community activism, from our vibrant culinary scene to our fields of play.

I have a longstanding commitment to immigrants in Los Angeles. As a City Councilmember, I proposed establishing an Office of Immigrant Affairs, prompting Mayor James K. Hahn's decision to create the Mayor's Office of Immigrant Affairs. Upon becoming Mayor, I immediately re-established this Office to advance the economic, cultural, social, and political well-being of our immigrant communities with initiatives that support immigrant integration through the coordination of City services, outreach, and advocacy. My vision is to ensure all Angelenos, regardless of immigration status, are

connected to community resources, have access to critical government services, are engaged in civic life, and are informed about critical immigration law and policy.

My most solemn responsibility as Mayor is to keep all of our city's people safe, and I strongly support the Police Department's longstanding policies with respect to immigration enforcement, which are rooted in the principle that all of Los Angeles is safer when the Police Department maintains a relationship of trust, respect, and cooperation with all city residents. When people feel confident that they can come forward as a victim of or witness to a crime, irrespective of immigration status, the Police Department's ability to protect and serve all is enhanced. The Police Department maintains the following policies, all of which are consistent with federal and state laws and court decisions:

- Special Order 40—Since 1979, when the Chief of Police issued Special Order 40, the Police Department has maintained a policy that prohibits police officers from initiating any action to determine a person's immigration status and from arresting anyone due to the person's civil immigration status.
- ICE detainer policy—Since 2014, in light of multiple court decisions finding compliance with certain United States Immigration and Customs Enforcement (ICE) detainer requests to be unconstitutional, the Police Department has not honored any ICE request to hold an individual otherwise eligible for release from custody absent a judicial determination of probable cause for that detainer or a valid warrant from a judicial officer.
- Policy against partnering with ICE to enforce civil immigration law—Because civil immigration enforcement is a federal responsibility and it is vital to public safety for the Police Department to build public trust in all communities in Los Angeles, the Police Department has never participated and will not participate in the voluntary program authorized by section 287(g) of the Immigration and Nationality Act, 8 U.S.C. § 1357 (2012), or any other similar program. Section 287(g) permits designated local law enforcement officers to perform civil immigration enforcement.

All residents of Los Angeles must feel safe and supported when accessing the vast array of City facilities, programs, and services available to them. The City will not assist or cooperate with any effort by federal immigration agents to use public facilities or resources for the purposes of enforcing federal civil immigration law.

Moreover, to ensure that they will avail themselves of City services, programs, and resources, all Angelenos must have confidence that doing so will not place themselves or their families in peril due to their immigration status being unnecessarily solicited or their personal data being left unprotected.

Accordingly, I hereby order the following:

Keeping immigrant Angelenos safe:

- The Chief of Police shall reaffirm and maintain the Police Department's existing policies and procedures with respect to immigration enforcement, including the policy that originated in Special Order 40, the ICE detainer policy, and the policy against partnering with ICE to perform civil immigration enforcement.
- The Fire Chief, the Chief of Airport Police, and the Chief of Port Police shall issue policies and procedures consistent with the Police Department's existing policies and procedures with respect to immigration enforcement, including the policy that originated in Special Order 40, the ICE detainer policy, and the policy against partnering with ICE to perform civil immigration enforcement.
- No person acting in his or her capacity as a City employee shall assist or cooperate with, or allow any City monies or resources to be used to assist or cooperate with, any federal agent or agency in any action where the primary purpose is federal civil immigration enforcement.
- No City employee shall grant any federal immigration agent access to any City facility not open to the general public unless such access is legally required.
- All General Managers, Heads of Departments/Offices, and Commissions of City Government shall report to my Chief of Immigrant Affairs and the Chief of Police any efforts by federal immigration enforcement officials from ICE, U.S. Customs and Border Protection, or U.S. Citizenship and Immigration Services to enforce federal civil immigration laws with the cooperation, support, or use of City resources or facilities.

Providing equal access to City services to all Angelenos of any immigration status:

- All General Managers, Heads of Departments/Offices, and Commissions of City Government shall:
 - ensure equal access to facilities, services, and programs without regard to any person's citizenship or immigration status to the maximum extent that the law permits; and
 - foster a welcoming atmosphere for all regardless of immigration status.

Protecting the security of immigrant Angelenos' data and information:

- No City employee shall collect information from individuals that is not necessary to perform the employee's duties. In particular, no City employee shall collect information regarding a person's citizenship or immigration status unless legally required to do so or mandated by policy to protect victims and witnesses of crimes.
- I hereby deem any information in the City's possession that can be used to distinguish or trace an individual's citizenship or immigration status, either on its own or when combined with other information, to be Personally Identifiable Information (PII). All City employees shall treat PII as Confidential Information as allowed by law and shall handle, maintain, and secure such information according to the standards for Confidential Information that the Information Technology Policy Committee established in the Information Handling Guidelines, Policy No. IT-017, effective May 19, 2016, as updated, which are available from the Information Technology Agency.

Engaging and empowering immigrant Angelenos:

- All General Managers, Heads of Departments/Offices, and Commissions of City Government shall:
 - make available at public facilities printed copies of the Community Resource Guide for Immigrant Angelenos that my Office of Immigrant Affairs prepared;
 - ensure that all City websites link to the Community Resource Guide for Immigrant Angelenos from the websites' homepages;
 - inform their staffs of the policies and practices outlined in this Executive Directive and of the availability of the Community Resource Guide for Immigrant Angelenos, and encourage their staffs to share this information with their families and networks; and
 - encourage employees to take part in volunteer and civic engagement opportunities to protect our city's immigrant populations and to strengthen our status that are posted at <https://www.lamayor.org/immigrants>.

Coordinating City actions for immigrants:

- Each General Manager or Head of Department/Office shall designate an Immigrant Affairs Liaison for the Department/Office, notifying my Chief of Immigrant Affairs of that person's name and contact information (including when there is a subsequent personnel change or change to that person's contact information).

- The Immigrant Affairs Liaisons shall work closely with my Chief of Immigrant Affairs and her staff to ensure departmental support in advancing and advocating for the full and active civic, social, political, and economic participation of immigrant Angelenos of any status.


Executed this 21st day of March 2017.



ERIC GARCETTI
Mayor

Supersedes Executive Directive No. IC-2 (Hahn Series).


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HISTORIC PRESERVATION ORDINANCE

JUNE 21, 2017

City of South Pasadena



Preservation Ordinance

- Current Ordinance – Adopted in 1992
- Update Process (2007)
 - Reviewed for legal issues, outdated content, and inconsistent language
 - Consultant prepared complete revision and draft ordinance
- Commission/Staff Review and Edits (2008)
 - Reviewed each section over a series of discussions and special meetings
- Outreach
 - City Council Study Sessions
 - South Pasadena Preservation Foundation

Preservation Ordinance

- Definitions expanded to include new terms
- Landmarks & Historic Districts
 - Registration process for City Council designation clarified
- Inventory of Cultural Resources
 - Provisions requiring periodic updates for completeness and accuracy
- Certificates of Appropriateness
 - Streamlined process for minor projects
 - Clearer standards and review criteria, findings for approval, and optional conditions of approval

Preservation Ordinance

- Certificates of Appropriateness (Not Required)
 - Work necessary to protect life, limb, and property
 - Demolition to be final course of action when other alternatives are not feasible
 - Before considering Demolition, consultation with Planning & Building Director and CHC Chair required
 - If threat can be abated without demolition, a Certificate of Appropriateness would be required to address substandard conditions

Preservation Ordinance

- Enforcement and Penalties
 - Protects historic buildings from illegal demolition or inappropriate alterations
 - Illegal work to be abated through reconstruction
 - Five year penalty: No building permits allowed, except for necessary work for safety reasons
 - Demolition by Neglect Addresses
 - Owners will be notified to correct any visible structural defects and maintenance needs that guard against decay and deterioration.

Preservation Ordinance

- Historic Preservation Incentives (Mills Act)
 - Any property owner can request eligibility
 - Added Criterion
 - Tax benefit can't exceed the amount spent on repairs
 - Non-Retroactive
 - Annual renewal may expire in 6 years
 - Administration and annual review procedures
 - New procedures for monitoring contracts and checking status of owners' obligations.

Preservation Ordinance

- Demolition of Properties over 45 Years Old
 - For buildings over 45 years old and not listed on the Inventory
 - Applicant files notice of intent to demolish and deposit to cover fees for historic consultant
 - Consultant prepares Historic Resources Evaluation
 - Property posting with a notice of intent to demolish
 - If CHC determines that the property is not eligible, it may proceed through the City's application process
 - If it is eligible, the property would be added to the Inventory and a Certificate of Appropriateness would be required for demolition

Preservation Ordinance

- Review of Non-Historic Properties - Potential Historic Districts
 - 73 Districts in South Pasadena with: distinct boundaries, special characteristics, all documented on survey forms
- Contributors: buildings that establish neighborhood character
- CHC's Concerns about Non-Contributors
 - Demolition and replacement of a new structure that is out of scale and incompatible
 - Cannot rely on Design Review Board and Design Guidelines to protect neighborhood integrity
 - Lack of oversight has CEQA implications

Preservation Ordinance



Districts



Preservation Ordinance

- Review of Non-Historic Properties – Preservation Planning Districts
 - Not subject to CEQA
 - Areas not eligible for historic status,
 - Areas that retained broad characteristics that reflect important periods of City development

Preservation Ordinance

- Recommendation:
 - Read by title only for first reading, waive further reading, and introduce an ordinance that repeals Article IVH (Cultural Heritage Commission) of Chapter 2 (Administration) of the South Pasadena Municipal Code (SPMC) with a new Article IVH (Preservation Ordinance)

Added text (in the blue font):

.....Does not make it any easier to secure a Mills Act contract from the City.

.....Nor does it weaken criteria for evaluating contractual performance or issuing notices of non-renewal to Mills Act property owners

.....It does not alter the CHC or Council prerogative to issue notices of non-renewal 6 years into any Mills Act contract.

What these brief additions do is simply inform the community of potential applicants of their rights and benefits, under California Government Code, for exemplary work in preserving and maintaining properties important to the heritage of the City.

We are trying to incentivize preservation; so a little “carrot” would help a whole lot.

cc: Council; CM; CA; CCC; JWatkins; JMayer; LF;
Original to 6/21/17 ADDL DOCS

- a. **Limitations on Eligibility.** Mills Act Contracts are limited to the following qualifying properties: Landmarks; Contributing properties of local Historic Districts; properties listed on the National Register; properties listed on the California Register; and properties that the Commission, with concurrence of the City Council, may identify as appropriate for a Mills Act Contract. The granting of new Mills Act Contracts shall be limited to a maximum of four (4) properties each year. That limit does not apply to eligible properties that would benefit from the incentive to do Seismic Retrofit work to [abate a potential threat to public safety](#).
- b. **Criteria.** In considering the merits of a proposed Mills Act Contract, the Commission shall use the following criteria in making a recommendation to the City Council:
 - 1) *Financial Investment.* The estimated tax benefit is not expected to exceed the applicant's proposed financial investment in the Cultural Resource over the first ten (10) years of the contract.
 - 2) *Public Benefit.* The proposed Mills Act Contract features a work plan that will provide a benefit to the public by: rehabilitating the property for continued occupancy or adaptive reuse; improved viability through systems upgrades and structural reinforcement upgrades; preserving and maintaining the Character-Defining Features of the property, and/or restoring Character-Defining Features of the property that have been significantly altered or removed over time.
 - 3) *Retroactive Limitations.* The estimated tax benefit will not be used for any Maintenance or Alteration work that was previously completed or initiated before the contract is approved, unless it can be shown that the completed work was necessary in the interest of the public health or safety following involuntary damage or destruction caused by fire, Act of Nature, or any other casualty.
 - 4) *Limitations on Maintenance.* The estimated tax benefit will not be used for routine Maintenance work except for exemplary or exceptional properties that have financially burdensome Maintenance requirements.
 - 5) *Limitations on Interior Work.* The estimated tax benefit will not be used for work within the interior of a Cultural Resource unless the Commission determines the following exceptions should be made: the interior work is necessary to improve the structural integrity of the property; the interior work is necessary to preserve and maintain Character Defining Features within the Cultural Resource that are specifically identified as part of the official Landmark nomination; and/or the interior work is necessary to preserve and maintain Character-Defining Features of the property that were discovered subsequent to its Landmark designation. The

Commission must first determine that those interior features are character defining based on substantial evidence provided by the applicant.

- 1) *Limitations on Landscaping.* The estimated tax benefit will not be used for landscaping work unless it will be used for specific landscape features that were identified as part of the official Landmark nomination.
- b. **Required Provisions.** The required provisions of a Mills Act contract shall be those required in State law Government Code Sections 50281 and 50282 including the following specifications:
 - 1) The term of Mills Act Contracts shall be for a minimum of 10 years unless a property owner is issued a notice of non-renewal as provided below in section 2.68 e. 5).
 - 2) Each Mills Act Contract shall provide that unless a notice of non-renewal is issued, a year shall be added automatically to the initial term on the anniversary date of the contract or such other date as is specified in the contract.
 - 3) The owner shall have the right (per Government Code Section 50282) to appeal a notice of non-renewal.
 - 4) *Conformance with National Standards.* The contract agreement is to assist in the Preservation of the qualifying property; therefore, Restoration and Rehabilitation of the property shall conform to the rules and regulations of the State of California Office of Historic Preservation (Department of Parks and Recreation) and the United States Secretary of the Interior's Standards for the Treatment of Historic Properties.
 - 5) *Inspections.* The owner shall agree to allow periodic examination of the interior and exterior of the premises by the County Assessor, the Department of Parks and Recreation, the State Board of Equalization, and the City, as may be necessary to verify the owner's compliance with the contract agreement, and to provide any information requested to ensure compliance with the contract agreement.

Each Mills Act Contract shall also provide that after five years, and every five years thereafter, the City, County of Los Angeles (County), or City and County shall have the option to inspect the premises to determine the property owner's compliance with the contract.
 - 6) *Reports.* The owner shall agree to submit evidence to the City in accordance with the reporting schedule specified in the Mills Act Contract (and at a minimum every three years) to confirm that Preservation tasks were completed in accordance with the time line stipulated in the Mills Act Contract.



**City of South Pasadena
Management Services Department**

Memo

Date: June 19, 2017
To: The Honorable City Council
From: Jennifer Shimmin, Senior Management Analyst *JAS*
Re: June 21, 2017 City Council Meeting – Agenda Item No. 28 First Reading and Introduction of an Ordinance Approving the Joint Powers Agreement for Los Angeles Community Choice Energy and Authorizing the Implementation of a Community Choice Aggregation Program

Attached is the Staff Report for Agenda Item No. 28 – First Reading and Introduction of an Ordinance Approving the Joint Powers Agreement for Los Angeles Community Choice Energy and Authorizing the Implementation of a Community Choice Aggregation Program.

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City of South Pasadena Agenda Report



Michael A. Cacciotti, Mayor
Richard D. Schneider, M.D., Mayor Pro Tem
Robert S. Joe, Councilmember
Marina Khubesrian, M.D., Councilmember
Diana Mahmud, Councilmember

Evelyn G. Zneimer, City Clerk
Gary E. Pia, City Treasurer

COUNCIL AGENDA: June 21, 2017

TO: Honorable Mayor and City Council

VIA: Elaine Aguilar, Interim City Manager 

FROM: Lucy Demirjian, Assistant to the City Manager 
Jennifer Shimmin, Senior Management Analyst 

SUBJECT: **First Reading and Introduction of an Ordinance Approving the Joint Powers Agreement for Los Angeles Community Choice Energy and Authorizing the Implementation of a Community Choice Aggregation Program**

Recommendation

It is recommended that the City Council read by title only for first reading, waving further reading, and introduce an ordinance approving the Joint Powers Agreement for Los Angeles Community Choice Energy (LACCE) and authorizing the implementation of a community choice aggregation program in the City of South Pasadena.

Fiscal Impact

The LACCE has the potential to provide significant cost savings to residents, businesses and the City of South Pasadena by providing lower utility rates. With this would come a decrease in Franchise Fee and UUT revenues. There is potential the decreased General Fund revenues would be partially offset by the decrease in costs to the General Fund for the municipality's own energy use.

There is no upfront costs to join the CCA, outside of some minor staff time, as the County is providing up to \$10 million for a startup loan that will be recovered in the CCA rates.

Commission Review and Recommendation

This matter was reviewed by the Renewable Energy Council (REC) and the Finance Commission.

The REC recommended, with a unanimous vote, that the Council approve the ordinance. The Finance Commission voted three in favor, one opposed and one abstaining, to recommend that the Council approve the ordinance.

Background

Community Choice Aggregation (CCA), authorized in California under AB 117 (2002) and SB 790 (2011), allows local governments, including counties and cities, to purchase electricity in the wholesale power market and sell it to their residents and businesses at competitive rates as an alternative to electricity provided by an investor owned utility (IOU). CCA is not a municipal utility, as the IOU will continue to provide transmission and distribution services, power line maintenance, and even customer billing services. The goal of a CCA is to offer the local public more choices about where their energy comes from. Electricity customers in jurisdictions that become part of the CCA are automatically enrolled, but have the right to opt out and continue to get power purchased by the IOU (Southern California Edison in this case).

In California, Marin Clean Energy was the first CCA program, followed by Sonoma Clean Power. They have been able to save their customers money on electricity costs, while also providing higher levels of renewable energy content. Other areas, including Lancaster, San Francisco, and San Mateo County, have formed, or are in the process of forming, CCA programs as well. Once created, the LACCE would not only be the first CCA program in Southern California, but would also be the largest in California.

The LACCE team has formed a Task Force made up of municipal, labor, and industry stakeholders to help guide development and governance of a regional CCA. LACCE's business plan states that the program will be able to save money for customers on power that meets California's current renewable portfolio standard, while providing up to 100% renewable electricity from sources such as solar, wind, bioenergy, geothermal, and hydroelectric. It is currently projected that a 50% renewable energy content will cost less than SCE rates, which provide a lower renewable energy content. The higher content levels will most likely cost the same, if not more than SCE rates.

Analysis

This analysis evaluates the cost and resulting rates of operating LACCE, and compares these rates to an updated rate forecast for SCE. The analysis begins with a 20-year forecast of electrical loads and customers, incorporates several power supply resource portfolio options, and allows for the sensitivity testing of input assumptions.

LACCE customers will see no obvious changes in electric service other than a lower price and increased renewable resources in their power supply resource mix. Customers will pay the power supply charges set by LACCE and no longer pay the costs of SCE power supply. In addition to paying LACCE's power supply rate, LACCE customers will pay the SCE delivery (wires) rate and all other non-power supply related charges on the SCE bill to include Franchise Fees and Utility User Taxes.

LACCE will establish rates sufficient to recover all costs related to operation of the CCA. It is anticipated that LACCE's rate designs initially will mirror the structure of SCE's rates so that rates similar to SCE's can be provided to LACCE's customers. In setting rates, the financial analysis assumes a phased-in schedule and assumes that the implementation costs are largely financed via a start-up loan.

Updated rates are calculated based on the following power Supply scenarios:

- Renewable Portfolio Standard (RPS) Bundled – LACCE rates with the same share (28 percent) of renewables as SCE’s current power supply.
- 50% Green Bundled Rate – LACCE rates with 50 percent renewable power.
- 100% Green Bundled Rates – LACCE rates with 100 percent renewable power

Resulting Rates:

Exhibit 1 provides the updated estimated rates for each portfolio scenario for the Conservative case.

Exhibit 1 Conservative Case Indicative Rate Comparison in ¢/kWh					
Rate Class	Customer Type	SCE Bundled Rate*	LACCE RPS Bundled Rate	LACCE 50% Green Bundled Rate	LACCE 100% Green Bundled Rate
Residential	Domestic	17.2	16.3	16.5	18.3
GS-1	Commercial	16.6	15.8	16.0	17.7
GS-2	Commercial	15.7	14.9	15.1	16.7
GS-3	Industrial	14.2	13.5	13.7	15.1
PA-2	Public Authority	12.4	11.8	11.9	13.2
PA-3	Public Authority	10.8	10.3	10.4	11.5
TOU-8 Secondary	Domestic	12.6	12.0	12.1	13.4
TOU-8 Primary	Commercial	11.5	10.9	11.1	12.3
TOU-8 Substation	Industrial	7.5	7.1	7.2	8.0
Total LACCE Rate Savings			5.2%	4.0%	(6.2%)

*SCE bundled average rate based on Table 3 in Advice 3515-E-A.

Exhibit 2 provides the updated estimated rates for each portfolio scenario assuming increased participation.

Exhibit 2 Most Likely Case Indicative Rate Comparison in ¢/kWh					
Rate Class	Customer Type	SCE Bundled Rate*	LACCE RPS Bundled Rate	LACCE 50% Green Bundled Rate	LACCE 100% Green Bundled Rate
Residential	Domestic	17.2	16.3	16.5	18.4
GS-1	Commercial	16.6	15.8	15.9	17.7
GS-2	Commercial	15.7	14.9	15.1	16.8
GS-3	Industrial	14.2	13.5	13.6	15.2
PA-2	Public Authority	12.4	11.8	11.9	13.2
PA-3	Public Authority	10.8	10.3	10.4	11.5
TOU-8 Secondary	Domestic	12.6	12.0	12.1	13.5
TOU-8 Primary	Commercial	11.5	10.9	11.0	12.3
TOU-8 Substation	Industrial	7.5	7.1	7.2	8.0
Total LACCE Rate Savings			5.3%	4.1%	(6.3%)

*SCE bundled average rate based on Table 3 in Advice 3515-E-A.

LACCE customers are likely to see rates that on average are between 5.2% and 5.3% lower than SCE in the portfolio meeting RPS standards, 4.0% to 4.1% lower than SCE with 50% renewable power supply and 6.2% to 6.3% higher than SCE with 100% renewable power supply.

CCA Power Products

The following figure compares the power products offered by each IOU with those offered by the CCA’s operating in their service territory. “Renewable share” refers to the percentage of each provider’s power supply that is sourced from RPS-eligible generation resources. “GHG-Free Share” includes all power from the “renewable share” category as well as the share of power sourced from GHG-free but RPS-ineligible resources such as nuclear and large hydroelectric power. Finally, the “alternative products” category lists the “opt-up” options available through each provider. These are premium products that customers voluntarily pay a premium to receive. Acronyms in the figure are as follows:

Acronym	Name	Organization Type
PG&E	Pacific Gas and Electric	Investor-Owned Utility
MCE	Marin Clean Energy	Community Choice Aggregation
SCP	Sonoma Clean Power	Community Choice Aggregation
CPSF	Clean Power San Francisco	Community Choice Aggregation
PCE	Peninsula Clean Energy	Community Choice Aggregation
SCE	Southern California Edison	Investor-Owned Utility
LCE	Lancaster Choice Energy	Community Choice Aggregation

Organization	Renewable Share	GHG-Free Share	Alternative Products
PG&E	30%	60%	50% RPS, 100% RPS
MCE	52%	76%	100% RPS, 100% Local Solar
SCP	36%	77%	100% RPS
CPSF	40%	63%	100% RPS
PCE	50%	75%	100% RPS
SVCE	50%	100%	100% RPS
SCE	25%	33%	50% RPS, 100% RPS
LCE	35%	35%	100% RPS

Legal Review

The City Attorney has reviewed this item.

Public Notification of Agenda Item

The public was made aware that this item was to be considered this evening by virtue of its inclusion on the legally publicly noticed agenda, posting of the same agenda and reports on the City’s website and/or notice in the *South Pasadena Review* and/or the *Pasadena Star-News*.

Attachments:

1. Ordinance
2. Los Angeles Community Choice Energy Authority Joint Powers Agreement
3. LACCE March 3, 2017 Public Meeting Presentation
4. CCA Rates and Power Supply Comparison Report
5. LA Times Article “Public energy programs offer lower rates – at first”

ATTACHMENT 1
Ordinance

ORDINANCE NO. _____

**AN ORDINANCE OF THE CITY COUNCIL
OF THE CITY OF SOUTH PASADENA, CALIFORNIA,
APPROVING THE JOINT POWERS AGREEMENT FOR LOS
ANGELES COMMUNITY CHOICE ENERGY AND
AUTHORIZING THE IMPLEMENTATION OF A COMMUNITY
CHOICE AGGREGATION PROGRAM**

WHEREAS, the City of South Pasadena (City) has been actively investigating options to provide electric services to constituents within its service area with the intent of achieving greater local involvement over the provisions of electric services and promoting competitive and renewable energy; and

WHEREAS, on September 24, 2002, the Governor signed into law Assembly Bill 117 (Stat. 2002, ch. 838; see California Public Utilities Code Section 366.2; hereinafter referred to as the Act), which authorizes any California city or county, whose governing body so elects, to combine the electricity load of its residents and businesses in a community-wide electricity aggregation program known as Community Choice Aggregation; and

WHEREAS, the Act expressly authorizes participation in a Community Choice Aggregation (CCA) program through a joint powers agency, and to this end the County of Los Angeles (County) has been participating since 2015 in the evaluation of a CCA program for the County and the cities and towns within it; and

WHEREAS, through Docket No. R.03-10-003, the California Public Utilities Commission has issued various decisions and rulings addressing the implementation of Community Choice Aggregation programs, including the recent issuance of a procedure by which the California Public Utilities Commission will review "Implementation Plans," which are required for submittal under the Act as the means of describing the Community Choice Aggregation program and assuring compliance with various elements contained in the Act; and

WHEREAS, representatives from the City along with representatives of its JPA partners have developed the Los Angeles Community Choice Energy Authority Joint Powers Agreement (Joint Powers Agreement) (attached hereto as Exhibit A) in order to accomplish the following:

- (a) To form a Joint Powers Authority (JPA) known as "Los Angeles Community Choice Energy" (LACCE) and

(b) To specify the terms and conditions by which participants may participate as a group in energy programs, including but not limited to the preliminary implementation of a Community Choice Aggregation program.

WHEREAS, representatives from the City along with its partner JPA members have developed a Business Plan (attached hereto as Exhibit B) that describes the formation of Los Angeles Community Choice Energy and the Community Choice Aggregation program to be implemented by and through the LACCE Authority; and

WHEREAS, a final Implementation Plan will be submitted for review and adoption by the Board of Directors of the LACCE Authority as soon after the formation of the Authority as reasonably practicable; and

WHEREAS, as described in the Business Plan, Community Choice Aggregation by and through the LACCE Authority appears to provide a reasonable opportunity to accomplish all of the following:

- (a) To provide greater levels of local involvement in and collaboration on energy decisions,
- (b) To increase significantly the amount of renewable energy available to LACCE energy customers,
- (c) To provide initial price stability, long-term electricity cost savings and other benefits for the community, and
- (d) To reduce greenhouse gases that are emitted by creating electricity for the community.

WHEREAS, the Act requires Community Choice Aggregation program participants to individually adopt an ordinance (CCA Ordinance) electing to implement a Community Choice Aggregation program within its jurisdiction by and through its participation in the LACCE Authority; and

WHEREAS, the Joint Powers Agreement expressly allows the City to withdraw its membership in the LACCE Authority (and its participation in the Community Choice Aggregation Program) prior to the actual implementation of a Community Choice Aggregation Program through Program Agreement.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SOUTH PASADENA, CALIFORNIA, DOES HEREBY ORDAIN AS FOLLOWS:

SECTION 1. This ordinance shall take effect thirty (30) days after its final passage, and within fifteen (15) days after its passage, the City Clerk of the City of South

Pasadena shall certify to the passage and adoption of this ordinance and to its approval by the Mayor and City Council and shall cause the same to be published in a newspaper in the manner required by law.

PASSED, APPROVED, AND ADOPTED ON this 19th day of July, 2017.

Michael A. Cacciotti, Mayor

ATTEST:

APPROVED AS TO FORM:

Evelyn G. Zneimer, City Clerk
(seal)

Teresa L. Highsmith, City Attorney

Date: _____

I HEREBY CERTIFY the foregoing ordinance was duly adopted by the City Council of the City of South Pasadena, California, at a regular meeting held on the 19th day of July, 2017, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAINED:

Evelyn G. Zneimer, City Clerk
(seal)

ATTACHMENT 2
Los Angeles Community Choice Energy Authority
Joint Powers Agreement Draft

LOS ANGELES COMMUNITY CHOICE ENERGY AUTHORITY

JOINT POWERS AGREEMENT

This Joint Powers Agreement (the "Agreement"), effective as of _____, is made and entered into pursuant to the provisions of Title 1, Division 7, Chapter 5, Article 1 (Section 6500 et seq.) of the California Government Code relating to the joint exercise of powers among the public agencies set forth in Exhibit A.

RECITALS

1. The Parties are public agencies sharing various powers under California laws, including but not limited to the power to purchase, supply, and aggregate electricity for themselves and their inhabitants.
2. In 2006, the State Legislature adopted AB 32, the Global Warming Solutions Act, which mandates a reduction in greenhouse gas emissions in 2020 to 1990 levels. The California Air Resources Board is promulgating regulations to implement AB 32 which will require local government to develop programs to reduce greenhouse emissions.
3. The purposes for the Initial Participants (as such term is defined in Section 2.3 below) entering into this Agreement include addressing climate change by reducing energy related greenhouse gas emissions and securing energy supply and price stability; energy efficiencies and local economic benefits, such as jobs creation, community energy programs; and local power development. It is the intent of this Agreement to promote the development and use of a wide range of renewable energy sources and energy efficiency programs, including but not limited to solar and wind energy production.
4. The Parties desire to establish a separate public agency, known as the Los Angeles Community Choice Energy Authority ("Authority"), under the provisions of the Joint Exercise of Powers Act of the State of California (Government Code Section 6500 et seq.) ("Act") in order to collectively study, promote, develop, conduct, operate, and manage energy programs.
5. The Initial Participants have each adopted an ordinance electing to implement through the Authority a Community Choice Aggregation program pursuant to California Public Utilities Code Section 366.2 ("CCA Program"). The first priority of the Authority will be the consideration of those actions necessary to implement the CCA Program.
6. By establishing the Authority, the Parties seek to:
 - (a) Develop an electric supply portfolio with overall lower greenhouse gas intensity and lower greenhouse gas (GHG) emissions than Southern California Edison ("SCE"), and one that supports the achievement of the parties' greenhouse gas reduction goals and the comparable goals of all participating jurisdictions;

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- (b) Establish an energy portfolio that encourages the use and development of cost-effective local renewable and distributed energy resources and that discourages the use unbundled renewable energy credits;
- (c) Promote an energy portfolio that incorporates energy efficiency and demand response programs and pursues ambitious energy consumption reduction goals;
- (d) Provide electricity rates that are lower or at worst competitive with those offered by SCE for similar products;
- (e) Offer differentiated energy options (e.g. 33% or 50% qualified renewable) for default service, and a 100% renewable content option in which customers may "opt-up" and voluntarily participate;
- (f) Achieve quantifiable economic benefits to the region;
- (g) Recognize the value of current workers in existing jobs that support the energy infrastructure of Los Angeles County and Southern California (e.g. union and prevailing wage jobs, local workforce development, apprenticeship programs, and local hire). The Authority, as a leader in the shift to clean energy, commits to ensuring it will take steps to minimize any adverse impacts to these workers to ensure a "just transition" to the new clean energy economy;
- (h) Support a stable, skilled workforce through such mechanisms as project labor agreements, collective bargaining agreements, or community benefit agreements, or other workforce programs that are designed to avoid work stoppages, ensure quality, and benefit local residents by delivering cost-effective clean energy programs and projects (e.g. new energy programs and increased local energy investments);
- (i) Promote supplier and workforce diversity, including returning veterans and those from disadvantaged and under-represented communities, to better reflect the diversity of the region;
- (j) Promote personal and community ownership of renewable resources, spurring equitable economic development and increased resilience, especially in low income communities;
- (k) Provide and manage its energy portfolio and products in a manner that provides cost savings to customers and promotes public health in areas impacted by energy production;
- (l) Ensure that low-income households and communities are provided with affordable and flexible energy options, including the provision of energy discounted rates to eligible low-income households;
- (m) Recognize and address the importance of healthy communities, including those disproportionately affected by air pollution and climate change;

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- (n) Use program revenues to provide energy-related programs and services; and
- (o) Create an administering Authority that is financially sustainable, responsive to regional priorities, well-managed, and a leader in fair and equitable treatment of employees.

1. DEFINITIONS

- 1.1 "AB 117" means Assembly Bill 117 (Stat. 2002, Ch. 838, codified at Public Utilities Code Section 366.2), which created Community Choice Aggregation.
- 1.2 "Act" means the Joint Exercise of Powers Act of the State of California (Chapter 5, Division 7, Title 1 of the Government Code commencing with Section 6500).
- 1.3 "Agreement" means this Joint Powers Agreement.
- 1.4 "Authority" means Los Angeles Community Choice Energy Authority.
- 1.5 "Authority Document(s)" means document(s) duly adopted by the Board by resolution or motion implementing the powers, functions and activities of the Authority, including but not limited to the Operating Policies and Procedures, the annual budget, and plans and policies.
- 1.6 "Board" means the Board of Directors of the Authority.
- 1.7 "Community Choice Aggregation" or "CCA" means an electric service option available to cities, counties, and other public agencies pursuant to Public Utilities Code Section 366.2.
- 1.8 "CCA Program" means the Authority's program relating to CCA that is principally described in Section 2.4 (Purpose) of this Agreement.
- 1.9 "Days" shall mean calendar days unless otherwise specified by this Agreement.
- 1.10 "Director" means a member of the Board representing a Party, including up to two alternate Directors appointed in accordance with Sections 4.1 (Board of Directors) and 4.2 (Appointment and Removal of Directors) of this Agreement.
- 1.11 "Effective Date" means the date on which the Agreement shall become effective and the Authority shall exist as a separate public agency, as further described in Section 2.1 (Effective Date and Term) of this Agreement.
- 1.12 "Initial Costs" means all costs incurred by the Authority relating to the establishment and initial operation of the Authority, such as the hiring of the executive, technical, and any administrative staff, any required accounting, administrative, technical and legal services in support of the Authority's initial formation activities or in support of the negotiation, preparation and approval of

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power purchase agreements. The Board shall determine the termination date for the Initial Costs.

- 1.13 "Initial Participants" means, for purpose of this Agreement, the County of Los Angeles, and the cities of _____, and any other Parties joining in accordance with Section 2.3 (Initial Participants) of this Agreement.
- 1.14 "Operating Policies and Procedures" means the rules, regulations, policies, bylaws and procedures governing the operation of the Authority.
- 1.15 "Parties" means, collectively, the signatories to this Agreement that have satisfied the conditions in Section 2.3 (Initial Participants) or Section 2.5 (Addition of Parties) of this Agreement, such that they are considered members of the Authority.
- 1.16 "Party" means, singularly, a signatory to this Agreement that has satisfied the conditions in Section 2.3 (Initial Participants) or Section 2.5 (Addition of Parties) of this Agreement, such that it is considered a member of the Authority.
- 1.17 "Public Agency" as defined in the Act includes, but is not limited to, the federal government or any federal department or agency, this state, another state or any state department or agency, a county, a county board of education, county superintendent of schools, city, public corporation, public district, regional transportation commission of this state or another state, a federally recognized Indian tribe, or any joint powers authority formed pursuant to the Act.

2. FORMATION OF LOS ANGELES COMMUNITY CHOICE ENERGY AUTHORITY

- 2.1 **Effective Date and Term.** This Agreement shall become effective and the Authority shall exist as a separate public agency on the date this Agreement is executed by the County of Los Angeles and at least one other public agency after the adoption of the ordinances required by Public Utilities Code Section 366.2(c)(12). The Authority shall provide notice to the Parties of the Effective Date. The Authority shall continue to exist, and this Agreement shall be effective, until the Agreement is terminated in accordance with Section 8.3 (Mutual Termination) of this Agreement, subject to the rights of the Parties to withdraw from the Authority.
- 2.2 **Formation of the Authority.** Under the Act, the Parties hereby create a separate joint exercise of power agency which is named Los Angeles Community Choice Energy Authority. Pursuant to Sections 6506 and 6507 of the Act, the Authority is a public agency separate from the Parties. The debts, liabilities or obligations of the Authority shall not be debts, liabilities or obligations of the individual Parties unless the governing body of a Party agrees in writing to assume any of the debts, liabilities or obligations of the Authority. The jurisdiction of the

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Authority shall be all territory within the geographic boundaries of the Parties; however the Authority may, as authorized under applicable law, undertake any action outside such geographic boundaries as is necessary and incidental to the accomplishment of its purpose.

- 2.3 **Initial Participants.** In addition to Parties executing this Agreement on or prior to the Effective Date, any incorporated municipality, county, or other eligible public agency may become a Party and recognized as an Initial Participant provided during the first 180 days after the Effective Date it executes this Agreement and delivers an executed copy of this Agreement and a copy of the adopted ordinance required by Public Utilities Code Section 366.2(c)(12) to the Authority. All Initial Participants to this Agreement shall be required to commence electric service as soon as practicable, as determined by the Board.
- 2.4 **Purpose.** The purpose and objectives of this Agreement are to establish the Authority, to provide for its governance and administration, and to define the rights and obligations of the Parties. This Agreement authorizes the Authority to provide a means by which the Parties can more effectively develop and implement sustainable energy initiatives that reduce energy demand, increase energy efficiency, and advance the use of clean, efficient, and renewable resources in the region for the benefit of the Parties and their constituents, including, but not limited to, establishing and operating a Community Choice Aggregation program.
- 2.5 **Addition of Parties.** After 180 days from the Effective Date any incorporated municipality, county, or other public agency may become a Party to this Agreement if all of the following conditions are met:
- 2.5.1 The adoption of a resolution of the Board admitting the public agency to the Authority;
 - 2.5.2 The adoption by an affirmative vote of the Board satisfying the requirements described in Section 4.10 (Board Voting) of this Agreement, of a resolution authorizing membership into the Authority and establishing its pro rata share of organizational, planning and other pre-existing expenditures, and describing additional conditions, if any, associated with membership;
 - 2.5.3 The adoption by the public agency of an ordinance required by Public Utilities Code Section 366.2(c)(12) and approval and execution of this Agreement and other necessary program agreements by the public agency;
 - 2.5.4 Payment of the membership payment, if any; and
 - 2.5.5 Satisfaction of any reasonable conditions established by the Board.

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Pursuant to this Section 2.5 (Addition of Parties), all parties shall be required to commence electric service as soon as is practicable, as determined by the Board, as a condition to becoming a Party to this Agreement.

- 2.6 **Continuing Participation.** The Parties acknowledge that membership in the Authority may change by the addition, withdrawal and/or termination of Parties. The Parties agree to participate with such other Parties as may later be added, as described in Section 2.5 (Addition of Parties) of this Agreement. The Parties also agree that the withdrawal or termination of a Party shall not affect this Agreement or the remaining Parties' continuing obligations under this Agreement.

3. POWERS

- 3.1 **General Powers.** The Authority shall have the powers common to the Parties and which are necessary or convenient to the accomplishment of the purposes of this Agreement, subject to the restrictions set forth in Section 3.4 (Limitation on Powers) of this Agreement. As provided in the Act, the Authority shall be a public agency separate and apart from the Parties.
- 3.2 **Specific Powers.** The Authority shall have all powers common to the Parties and such additional powers accorded to it by law. The Authority is authorized, in its own name, to exercise all powers and do all acts necessary and proper to carry out the provisions of this Agreement and fulfill its purposes, including, but not limited to, each of the following:
- 3.2.1 make and enter into contracts;
 - 3.2.2 employ agents and employees, including but not limited to an Executive Director;
 - 3.2.3 acquire, contract, manage, maintain, and operate any buildings, works or improvements;
 - 3.2.4 acquire property by eminent domain, or otherwise, except as limited under Section 6508 of the Act, and to hold or dispose of any property;
 - 3.2.5 lease any property;
 - 3.2.6 sue and be sued in its own name;
 - 3.2.7 incur debts, liabilities, and obligations, including but not limited to loans from private lending sources pursuant to its temporary borrowing powers authorized by law pursuant to Government Code Section 53850 et seq. and authority under the Act;
 - 3.2.8 issue revenue bonds and other forms of indebtedness;

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- 3.2.9 apply for, accept, and receive all licenses, permits, grants, loans or other aids from any federal, state or local public agency;
 - 3.2.10 form independent corporations or entities, if necessary to carry out energy supply and energy conservation programs at the lowest possible cost or to take advantage of legislative or regulatory changes;
 - 3.2.11 submit documentation and notices, register, and comply with orders, tariffs and agreements for the establishment and implementation of the CCA Program and other energy programs;
 - 3.2.12 adopt rules, regulations, policies, bylaws and procedures governing the operation of the Authority ("Operating Policies and Procedures"); and
 - 3.2.13 make and enter into service agreements relating to the provision of services necessary to plan, implement, operate and administer the CCA Program and other energy programs, including the acquisition of electric power supply and the provision of retail and regulatory support services.
- 3.3 **Additional Powers to be Exercised.** In addition to those powers common to each of the Parties, the Authority shall have those powers that may be conferred upon it as a matter of law and by subsequently enacted legislation.
- 3.4 **Limitation on Powers.** As required by Section 6509 of the Act, the powers of the Authority are subject to the restrictions upon the manner of exercising power possessed by the County of Los Angeles.
- 3.5 **Obligations of the Authority.** The debts, liabilities, and obligations of the Authority shall not be the debts, liabilities, and obligations of the Parties unless the governing body of a Party agrees in writing to assume any of the debts, liabilities, and obligations of the Authority. In addition, pursuant to the Act, no Director shall be personally liable on the bonds or subject to any personal liability or accountability by reason of the issuance of bonds.
- 3.6 **Compliance with the Political Reform Act and Government Code Section 1090.** The Authority and its officers and employees shall comply with the Political Reform Act (Government Code Section 81000 et seq.) and Government Code Section 1090 et seq. The Board shall adopt a Conflict of Interest Code pursuant to Government Code Section 87300. The Board may adopt additional conflict of interest regulations in the Operating Policies and Procedures.

4. GOVERNANCE

- 4.1 **Board of Directors.** The governing body of the Authority shall be a Board of Directors ("Board") consisting of one director for each Party appointed in accordance with Section 4.2 (Appointment and Removal of Directors) of this

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Agreement. The Board, in consultation with the Executive Director, may determine at any time to consider options to reduce the size of the Board if it determines that the efficient functioning and operation of the Board would be improved by having a smaller number of Directors. Any such change to the size of the Board would require amendment of this Joint Powers Agreement in accordance with Section 4.11 (Special Voting).

4.2 **Appointment and Removal of Directors.** The Directors shall be appointed and may be removed as follows:

4.2.1 The governing body of each Party shall appoint and designate in writing one regular Director who shall be authorized to act for and on behalf of the Party on matters within the powers of the Authority. The governing body of each Party shall appoint and designate in writing up to two alternate Directors who may vote on matters when the regular Director is absent from a Board meeting. The person appointed and designated as the regular Director shall be an elected or appointed member of the governing body of the Party. The persons appointed and designated as the alternate Directors may be an elected or appointed member of the governing body of the Party, an appointed member of an advisory body of the Party, a staff member of the Party or a member of the public who meets the criteria below. All Directors and alternates shall be subject to the Board's adopted Conflict of Interest Code.

(a) Any alternate Director that is a member of the public must have demonstrated knowledge in energy-related matters through significant experience in either: 1) an electric utility or company, agency, or nonprofit providing services to a utility, 2) a regulatory agency or local government body overseeing an electric utility or a company, agency, or nonprofit providing services to such an agency, 3) an academic or nonprofit organization engaged in research and/or advocacy related to the electric sector.

4.2.2 The Operating Policies and Procedures, to be developed and approved by the Board in accordance with Section 3.2.12 (Specific Powers), shall specify the reasons for and process associated with the removal of an individual Director for cause. Notwithstanding the foregoing, no Party shall be deprived of its right to seat a Director on the Board and any such Party for which its Director and/or alternate Directors have been removed may appoint a replacement.

4.3 **Terms of Office.** Each regular and alternate Director shall serve at the pleasure of the governing body of the Party that the Director represents, and may be removed as Director by such governing body at any time. If at any time a vacancy occurs on the Board, the affected Party shall appoint to fill the position of

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the previous Director within 90 days of the date that such position becomes vacant.

- 4.4 **Purpose of Board.** The general purpose of the Board is to:
- 4.4.1 Provide structure for administrative and fiscal oversight;
 - 4.4.2 Retain an Executive Director to oversee day-to-day operations;
 - 4.4.3 Retain legal counsel;
 - 4.4.4 Identify and pursue funding sources;
 - 4.4.5 Set policy;
 - 4.4.6 Maximize the utilization of available resources; and
 - 4.4.7 Oversee all Committee activities.
- 4.5 **Specific Responsibilities of the Board.** The specific responsibilities of the Board shall be as follows:
- 4.5.1 Identify Party needs and requirements;
 - 4.5.2 Formulate and adopt the budget prior to the commencement of the fiscal year;
 - 4.5.3 Develop and implement a financing and/or funding plan for ongoing Authority operations;
 - 4.5.4 Retain necessary and sufficient staff and adopt personnel and compensation policies, rules and regulations;
 - 4.5.5 Adopt rules for procuring supplies, equipment, and services;
 - 4.5.6 Adopt rules for the disposal of surplus property;
 - 4.5.7 Establish standing and ad hoc committees as necessary to ensure that the interests and concerns of each Party are represented and to ensure operational, technical, and financial issues are thoroughly researched and analyzed;
 - 4.5.8 The setting of retail rates for power sold by the Authority and the setting of charges for any other category of retail service provided by the Authority;
 - 4.5.9 Termination of the CCA Program;

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- 4.5.10 Address any concerns of consumers and customers;
 - 4.5.11 Conduct and oversee Authority audits at intervals not to exceed three years;
 - 4.5.12 Arrange for an annual independent fiscal audit;
 - 4.5.13 Adopt such bylaws, rules and regulations as are necessary or desirable for the purposes hereof; provided that nothing in the bylaws, rules and regulations shall be inconsistent with this Agreement;
 - 4.5.14 Exercise the Specific Powers identified in Sections 3.2 and 4.6 except as the Board may elect to delegate to the Executive Director; and
 - 4.5.15 Discharge other duties as appropriate or required by statute.
- 4.6 **Startup Responsibilities.** The Authority shall have the duty to do the following within one year of the Effective Date of the Agreement:
- 4.6.1 To adopt an implementation plan prepared by the County of Los Angeles, pursuant to Public Utilities Code Section 366.2(c)(3), for electrical load aggregation;
 - 4.6.2 To prepare a statement of intent, pursuant to Public Utilities Code Section 366.2(c)(4), for electrical load aggregation;
 - 4.6.3 To encourage other qualified public agencies to participate in the Authority;
 - 4.6.4 To obtain financing and/or funding as is necessary or desirable;
 - 4.6.5 To evaluate the need for, acquire, and maintain insurance.
- 4.7 **Meetings and Special Meetings of the Board.** The Board shall hold at least one regular meeting per year but the Board may provide for the holding of regular meetings at more frequent intervals. The date, hour and place of each regular meeting shall be fixed by resolution or ordinance of the Board. Regular meetings may be adjourned to another meeting time. Special meetings of the Board may be called in accordance with the provisions of Government Code Section 54956. Directors may participate in meetings telephonically, with full voting rights, only to the extent permitted by law.
- 4.8 **Brown Act Applicable.** All meetings of the Board shall be conducted in accordance with the provisions of the Ralph M. Brown Act (Government Code Section 54950, et seq.).
- 4.9 **Quorum; Approvals.** A majority of the Directors shall constitute a quorum, except that less than a quorum may adjourn from time to time in accordance with

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law. The affirmative votes of a majority of the Directors who are present at the subject meeting shall be required to take any action by the Board.

4.10 Board Voting.

4.10.1 Percentage Vote. Each Director shall have one vote. Action of the Board on all matters shall require an affirmative vote of a majority of all Directors who are present at the subject meeting, except when a supermajority vote is expressly required by this Agreement. When a supermajority vote is required under Section 4.11 (Special Voting), action of the Board shall require an affirmative vote of the specified supermajority of all Directors who are present at the subject meeting. All votes taken pursuant to this Section 4.10.1 shall be referred to as a percentage vote. Notwithstanding the foregoing, in the event of a tie in a percentage vote, the Board can break the tie and act upon an affirmative voting shares vote as described in section 4.10.2 (Voting Shares Vote).

4.10.2 Voting Shares Vote. In addition to and immediately after an affirmative percentage vote three or more Directors may request that a vote of the voting shares shall be held. In such event, the corresponding voting shares, as described in section 4.10.3, of all Directors voting in order to take an action shall exceed 50%, or such other higher voting shares percentage expressly required by this Agreement or the Operating Policies and Procedures of all Directors who are present at the subject meeting. All votes taken pursuant to this Section 4.10.2 shall be referred to as a voting shares vote. In the event that any one Director has a voting share that equals or exceeds that which is necessary to disapprove the matter being voted on by the Board, at least one other Director shall be required to vote in the negative in order to disapprove such matter. When a voting shares vote is held, action by the Board requires both an affirmative percentage vote and an affirmative voting shares vote.

4.10.3 Voting Shares Formula. When a voting shares vote is requested by three or more Directors, voting shares of the Directors shall be determined by the following formula:

(Annual Energy Use/Total Annual Energy) multiplied by 100, where (a) "Annual Energy Use" means (i) with respect to the first two years following the Effective Date, the annual electricity usage, expressed in kilowatt hours ("kWh"), within the Party's respective jurisdiction and (ii) with respect to the period after the second anniversary of the Effective Date, the annual electricity usage, expressed in kWh, of accounts within a Party's respective jurisdiction that are served by the Authority and (b) "Total Annual Energy" means the sum of all Parties' Annual Energy Use.

4.11 **Special Voting.**

4.11.1 Except as provided below, matters that require Special Voting as described in this Section shall require 72 hours prior notice to any Brown Act meeting or special meeting. Two-thirds vote (or such greater vote as required by state law) of the appointed Directors shall be required to take any action on the following:

- (a) Change the designation of Treasurer or Auditor of the Authority;
- (b) Issue bonds or other forms of debt;
- (c) Exercise the power of eminent domain, subject to prior approval by the passage of an authorizing ordinance or other legally sufficient action by the affected Party; and
- (d) Amend this Agreement or adopt or amend the bylaws of the Authority. At least 30 days advance notice shall be provided for such actions. The Authority shall also provide prompt written notice to all Parties of the action taken and enclose the adopted or modified documents.

5. **INTERNAL ORGANIZATION**

5.1 **Chair and Vice Chair.** For each fiscal year, the Board shall elect a Chair and Vice Chair from among the Directors. The term of office of the Chair and Vice Chair shall continue for one year, but there shall be no limit on the number of terms held by either the Chair or Vice Chair. The Chair shall be the presiding officer of all Board meetings, and the Vice Chair shall serve in the absence of the Chair. The Chair shall sign all contracts on behalf of the Authority, and shall perform such other duties as may be imposed by the Board. In the absence of the Chair, the Vice-Chair shall sign contracts and perform all of the Chair's duties. The office of the Chair or Vice Chair shall be declared vacant and a new selection shall be made if: (a) the person serving dies, resigns, or the Party that the person represents removes the person as its representative on the Board, or (b) the Party that he or she represents withdraws from the Authority pursuant to the provisions of this Agreement. Upon a vacancy, the position shall be filled at the next regular meeting of the Board held after such vacancy occurs or as soon as practicable thereafter. Succeeding officers shall perform the duties normal to said offices.

5.2 **Secretary.** The Board shall appoint a Secretary, who need not be a member of the Board, who shall be responsible for keeping the minutes of all meetings of the Board and all other office records of the Authority.

5.3 **Treasurer.** The Board shall appoint a qualified person to act as the Treasurer, who need not be a member of the Board. Unless otherwise exempted from such

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requirement, the Authority shall cause an independent audit to be made by a certified public accountant, or public accountant, in compliance with Section 6506 of the Act. The Treasurer shall act as the depository of the Authority and have custody of all the money of the Authority, from whatever source, and as such, shall have all of the duties and responsibilities specified in Section 6505.5 of the Act. The Board may require the Treasurer to file with the Authority an official bond in an amount to be fixed by the Board, and if so requested the Authority shall pay the cost of premiums associated with the bond. The Treasurer shall report directly to the Board and shall comply with the requirements of treasurers of incorporated municipalities. The Board may transfer the responsibilities of Treasurer to any person or entity as the law may provide at the time.

- 5.4 **Auditor.** The Board shall appoint a qualified person to act as the Auditor, who shall not be a member of the Board. The Board may require the Auditor to file with the Authority an official bond in an amount to be fixed by the Board, and if so requested the Authority shall pay the cost of premiums associated with the bond.
- 5.5 **Executive Director.** The Board shall appoint an Executive Director for the Authority, who shall be responsible for the day-to-day operation and management of the Authority and the CCA Program. The Executive Director may exercise all powers of the Authority, except those powers specifically reserved to the Board including but not limited to those set forth in Section 4.5 (Specific Responsibilities of the Board) of this Agreement or the Operating Policies and Procedures, or those powers which by law must be exercised by the Board. The Executive Director may enter into and execute any Energy Contract, in accordance with criteria and policies established by the Board.
- 5.6 **Bonding of Persons Having Access to Property.** Pursuant to the Act, the Board shall designate the public officer or officers or person or persons who have charge of, handle, or have access to any property of the Authority exceeding a value as established by the Board, and shall require such public officer or officers or person or persons to file an official bond in an amount to be fixed by the Board.
- 5.7 **Other Employees/Agents.** The Board shall have the power by resolution to hire employees or appoint or retain such other agents, including officers, loan-out employees, or independent contractors, as may be necessary or desirable to carry-out the purpose of this Agreement.
- 5.8 **Privileges and Immunities from Liability.** All of the privileges and immunities from liability, exemption from laws, ordinances and rules, all pension, relief, disability, workers' compensation and other benefits which apply to the activities of officers, agents or employees of a public agency when performing their respective functions shall apply to the officers, agents or employees of the Authority to the same degree and extent while engaged in the performance of any of the functions and other duties of such officers, agents or employees under this

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Agreement. None of the officers, agents or employees directly employed by the Board shall be deemed, by reason of their employment by the Authority to be employed by the Parties or by reason of their employment by the Authority, to be subject to any of the requirements of the Parties.

5.9 **Commissions, Boards and Committees.** The Board may establish any advisory commissions, boards and committees as the Board deems appropriate to assist the Board in carrying out its functions and implementing the CCA Program, other energy programs and the provisions of this Agreement. The Board may establish rules, regulations, policies, bylaws or procedures to govern any such commissions, boards, or committees and shall determine whether members shall be compensated or entitled to reimbursement for expenses.

5.9.1 The Board shall establish the following Advisory Committees:

- (a) **Executive Committee.** The Board shall establish an executive committee consisting of a smaller number of Directors. The Board may delegate to the Executive Committee's such authority as the Board might otherwise exercise, except that the Board may not delegate authority regarding certain essential functions, including but not limited to, approving the fiscal year budget or hiring or firing the Executive Director, and other functions as provided in the Operating Policies and Procedures. The Board may not delegate to the Executive Committee or any other committee its authority under Section 3.2.12 to adopt and amend the Operating Policies and Procedures.
- (b) **Finance Committee.** The Board shall establish a finance committee consisting of a smaller number of Directors. The primary purpose of the Finance Committee is to review and recommend to the Board:
 - (1) A funding plan;
 - (2) A fiscal year budget;
 - (3) Financial policies and procedures to ensure equitable contributions by Parties;
 - (4) Such other responsibilities as provided in the Operating Policies and Procedures, including but not limited to policies, rules and regulations governing investment of surplus funds, and selection and designation of financial institutions for deposit of Authority funds.
- (c) **Community Advisory Committee.** The Board shall establish a community advisory committee comprised of members of the

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public representing key stakeholder communities. The primary purpose of the Community Advisory Committee shall be to provide a venue for ongoing citizen support and engagement in the operations of the Authority.

- (d) **Meetings of the Advisory Committees.** All meetings of the Advisory Committees shall be held in accordance with the Ralph M. Brown Act. For the purposes of convening meetings and conducting business, unless otherwise provided in the bylaws, a majority of the members of the Advisory Committee shall constitute a quorum for the transaction of business, except that less than a quorum or the secretary of each Advisory Committee may adjourn meetings from time-to-time. As soon as practicable, but no later than the time of posting, the Secretary of the Advisory Committee shall provide notice and the agenda to each Party, Director and Alternate Directors.
- (e) **Officers of Advisory Committees.** Unless otherwise determined by the Board, each Advisory Committee shall choose its officers, comprised of a Chairperson, a Vice-Chairperson and a Secretary.

6. IMPLEMENTATION ACTION AND AUTHORITY DOCUMENTS

6.1 Preliminary Implementation of the CCA Program.

- 6.1.1 **Enabling Ordinance.** In addition to the execution of this Agreement, each Party shall adopt an ordinance in accordance with Public Utilities Code Section 366.2(c)(12) for the purpose of specifying that the Party intends to implement a CCA Program by and through its participation in the Authority.
- 6.1.2 **Implementation Plan.** The Authority shall cause to be prepared and secure Board approval of an Implementation Plan meeting the requirements of Public Utilities Code Section 366.2 and any applicable Public Utilities Commission regulations as soon after the Effective Date as reasonably practicable. .
- 6.1.3 **Termination of CCA Program.** Nothing contained in this Section 6 or this Agreement shall be construed to limit the discretion of the Authority to terminate the implementation or operation of the CCA Program at any time in accordance with any applicable requirements of state law.

- 6.2 **Authority Documents.** The Parties acknowledge and agree that the affairs of the Authority will be implemented through various documents duly adopted by the Board through Board resolution or minute action, including but not necessarily limited to the Operating Policies and Procedures, the annual budget, and specified plans and policies defined as the Authority Documents by this Agreement. The

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Parties agree to abide by and comply with the terms and conditions of all such Authority Documents that may be adopted by the Board, subject to the Parties' right to withdraw from the Authority as described in Section 8 (Withdrawal and Termination) of this Agreement.

7. FINANCIAL PROVISIONS

7.1 Fiscal Year. The Authority's fiscal year shall be 12 months commencing July 1 and ending June 30. The fiscal year may be changed by Board resolution.

7.2 Depository.

7.2.1 All funds of the Authority shall be held in separate accounts in the name of the Authority and not commingled with funds of any Party or any other person or entity.

7.2.2 All funds of the Authority shall be strictly and separately accounted for, and regular reports shall be rendered of all receipts and disbursements, at least quarterly during the fiscal year. The books and records of the Authority shall be open to inspection and duplication by the Parties at all reasonable times. The Board shall contract with a certified public accountant or public accountant to make an annual audit of the accounts and records of the Authority, which shall be conducted in accordance with the requirements of Section 6506 of the Act.

7.2.3 All expenditures shall be made in accordance with the approved budget and upon the approval of any officer so authorized by the Board in accordance with its Operating Policies and Procedures. The Treasurer shall draw checks or warrants or make payments by other means for claims or disbursements not within an applicable budget only upon the prior approval of the Board.

7.3 Budget and Recovery Costs.

7.3.1 Budget. The initial budget shall be approved by the Board. The Board may revise the budget from time to time as may be reasonably necessary to address contingencies and unexpected expenses. All subsequent budgets of the Authority shall be prepared and approved by the Board in accordance with the Operating Policies and Procedures.

7.3.2 Funding of Initial Costs. Subject to the approval of the Board of Supervisors, the County of Los Angeles has agreed to provide up to \$10 million for funding Initial Costs in establishing the Authority and implementing the CCA Program. In the event that the CCA Program becomes operational, the County of Los Angeles shall be reimbursed for the Initial Costs. The County and the Authority will execute an agreement specifying the terms and conditions of the Initial Costs provided by the

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County, including but not limited to: (a) Repayment of this amount, which shall be first priority in relation to all other indebtedness of the Authority; and (b) authorization for the County Auditor-Controller to conduct an audit of the Authority's books and records (including personnel records, as necessary) and/or investigation, following reasonable advance notice from the County, to ensure compliance with the terms and conditions of the agreement. The Authority may establish a reasonable time period over which such costs are recovered. In the event that the CCA Program does not become operational, the County shall not be entitled to any reimbursement of the Initial Costs they have paid from the Authority or any other Party.

7.3.3 **Program Costs.** The Parties desire that, to the extent reasonably practicable, all costs incurred by the Authority that are directly or indirectly attributable to the provision of electric services under the CCA Program, including the establishment and maintenance of various reserve and performance funds, shall be recovered through charges to CCA customers receiving such electric services.

7.3.4 **General Costs.** Costs that are not directly or indirectly attributable to the provision of electric services under the CCA Program, as determined by the Board, shall be defined as general costs. General costs shall be shared among the Parties on such bases as the Board shall determine pursuant to the Authority documents.

7.4 **Contributions.** Parties are not required under this Agreement to make any financial contributions. Consumers may subscribe as customers of the Authority pursuant to the Act and outside of this Agreement and through their on-bill selections.

7.4.1 A Party may, in the appropriate circumstance, and when agreed-to:

- (a) Make contributions from its treasury for the purposes set forth in this Agreement;
- (b) Make payments of public funds to defray the cost of the purposes of the Agreement and Authority;
- (c) Make advances of public funds for such purposes, such advances to be repaid as provided by written agreement; or
- (d) Use its personnel, equipment or property in lieu of other contributions or advances.
- (e) No Party shall be required to adopt any tax, assessment, fee or charge under any circumstances.

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- 7.5 **Accounts and Reports.** The Treasurer shall establish and maintain such funds and accounts as may be required by good accounting practice or by any provision of any trust agreement entered into with respect to the proceeds of any bonds issued by the Authority. The books and records of the Authority in the hands of the Treasurer shall be open to inspection and duplication at all reasonable times by duly appointed representatives of the Parties. The Treasurer, within 180 days after the close of each fiscal year, shall give a complete written report of all financial activities for such fiscal year to the Parties.
- 7.6 **Funds.** The Treasurer shall receive, have custody of and/or disburse Authority funds in accordance with the laws applicable to public agencies and generally accepted accounting practices, and shall make the disbursements required by this Agreement in order to carry out any of the purposes of this Agreement.

8. WITHDRAWAL AND TERMINATION

8.1 **Withdrawal**

- 8.1.1 **Withdrawal by Parties.** Any Party may withdraw its membership in the Authority, effective as of the beginning of the Authority's fiscal year, by giving no less than 180 days advance written notice of its election to do so, which notice shall be given to the Authority and each Party. Withdrawal of a Party shall require an affirmative vote of the Party's governing board.
- 8.1.2 **Amendment.** Notwithstanding Section 8.1.1 (Withdrawal by Parties) of this Agreement, a Party may withdraw its membership in the Authority upon approval and execution of an amendment to this Agreement provided that the requirements of this Section 8.1.2 are strictly followed. A Party shall be deemed to have withdrawn its membership in the Authority effective 180 days after the Board approves an amendment to this Agreement if the Director representing such Party has provided notice to the other Directors immediately preceding the Board's vote of the Party's intention to withdraw its membership in the Authority should the amendment be approved by the Board.
- 8.1.3 **Continuing Liability; Further Assurances.** A Party that withdraws its membership in the Authority may be subject to certain continuing liabilities, as described in Section 8.4 (Continuing Liability; Refund) of this Agreement, including, but not limited to, Power Purchase Agreements. The withdrawing Party and the Authority shall execute and deliver all further instruments and documents, and take any further action that may be reasonably necessary, as determined by the Board, to effectuate the orderly withdrawal of such Party from membership in the Authority. The Operating Policies and Procedures shall prescribe the rights if any of a withdrawn Party to continue to participate in those Board

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discussions and decisions affecting customers of the CCA Program that reside or do business within the jurisdiction of the Party.

- 8.2 **Involuntary Termination.** This Agreement may be terminated with respect to a Party for material non-compliance with provisions of this Agreement or the Authority Documents upon an affirmative vote of the Board in which the minimum percentage vote and percentage voting shares, as described in Section 4.10 (Board Voting) of this Agreement, shall be no less than 67% excluding the vote and voting shares of the Party subject to possible termination. Prior to any vote to terminate this Agreement with respect to a Party, written notice of the proposed termination and the reason(s) for such termination shall be delivered to the Party whose termination is proposed at least 30 days prior to the regular Board meeting at which such matter shall first be discussed as an agenda item. The written notice of proposed termination shall specify the particular provisions of this Agreement or the Authority Documents that the Party has allegedly violated. The Party subject to possible termination shall have the opportunity at the next regular Board meeting to respond to any reasons and allegations that may be cited as a basis for termination prior to a vote regarding termination. A Party that has had its membership in the Authority terminated may be subject to certain continuing liabilities, as described in Section 8.4 (Continuing Liability; Refund) of this Agreement. In the event that the Authority decides to not implement the CCA Program, the minimum percentage vote of 67% shall be conducted in accordance with Section 4.10 (Board Voting) of this Agreement.
- 8.3 **Mutual Termination.** This Agreement may be terminated by mutual agreement of all the Parties; provided, however, the foregoing shall not be construed as limiting the rights of a Party to withdraw its membership in the Authority, and thus terminate this Agreement with respect to such withdrawing Party, as described in Section 8.1 (Withdrawal) of this Agreement.
- 8.4 **Continuing Liability; Refund.** Upon a withdrawal or involuntary termination of a Party, the Party shall remain responsible for any claims, demands, damages, or liabilities arising from the Party's membership in the Authority through the date of its withdrawal or involuntary termination, it being agreed that the Party shall not be responsible for any claims, demands, damages, or liabilities arising after the date of the Party's withdrawal or involuntary termination. In addition, such Party also shall be responsible for any costs or obligations associated with the Party's participation in any program in accordance with the provisions of any agreements relating to such program provided such costs or obligations were incurred prior to the withdrawal of the Party. The Authority may withhold funds otherwise owing to the Party or may require the Party to deposit sufficient funds with the Authority, as reasonably determined by the Authority, to cover the Party's liability for the costs described above. Any amount of the Party's funds held on deposit with the Authority above that which is required to pay any liabilities or obligations shall be returned to the Party.

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8.5 **Disposition of Authority Assets.** Upon termination of this Agreement and dissolution of the Authority by all Parties, and after payment of all obligations of the Authority, the Board:

8.5.1 May sell or liquidate Authority property; and

8.5.2 Shall distribute assets to Parties in proportion to the contributions made by the existing Parties.

Any assets provided by a Party to the Authority shall remain the asset of that Party and shall not be subject to distribution under this section.

9. **MISCELLANEOUS PROVISIONS**

9.1 **Dispute Resolution.** The Parties and the Authority shall make reasonable efforts to settle all disputes arising out of or in connection with this Agreement. Before exercising any remedy provided by law, a Party or the Parties and the Authority shall engage in nonbinding mediation or arbitration in the manner agreed upon by the Party or Parties and the Authority. The Parties agree that each Party may specifically enforce this section 9.1 (Dispute Resolution). In the event that nonbinding mediation or arbitration is not initiated or does not result in the settlement of a dispute within 60 days after the demand for mediation or arbitration is made, any Party and the Authority may pursue any remedies provided by law.

9.2 **Liability of Directors, Officers, and Employees.** The Directors, officers, and employees of the Authority shall use ordinary care and reasonable diligence in the exercise of their powers and in the performance of their duties pursuant to this Agreement. No current or former Director, officer, or employee will be responsible for any act or omission by another Director, officer, or employee. The Authority shall defend, indemnify and hold harmless the individual current and former Directors, officers, and employees for any acts or omissions in the scope of their employment or duties in the manner provided by Government Code Section 995 et seq. Nothing in this section shall be construed to limit the defenses available under the law, to the Parties, the Authority, or its Directors, officers, or employees.

9.3 **Indemnification of Parties.** The Authority shall acquire such insurance coverage as is necessary to protect the interests of the Authority, the Parties and the public. The Authority shall defend, indemnify and hold harmless the Parties and each of their respective governing board members, officers, agents and employees, from any and all claims, losses, damages, costs, injuries and liabilities of every kind arising directly or indirectly from the conduct, activities, operations, acts and omissions of the Authority under this Agreement.

9.4 **Notices.** Any notice required or permitted to be made hereunder shall be in writing and shall be delivered in the manner prescribed herein at the principal

LOS ANGELES COMMUNITY CHOICE ENERGY – JOINT POWERS AGREEMENT

place of business of each Party. The Parties may give notice by (1) personal delivery; (2) e-mail; (3) U.S. Mail, first class postage prepaid, or a faster delivery method; or (4) by any other reasonable method deemed appropriate by the Board.

Upon providing written notice to all Parties, any Party may change the designated address or e-mail for receiving notice.

All written notices or correspondence sent in the described manner will be deemed given to a party on whichever date occurs earliest: (1) the date of personal delivery; (2) the third business day following deposit in the U.S. mail, when sent by “first class” mail; or (3) the date of transmission, when sent by e-mail or facsimile.

- 9.5 **Successors.** This Agreement shall be binding upon and shall inure to the benefit of the successors of each Party.
- 9.6 **Assignment.** Except as otherwise expressly provided in this Agreement, the rights and duties of the Parties may not be assigned or delegated without the advance written consent of all of the other Parties, and any attempt to assign or delegate such rights or duties in contravention of this Section 9.6 shall be null and void. This Agreement shall inure to the benefit of, and be binding upon, the successors and assigns of the Parties. This Section 9.6 does not prohibit a Party from entering into an independent agreement with another agency, person, or entity regarding the financing of that Party's contributions to the Authority, or the disposition of the proceeds which that Party receives under this Agreement, so long as such independent agreement does not affect, or purport to affect, the rights and duties of the Authority or the Parties under this Agreement.
- 9.7 **Severability.** If any one or more of the terms, provisions, promises, covenants, or conditions of this Agreement were adjudged invalid or void by a court of competent jurisdiction, each and all of the remaining terms, provisions, promises, covenants, and conditions of this Agreement shall not be affected thereby and shall remain in full force and effect to the maximum extent permitted by law.
- 9.8 **Governing Law.** This Agreement is made and to be performed in the State of California, and as such California substantive and procedural law shall apply.
- 9.9 **Headings.** The section headings herein are for convenience only and are not to be construed as modifying or governing the language of this Agreement.
- 9.10 **Counterparts.** This Agreement may be executed in any number of counterparts, and upon execution by all Parties, each executed counterpart shall have the same force and effect as an original instrument and as if all Parties had signed the same instrument. Any signature page of this Agreement may be detached from any counterpart of this Agreement without impairing the legal effect of any signatures thereon, and may be attached to another counterpart of this Agreement identical in form hereto but having attached to it one or more signature pages.

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- 9.11 **No Third Party Beneficiaries.** This Agreement and the obligations hereunder are not intended to benefit any party other than the Authority and its Parties, except as expressly provided otherwise herein. No entity that is not a signatory to this Agreement shall have any rights or causes of action against any party to this Agreement as a result of that party's performance or non-performance under this Agreement, except as expressly provided otherwise herein.
- 9.12 **Filing of Notice of Agreement.** Within 30 days after the Effective Date, or amendment thereto, the Secretary shall cause to be filed with the Secretary of State the notice of Agreement required by the Act.

IN WITNESS WHEREOF, each Party has caused this Agreement to be executed and attested by its proper officers thereunto duly authorized, its official seals to be hereto affixed, as follows:

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

LOS ANGELES COMMUNITY CHOICE ENERGY – JOINT POWERS AGREEMENT

COUNTY OF LOS ANGELES

By _____
Sachi A. Hamai
Chief Executive Officer

APPROVED AS TO FORM:

MARY C. WICKHAM
County Counsel

By _____
Senior Deputy County Counsel

CITY OF _____

By _____
Mayor

ATTEST:

By _____
City Clerk

LOS ANGELES COMMUNITY CHOICE ENERGY – JOINT POWERS AGREEMENT

Exhibit A – Members

The following entities are Parties of the Los Angeles Community Choice Energy Authority:

1. County of Los Angeles
2. City of _____



June 30, 2016

Mr. Howard Choy
County of Los Angeles
Energy Management Division
1100 N. Eastern Avenue
Los Angeles, CA 90063

SUBJECT: County of Los Angeles Community Choice Energy (LACCE) Business Plan

Dear Mr. Choy:

Please find attached EES Consulting, Inc.'s (EES) Community Choice Energy Business Plan (Plan) for the County of Los Angeles (County). This Plan represents the work product of EES and Bki in evaluating the prudence of implementing a Community Choice Energy organization for the County.

We want to thank you and your staff for your assistance in preparing this Plan. It has been a pleasure working with you on this project.

Please contact me directly if there are questions or if we may be of any further assistance.

Very truly yours,

A handwritten signature in cursive script that reads "Gary Saleba".

Gary Saleba
President

570 Kirkland Way, Suite 100
Kirkland, Washington 98033

Telephone: 425 889-2700 Facsimile: 425 889-2725
www.eesconsulting.com

A registered professional engineering and management services corporation

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Executive Summary

Background

The California legislature passed AB 117 in 2002 (amended in 2011 by SB 790) allowing all Cities, Counties, or groups of Cities and Counties to provide an electric power supply source to customers within their jurisdictions that are currently served by Southern California Edison, Pacific Gas & Electric or San Diego Gas & Electric. Community Choice Aggregation (CCA) or Community Choice Energy (CCE) is a customer opt-out program where the CCA provides power supply and behind the meter services, and the incumbent IOUs provide transmission and distribution (wires) service.

This Business Plan (Plan) evaluates the prudence of forming a CCA within the County of Los Angeles (County), the Los Angeles Community Choice Energy (LACCE). The proposed LACCE will provide power supply and behind the meter services, and Southern California Edison (SCE) will provide transmission and distribution services. Customers are part of the LACCE program until they proactively opt-out. This Plan estimates LACCE's power supply costs, administrative costs, electric loads, and future retail rates and compares LACCE's rates to the incumbent SCE. These forecast rates are compared to determine if the proposed LACCE can offer competitive rates, better products and superior customer service while also improving the environment and creating local jobs.

Description of LACCE

The proposed LACCE may include the unincorporated areas of the County and a number of Cities within the County. The unincorporated County average annual energy is 440 aMW (average Megawatts) and 900 MW peak while the total County potential service area average annual energy is estimated at 3,000 aMW and 7,000 MW peak. Energy consumption for the entire County area served by SCE is equal to more than 30 percent of SCE's total retail load.

For this Plan, it is assumed that service will be offered to customers in three phases. Phase 1 will include the County's own municipal facilities residing within the unincorporated County areas. In Phase 2, all customers located in the unincorporated County will be included in LACCE. Finally, service to customers from the Cities within the County will begin under Phase 3. Exhibit ES-1 summarizes this phased approach to forming LACCE, and the number of customers and amount of load attendant with each phase.

**Exhibit ES-1
Participation Schedule**

Phase	Start	Eligibility	Customer Accounts	Peak Load (MW)	Average Load aMW	LACCE Annual Revenues
Phase 1	January 2017	LA County Facilities within Unincorporated Area	1,728	40	20	\$25M
Phase 2	July 2017	All Customers in Unincorporated LA County	306,930	900	440	\$180M
Phase 3	To Be Determined	All Individual Cities	1,497,747	7,000	3,000	\$1,200M

Depending on the interest from Cities located in the County, Phase 1 and Phase 2 may also include customers from individual Cities. However, because of the number of Cities and the size of their associated loads, a phasing of implementation was assumed for this Plan. This phasing strategy enables LACCE to manage any start-up and operational issues before full scale operations are undertaken. In addition, this phasing strategy will allow LACCE’s third party electricity suppliers, scheduling agents and data management entities to ramp up power supply procurement and bill processing over several months. Because it is not yet clear which Cities are interested in joining LACCE, this Plan explores the prudence of the first two phases being undertaken over a 20-year forecast period. It is anticipated that the results of this Plan are scalable as additional Cities join LACCE. Adding more customers than assumed in the Plan will increase revenues and further reduce LACCE rates.

By the end of Phase 2, LACCE is projected to serve a potential of over 300,000 retail customers and have annual electricity sales potential of over 3,800 GWh (Gigawatt-hours). Annual revenues to LACCE during Phase 2 operations are projected to be approximately \$180 million.

Governance

The feasibility, analysis and development of LACCE is currently being conducted by the Office of Sustainability within the County’s Internal Services Department. While LACCE could, in theory, be an organization operated within the County’s existing governance, it is anticipated that a JPA will be formed to provide the legal structure of LACCE. A JPA provides a more flexible framework for LACCE and historically has been the preferred structure for an organization like LACCE. Additionally, a JPA provides financial risk mitigation for its local government members.

Given the above, a key next step in the formation of LACCE is the creation of the JPA (created when two jurisdictions agree to join the JPA). Initiating LACCE operations will then require a governing authority to execute service contracts for LACCE formation and operations.

Alternatively, while a JPA is being finalized and implemented, the Office of Sustainability could manage Phase I operations of LACCE, if directed by the Board of Supervisors.

Risks

All businesses face risks and uncertainty. For LACCE, the major risks will be operational and regulatory. These risks are dealt with extensively later in the Plan. In summary, the Plan concludes that these risks are manageable and that no reasonable set of circumstances will result in LACCE's rates being higher than SCE's for comparable products.

Plan Results

This Plan evaluates the cost and resulting rates of operating LACCE, and compares these rates to a rate forecast for SCE. The analysis begins with a 20-year forecast of electrical loads and customers, incorporates several power supply resource portfolio options, and allows for the sensitivity testing of input assumptions. LACCE customers will see no obvious changes in electric service other than a lower price and increased renewable resources in their power supply resource mix. Customers will pay the power supply charges set by LACCE and no longer pay the costs of SCE power supply.

In addition to paying LACCE's power supply rate, LACCE customers will pay the SCE delivery (wires) rate and all other non-power supply related charges on the SCE bill to include Franchise Fees and Utility User Taxes.

LACCE will establish rates sufficient to recover all costs related to operation of the CCE. It is anticipated that LACCE's rate designs initially will mirror the structure of SCE's rates so that rates similar to SCE's can be provided to LACCE's customers. In setting rates, the Plan's financial analysis assumes the customer phase-in schedule noted above and assumes that the implementation costs are largely financed via a start-up loan.

The first consequence for forming LACCE is the retail rate impact as illustrated on ES-2. ES-2 shows SCE's current total bundled rates of 28 percent renewable power compared to three LACCE rate options. Bundled rates are the "all in" price for electricity delivered to the customer's meter. The Plan's Resource Portfolio Standard (RPS) rate assumes renewable energy is 28 percent of LACCE's initial power supply portfolio and increased per the State's RPS mandate.

For reference, the column headers noted on ES-2 are summarized below.

- RPS Bundled – LACCE rates with the same share (28 percent) of renewables as SCE's current power supply.
- 50% Green Bundled Rate – LACCE rates with 50 percent renewable power.
- 100% Green Bundled Rates – LACCE rates with 100 percent renewable power.

A rate schedule comparison of LACCE's rates and SCE's rates follows.

Exhibit ES-2
Indicative Rate Comparison in ¢/kWh

Rate Class	Customer Type	SCE Bundled Rate*	LACCE RPS Bundled Rate	LACCE 50% Green Bundled Rate	LACCE 100% Green Bundled Rate
Residential	Domestic	17.1	16.2	16.4	18.2
GS-1	Commercial	16.6	15.7	15.9	17.7
GS-2	Commercial	15.8	15.0	15.2	16.9
GS-3	Industrial	14.5	13.8	13.9	15.5
PA-2	Public Authority	12.6	12.0	12.1	13.4
PA-3	Public Authority	10.4	9.9	10.0	11.1
TOU-8 Secondary	Domestic	13.1	12.4	12.6	14.0
TOU-8 Primary	Commercial	11.7	11.1	11.2	12.5
TOU-8 Substation	Industrial	7.5	7.1	7.2	8.0
Total LACCE Rate Savings			5.4%	4.1%	(6.3%)

*SCE bundled average rate based on Table 3 in Advice 3319-E-A.

As can be seen above, the LACCE RPS residential rate is 0.9¢/kWh or 5.4 percent lower than what SCE currently offers with an equal amount of renewable power (28 percent). The LACCE residential rate with 50 percent renewable power (compared to SCE’s 28 percent) is 0.7¢/kWh or 4.1 percent lower for roughly twice the amount of green renewable power. The LACCE residential rate with 100 percent green power (compared to SCE’s 28 percent) is 1.1¢/kWh or 6.3 percent higher, but this additional amount comes with almost four times more renewable power than the comparable SCE rate.

As an alternative to its standard rates with 28 percent renewable power, SCE also offers rates which feature 50 percent and 100 percent renewable power. For the residential customers, SCE estimates energy costs to be 3.5 cents per kWh higher for each kWh served on the green rate. The LACCE rates for 50 percent and 100 percent renewable power for residential customers are therefore estimated at 12-13% percent lower than SCE’s.

The rates calculated under this Plan are for comparison to SCE rates only. Under formal operations, the LACCE governance will determine the actual rates to be offered to customers. For example, LACCE may decide to offer the 50% renewables rate as the base tariff to customers if the environmental benefits far outweigh a minor difference in cost compared to the RPS base case.

Finally, it should be noted that these rate comparisons assume all savings will go towards rate reductions. It is likely that the LACCE governing body may opt to place some of these savings into a financial reserve account for use at other times when needed and/or to accelerate the payoff of start-up and initial operations financing.

Renewable Energy Impacts

A second consequence of forming LACCE will be an anticipated increase in the proportion of energy supplied by renewable resources used by LACCE customers. The Plan includes procurement of renewable energy sufficient to meet 50 percent or more of LACCE customer’s electricity needs at start up. The majority of this renewable energy will be met by renewable energy purchased on the wholesale market or newly constructed renewable resources. By 2020, SCE must procure a

minimum of 33 percent of its customers' annual electricity usage from renewable resources due to the State's RPS mandate and the Energy Action Plan requirements of the California Public Utilities Commission (CPUC). In contrast, LACCE customers will target 50 percent renewable power by 2017, which will come from new and some local renewable resources.

Energy Efficiency Programs

A third consequence of the Program will be an increase in energy efficiency program investments and activities. The existing energy efficiency programs administered by SCE will not change as a result of LACCE. LACCE customers will continue to pay the Public Goods Charges to SCE. This charge funds energy efficiency programs for all customers, regardless of power supply provider. The energy efficiency programs ultimately planned by LACCE will be in addition to the level of energy efficiency investment currently provided by SCE. Thus, LACCE has the potential to increase energy savings with an attendant reduction in emissions due to expanded energy efficiency programs.

LACCE will likely establish a program which offers a combination of retail tariffs, rebates, incentives and other bundled offerings intended to increase customer participation in demand-side management programs including: renewable distributed generation, energy storage, energy efficiency, demand response, electric vehicle charging, and other clean energy benefits defined as Distributed Energy Resources (DER). LACCE will work with State agencies and SCE to promote deployment of DERs in specific and targeted locations throughout SCE's distribution grid, and preferably within the County, in order to help support efficient grid operations and maintenance as part of the development of the future "smart grid."

The Southern California Regional Energy Network (SoCalREN), administered by the Office of Sustainability and authorized by the California Public Utilities Commission (CPUC) as an independently administered energy efficiency program in 2012, will serve as a platform for providing the services described above as it already receives funding under the CPUC's Energy Efficiency Program and is active in current CPUC proceedings designed to accelerate the implementation of local DERs.

Economic Development

The fourth consequence of LACCE will be significant economic development. So far, the analyses contained in this Plan focused on the direct effects of forming LACCE. However, in addition to these direct effects, the formation of LACCE will create indirect economic effects. These include increased local investments, increased disposable income due to bill savings, and improved environmental and health conditions.

Exhibit ES-3 shows the economic impact resulting from \$20 million in electric bill savings across the County. The \$20 million rate savings represents the estimated bill savings per year achievable by LACCE once Phase 3 operations begin. Based upon a macroeconomic input/output model employed for this Plan, it is estimated that these savings will create approximately 211 additional jobs in the County and over \$9.6 million in labor income. It is also estimated that the total value added will be approximately \$15.9 million and output close to \$24.2 million.

Exhibit ES-3 \$20 Million Rate Savings Effects on County Economy				
Impact Type	Employment	Labor Income	Total Value Added	Output
Direct Effect	98.3	\$3,674,939	\$5,376,863	\$7,099,612
Indirect Effect	10.4	\$608,838	\$1,057,593	\$1,677,591
Induced Effect	102.1	\$5,319,262	\$9,472,599	\$15,391,851
Total Effect	210.7	\$9,603,040	\$15,907,056	\$24,169,054

In addition to increased economic activity due to electric bill savings, potential local projects can also create job and economic growth within the County. As an example of the macroeconomic activity caused by local DER deployment, this Plan assumes the installation of 50 crystalline silicon, fixed mount solar systems with nameplate capacities of 1 MW each for a total capacity of 50 MW. Overall, the building of a 50 MW solar project is projected to create \$87 million in earnings and \$188 million in output (GDP) in the local economy along with 1,636 jobs during construction and 14 full-time jobs ongoing. It is anticipated that LACCE will ultimately install a number of larger local solar projects such as the one described. LACCE will need between 2,000 – 3,000 MW of solar at build-out. As such, the total economic benefit of LACCE’s renewable resource could be 40 – 60 times those estimated above. Local clean projects development under LACCE may serve as a platform for accelerating local hiring programs and job training programs for underserved labor sectors and communities.

Green House Gas Impacts

The fifth consequence of forming LACCE will be significant environment benefits. The share of renewable power in SCE’s power supply portfolio is currently 28 percent¹ and is scheduled to shift to 33 percent by 2020. LACCE is committed to reductions in greenhouse gas emissions. If LACCE achieves its 50 percent RPS target at start-up, GHG emissions reductions attributable to LACCE operations in 2019 will range from 289,080 to 505,890 tons CO₂ equivalent (CO₂e) per year relative to SCE’s projected resource mix over the same period. Exhibit ES-4 details these reductions.

Exhibit ES-4 Baseline Comparison of GHG Reduction by LACCE			
	2017	2018	2019
Forecast Renewables (50% Renewables)			
LACCE (MWH) – Phase 2	1,438,275	1,459,854	1,459,854
LACCE RPS (MWH) – Phase 2	730,029	737,154	737,154
Additional Green Power (MWH)	708,246	722,700	722,700
CO ₂ reduction – Low (Metric Tons of CO ₂ e)	283,298	289,080	289,080
CO ₂ reduction – High (Metric tons of CO ₂ e)	495,772	505,890	505,890

¹ http://www.cpuc.ca.gov/RPS_Homepage/

These reductions in GHG emissions associated with LACCE operations are significant. Assuming only Phase 2 loads (all unincorporated County loads) are being met by LACCE, CO₂e emissions associated with in-County electricity use will be reduced by 1-2 percent. At full Phase 3 build-out, CO₂ emissions associated with in-County electricity use will be reduced roughly 12-25 percent by LACCE operations.

Summary

This Plan concludes that the formation of a CCA in Los Angeles County is financially prudent and will yield considerable benefits for the County's residents and businesses. These benefits include at least a 4 percent lower rate for electricity than is charged by SCE and roughly twice the amount of renewable resource deployment. With the achievement of Phase 2 operations, LACCE will reduce GHG emissions by as much as 500,000 tons of CO₂e per year, add hundreds of jobs, generate over \$24 million in additional GDP, and give the County and its residents local control over their power supply and distributed energy resource programs. At full build-out (Phase 3), LACCE will reduce in-County generation-related greenhouse gases by as much as 25 percent and total GHGs in the County by 6%. Finally, there is no reasonable set of risk-related circumstances that will result in LACCE's rates being higher than SCE's rates for comparable products.

Background

California's legislature passed AB 117 in 2002 (amended in 2011 by SB 790) allowing all Cities, Counties, or groups of Cities and Counties to provide electric service to customers currently served by Investor-Owned Utilities (IOUs). Community Choice Aggregation (CCA) is the legislative organization empowered to provide this service. A CCA is a customer opt-out program where the CCA provides power supply and behind the meter services, and the incumbent IOU provides transmission and distribution (wires) service. This legislation states that CCA will enable California to experience more competitive electricity rates, a more renewable power supply mix, and growth in local resources and associated economic activity. Currently, there are five CCAs operating in California and these utilities offer competitive rates for power supply that have a higher percentage of renewable resources. They have also proven to promote local economic activity and their associated benefits.

Several other California Cities and Counties are currently evaluating the feasibility of CCA formation within their jurisdictions. This information can be found in Appendix A.

There are several potential benefits of the CCA model in addition to competitive rates. Other benefits include local control over energy resources selection including renewable local projects, energy efficiency and a reduction in greenhouse gases (GHG). In addition, CCAs can minimize power supply rates and maximize renewable energy utilization with the attendant local jobs in the local community.

Objective

This Business Plan (Plan) evaluates the feasibility of forming a CCA within the County of Los Angeles (County) named the Los Angeles Community Choice Energy (LACCE). The proposed CCA will provide power supply and behind the meter services, and Southern California Edison (SCE) will provide transmission and distribution (wires) services. This Plan estimates LACCE's power supply costs, administrative costs, electric loads, and future retail rates for the proposed LACCE and incumbent Investor-Owned Utility (IOU), Southern California Edison (SCE). These forecast rates are compared to determine if the proposed LACCE can offer competitive rates, better products and superior customer service. A sound financial and operational foundation for LACCE must be achievable before the other desirable attributes of a CCA can be enjoyed.

LACCE Description

LACCE, as proposed, may include the unincorporated areas of the County and a number of Cities within the County. Unincorporated County average annual energy use is 440 aMW with a 900 MW peak while the total Plan area average annual energy use is estimated at 3,000 aMW with a 7,000 MW peak. Energy consumption for the entire LACCE area equals more than 30 percent of SCE's current retail loads.

For this Plan, it is assumed that service will be offered to customers in three phases. Phase 1 will include the County’s own facilities residing within the unincorporated County areas. In Phase 2, all customers located in the unincorporated County will be included into LACCE. Finally, service to customers from the Cities within the County will begin under Phase 3 and after LACCE is completely operational. However, Cities that are ready to participate early will be eligible under Phases 1 and 2. Exhibit 1 summarizes this phased approach to starting LACCE and the amount of load attendant with each phase.

Exhibit 1 Participation Schedule						
Phase	Start	Eligibility	Customer Accounts	Peak Load (MW)	Average Load (MWa)	LACCE Annual Revenues
Phase 1	January 2017	LA County Facilities within Unincorporated Area	1,728	40	20	\$25M
Phase 2	July 2017	All Customers in Unincorporated LA County	306,930	900	440	\$180M
Phase 3	To Be Determined	All Individual Cities	1,497,747	7,000	3,000	\$1,200M

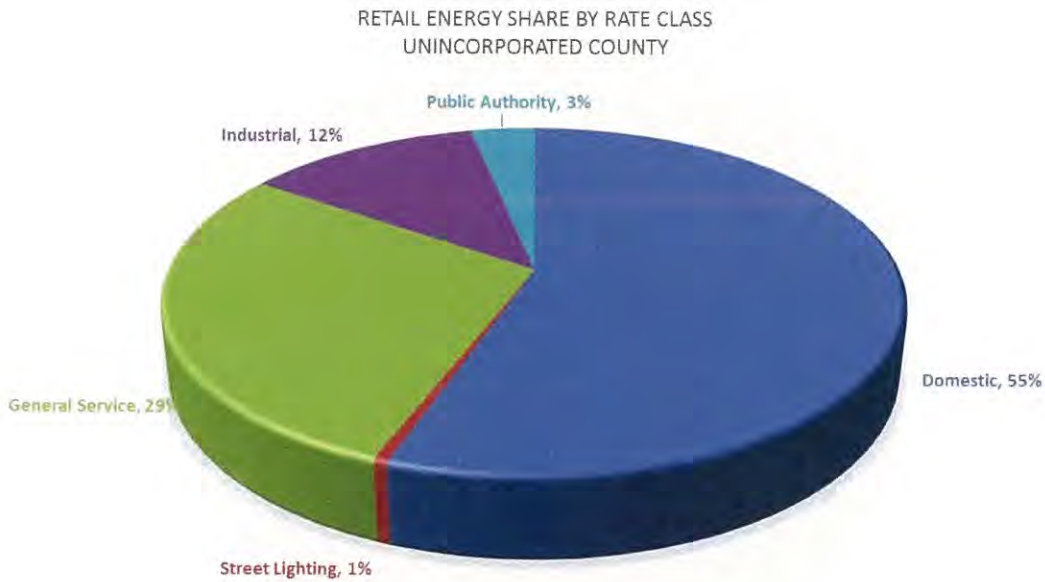
Customer Participation Schedule

Depending on the interest from Cities located in the County, Phase 1 and Phase 2 may include customers from individual Cities; however, because of the number of Cities and the size of their associated loads, a phasing strategy is assumed for this Plan. This phasing strategy enables LACCE to address any start-up and operational issues before full scale operations are undertaken. In addition, this strategy will allow LACCE’s third party electricity suppliers, scheduling agents and data managers to ramp up their activities over several months.

Because it is not yet clear when Cities will join LACCE, this Plan explores the feasibility of only the first two phases. It is anticipated that the results of this Plan are scalable as additional Cities join LACCE. However, a few of the key statistics and benefits that LACCE provides have also been noted under full-scale participation of Phase 3. Additional load from other Cities will increase LACCE’s revenues and lower overall rates.

By the end of Phase 2, LACCE is projected to serve a potential of over 300,000 retail customers and have annual electricity sales potential of over 3,800 GWh. Annual LACCE revenues at Phase 2 build-out are projected to be \$180 million. At full build-out for the entire County, gross revenues of \$1.2 billion are forecast. The breakdown of projected sales in Phase 2 by major customer class is shown in the following Exhibit 2.

Exhibit 2
Retail Energy Share by Rate Class



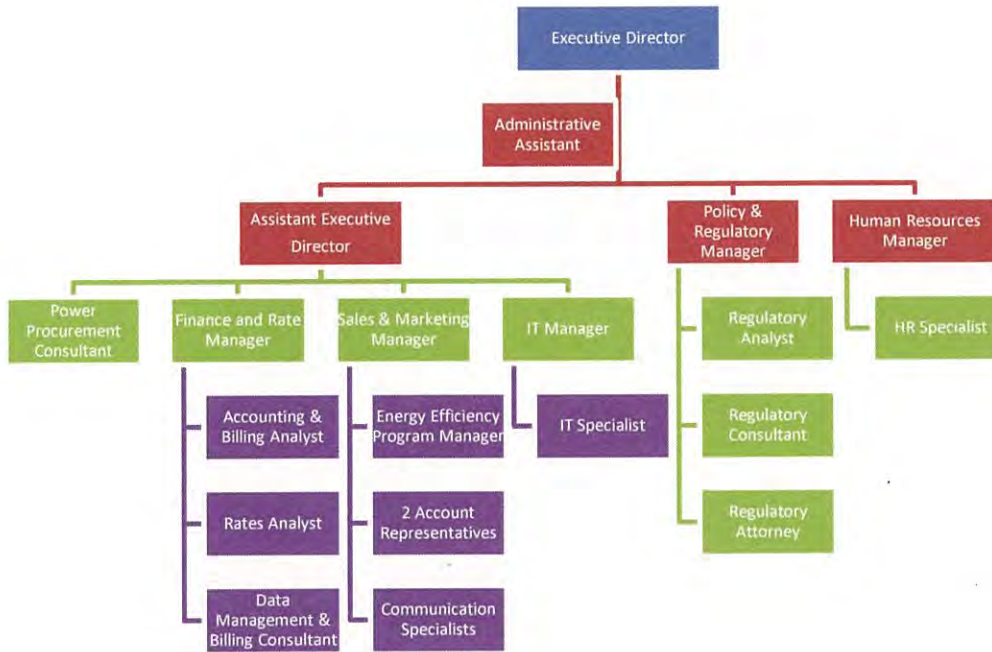
Summary of LACCE’s Proposed Governance and Operations

In the future, LACCE will likely be operated under the terms of a Joint Powers Agreement (JPA), which will promote, develop, and conduct electricity-related projects and programs for the County’s residences and businesses. The JPA agreement will dictate the governance provisions of LACCE. A description of LACCE operations and governance is described below.

LACCE activities will be overseen by the JPA’s Board of Directors (Board). This Board will have primary responsibility for managing all aspects of LACCE programs. Operations of LACCE programs will be the responsibility of an Executive Director, appointed by LACCE’s Board. The Executive Director will manage staff, contractors and third party providers, in accordance with the general policies established by the Board. LACCE has responsibilities over the functional areas of Finance, Legal/Regulatory, and Operations. LACCE will utilize a combination of internal staff and contactors. Certain specialized functions are needed within LACCE operations, namely those of electric supply and customer billing management.

If LACCE transitions most of its administrative and operational responsibilities to internally staffed positions sometime during Phase 2 operations, LACCE will have a full time staff of approximately 15 – 20 employees to perform its responsibilities, primarily related to program and contract management, legal and regulatory, finance and accounting, energy efficiency, marketing and customer service. Technical functions associated with managing and scheduling power suppliers and those related to retail customer billings will likely be performed by an experienced third party contractor. The proposed organization chart for LACCE is provided below.

**Exhibit 3
Organization Chart**



It is estimated that LACCE will need a bridge loan of roughly \$10 million to initiate LACCE and provide the working capital needed in Phase 1. Working capital requirements will increase to approximately \$40 million for Phase 2. Options for acquiring this funding are described later in the Plan.

Plan Methodology

This Plan evaluates the cost and resulting rates of operating LACCE and compares these rates to a SCE rate forecast. This pro forma 20-year feasibility analysis models the following cost components:

- Power Supply Costs:
 - Wholesale purchase
 - Renewable purchases
 - Procurement of resource adequacy capacity
 - Other power supply and charges
- Non-Power Supply Costs:
 - Start-up costs
 - LACCE staffing and administration costs
 - Consulting support
 - SCE and regulatory charges
 - Financing costs

- Pass-Through Charges from SCE:
 - Transmission and distribution charges
 - Power Cost Indifference Adjustment (PCIA) Charge
 - Other SCE non-bypassable charges

The modeled information above is used to determine the retail rates for LACCE. LACCE rates are then compared to the SCE projected rates for LACCE service area.

Plan Uncertainties

The results of this Plan are subject to uncertainties. These uncertainties are evaluated in the Plan's sensitivity analysis. The list below provides a discussion of the key uncertainties of this Plan.

- Market Price Forecasts – Market prices (and forecasts) are continually changing. The market price forecasts for electricity and natural gas utilized in this Plan are based on the best currently available information regarding future natural gas and electricity prices, and have been confirmed by recent wholesale power transactions in southern California. These types of forecasts vary over time. Thus, a range of market price forecasts are evaluated in the Plan's sensitivity analysis.
- Rate Forecasts – The Plan forecasts both LACCE and SCE rates over a 20-year study period. These forecasts are based on current information regarding inflation and other cost drivers. Unexpected impacts on rates are discussed in more detail in the Plan's sensitivity analysis.
- Forecasted Load and Customer Growth – The Plan bases the load forecasts on customer growth. Each of these forecasts includes a level of uncertainty. To illustrate the load uncertainty, low, medium, and high load forecasts are developed for the Plan's sensitivity analysis.
- Regulatory Risks – Unforeseen changes in legislation (California Public Utility Commission, State legislation and Federal Energy Regulatory Commission) may impact the results of this Plan. Sensitivities on these risks are also provided.

This sensitivity analysis shows that LACCE rate could be greater than SCE rates if:

- The PCIA becomes larger by orders of magnitude
- LACCE loads are much less than forecast
- Wholesale market prices are much less than current experience

Each of these three scenarios has a low risk of actually occurring. For example, wholesale market prices for natural gas/electricity are at all-time lows. The probability of any significant further lowering of these prices is judged to be very small. The PCIA level should be fairly stable going forward as regulatory remedies are in play to stabilize the PCIA. Additionally, the CCA vigilance in this area has increased markedly. A relatively high customer opt-out percentage has been assumed in this Plan as compared to those experienced by operating CCAs. It is very unlikely LACCE loads will not meet or exceed those assumed in the Plan. Finally, the California legislature promulgates energy legislation with some regularity. Most recently, SB 350 was passed which requires periodic filings by all utilities to document their respective power procurement strategies and requires all utilities to procure a large amount of power with contract terms greater than 10 years. While these

new requirements may be viewed as overly prescriptive, they apply to all utilities and should not affect the relative competitiveness of LACCE vis-à-vis SCE.

Plan Organization

This Plan is organized into the following main sections:

- Load Requirements
- Power Supply Strategy and Costs
- LACCE Cost of Service
- Products, Services, Rates Comparison and Environmental/Economic Considerations
- Sensitivity Analysis
- Summary and Recommendations

These Appendices are referenced throughout the balance of this Plan.

Load Requirements

Rates paid by LACCE customers will vary depending on load levels, power supply mix, power purchase strategy, stranded costs estimated via SCE’s Power Cost Indifference Adjustment (PCIA), and ultimately LACCE’s implementation strategy. This section of the Plan provides an overview of the forecast LACCE load levels. The other key areas noted above will be detailed in the remaining sections of the Plan.

LACCE JPA Membership Participation Rates

For the purpose of this Plan, it has been assumed that the development of LACCE will occur using a three-phase implementation structure. Phase 1 will include the County’s own facilities within the unincorporated County. Phase 2 will enroll all customers in the unincorporated County, while Phase 3 opens enrollment to all interested Cities within the County. Because the timing of Phase 3 is uncertain, this Plan examines the feasibility of a LACCE covering only unincorporated LA County (Phases 1 and 2). However, individual Cities could participate in LACCE starting in Phase 1 or Phase 2, if desired. This will require notification to LACCE of a City wishing to join that is early enough for proper power supply and data management issues to be resolved.

Exhibit 4 summarizes this phased approach to starting LACCE and the amount of load attendant with each phase.

Exhibit 4 Implementation Schedule						
Phase	Start	Eligibility	Customer Accounts	Peak Load (MW)	Average Load (MWa)	LACCE Annual Revenues
Phase 1	January 2017	LA County Facilities within Unincorporated Area	1,728	40	20	\$25M
Phase 2	July 2017	All Customers in Unincorporated LA County	306,930	900	440	\$180M
Phase 3	To Be Determined	All Individual Cities	1,497,747	7,000	3,000	\$1,200M

LACCE Customer Participation Rates

Before customers are served by LACCE, they will receive two notices from LACCE that will provide information needed to understand the terms and conditions of service from LACCE and explain how customers can opt-out, if desired. These notices will be provided 60 and 30 days before CCA launch. All customers that do not follow the opt-out process specified in the customer notices will be automatically enrolled into LACCE. Customers automatically enrolled will continue to have their electric meters read and will be billed for electric service by SCE. LACCE bill processed by SCE will show separate charges for power supply procured by LACCE, all other charges related to delivery of the electricity and other utility charges that will continue to be assessed.

Subsequent to commencement of service, customers will be given two additional opportunities to opt-out and return to SCE at 60 and 30 days after LACCE’s launch. Customers that opt-out between the initial switchover date and the close of the post enrollment opt-out period will be responsible for LACCE charges for the time they are served by LACCE but will not otherwise be subject to any charges for leaving LACCE. Customers that have not opted-out within sixty days of switchover to LACCE service will be deemed to have elected to become a participant in LACCE.

This Plan anticipates an overall customer participation rate of 100 percent during Phase 1, as service is being offered to County facilities. For Phase 2, it is assumed that approximately 75 percent of residential customers and 65 percent of non-residential customers will remain with LACCE. These opt-out assumptions are conservative estimates when compared to participation rates in other CCAs. For operating CCAs in California, roughly 85 percent of the applicable customers have stayed with the CCA. A sensitivity analysis is performed around this retail customer participation rate assumption to illustrate the impact on LACCE rates of higher and lower participation rates.

Historical Consumption

SCE provided historical customer consumption and data for the County areas served by SCE. This SCE data included non-coincident and coincident peak demands for the different rate classes plus monthly kWh energy consumption. This data included information from all 82 CCA-eligible Cities within the County plus the County’s unincorporated areas. These data inputs provided the basis for LACCE load forecasts. Exhibit 5 summarizes the rate schedules included in the SCE-provided data.

Exhibit 5 Rate Schedules Included in SCE Load Data		
Rate Class	Included Rate Schedules	Rate Schedule Description
Residential	DOM-S/M	Domestic Service – Single-Family Dwelling or individually metered Single-Family Dwelling in a Multifamily Accommodation
	DOM-M/M	Domestic Service – Multifamily Accommodation – Residential Hotel – Qualifying RV Park
	DOM-S/M-CARE	Domestic Service – California Alternate Rates
Small General Service	TOU-GS-1	Time-of-Use – General Service (< 20 kW)
Medium General Service	TOU-GS-2	Time-of-Use – General Service – Demand Metered (20 – 200 kW)
Large General Service	TOU-GS-3	Time-of-Use – General Service – Demand Metered (200 – 500 kW)
Industrial/Large Power	TOU-8-PRI	Time-of-Use – General Service – Large – Primary Transmission
	TOU-8-SEC	Time-of-Use – General Service – Large – Secondary Transmission
	TOU-8-SUB	Time-of-Use – General Service – Large - Subtransmission
Small/Medium Agricultural and Pumping	TOU-PA-2	Time-of-Use – Agricultural & Pumping – Small to Medium
Large Agricultural and Pumping	TOU-PA-3	Time-of-Use – Agricultural & Pumping – Large
Street Lighting	LS-1	Street and Highway Lighting – Unmetered Service – Company-Owned
Traffic Control	TC-1	Traffic Control Service

Based on this data, there are 1,497,747 SCE electric customers within the County served by SCE. Annual energy consumption for all of these customers was 26,290 GWh. Bundled customers (full service) make up over 99 percent of total customer accounts and comprise approximately 86 percent of the total energy use. Direct access customers account for only 0.7 percent of customers, but use nearly 16 percent of the annual energy. Exhibit 6 summarizes historic energy consumption and customer accounts for SCE customers within the County.

Exhibit 6				
Summary of Load Data by Customer Type				
Customer Category	Customer Accounts	Customer Accounts (% of total)	Annual Energy Use (MWh)	Energy Use (% of total)
SCE - Bundled Customers	1,497,747	99.3%	26,290,996	85.5%
Direct Access Customers	10,588	0.7%	4,465,290	14.5%
Total	1,508,335	100.0%	30,756,286	100.0%

Direct access customers purchase their power supply and other services from an electric service provider (ESP), rather than the incumbent utility. In California, eligibility for DA enrollment is currently limited to retail non-residential customers and enrollment is based on an annual lottery.² Customers classified as taking service under direct access arrangements were not included in this Plan, as it is assumed that these customers will remain with their current ESPs. Exhibit 7 shows consumption and customer counts by rate class for SCE’s bundled customers in the County.

Exhibit 7				
Summary of Bundled Load Data by Rate Class				
Rate Class	Customer Accounts	Customer Accounts (% of total)	Annual Energy Use (MWh)	Energy Use (% of total)
Residential	1,242,505	83%	7,721,755	29.0%
Small General Service	200,197	13%	2,368,901	9.0%
Medium General Service	35,591	2%	5,344,593	20.0%
Large General Service	2,630	0.2%	2,656,395	10.0%
Industrial/Large Power	1,112	0.1%	7,372,587	28.0%
Small/Medium Agricultural and Pumping	2,098	0.1%	289,617	1.1%
Large Agricultural and Pumping	226	0.02%	215,097	0.8%
Street Lighting	8,195	0.5%	300,571	1.1%
Traffic Control	5,193	0.3%	21,290	0.1%
Total	1,497,747	100.0%	26,290,996	100.0%

Customers located in CCA-eligible Cities within the County account for approximately 80 percent of SCE customers and 85 percent of annual energy usage in all of the County. Potential customers and energy consumption by location are shown in Exhibit 8.

² S.B. 286 (CA, 2015-2016 Reg. Sess.)

Exhibit 8
Summary of Bundled Load Data by Location

Location within LA County	Customer Accounts	Customer Accounts (% of total)	Annual Energy Use (MWh)	Energy Use (% of total)
Cities	1,190,816	80%	22,448,984	85%
Unincorporated	306,930	20%	3,841,822	15%
Total County	1,497,747	100%	26,290,996	100%

In addition to the SCE consumption data, SCE provided annual consumption, annual revenue and annual peak demands for County-owned buildings served by SCE. Exhibit 8 summarizes the energy consumption and customer counts for County facilities located in the Cities and unincorporated areas of the County. This data provides the basis for Phase 1 of LACCE’s Implementation Plan. Exhibit 9 shows that there are 3,358 total eligible County facilities in the County and these customers use approximately 472,892 MWh of energy per year. The number of County accounts are distributed nearly equally between Cities and unincorporated County areas, yet County buildings in Cities account for over two thirds of annual County electrical consumption.

Exhibit 9
Summary of LA County Facility Load Data by Location

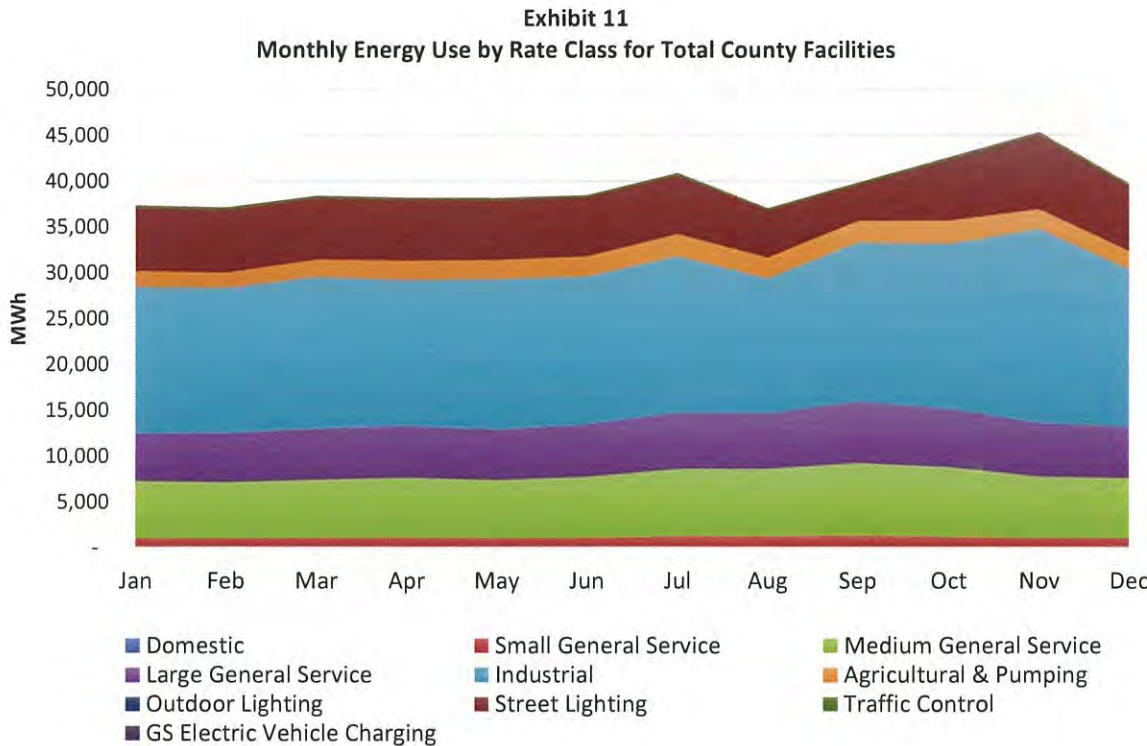
Location	Customer Accounts	Customer Accounts (% of total)	Annual Energy Use (MWh)	Energy Use (% of total)
Cities	1,630	49%	298,027	63%
Unincorporated	1,728	51%	174,865	37%
Total	3,358	100%	472,892	100%

Exhibit 10 shows energy consumption and customer distribution by rate class for all County-owned facilities. General service customers account for over half of the County customers (55 percent) and 35 percent of County loads.

Exhibit 10
Summary of LA County Facility Load Data by Rate Schedule

Rate Class	Customer Accounts	Customer Accounts (% of total)	Annual Energy Use (MWh)	Energy Use (% of total)
Domestic	71	2%	359	< 1%
Small General Service	1,361	41%	13,428	3%
Medium General Service	432	13%	81,666	17%
Large General Service	63	2%	69,606	15%
Industrial	30	1%	202,514	43%
Agricultural & Pumping	202	< 1%	25,650	5%
Outdoor Lighting	11	< 1%	20	< 1%
Street Lighting	340	10%	77,358	16%
Traffic Control	847	25%	2,290	< 1%
General Service Electric Vehicle Charging	1	< 1%	0.2	< 1%
Total	3,358	100%	472,892	100%

Since the County facilities data included annual totals only, assumptions were made to estimate monthly energy and monthly peak demands. Load profiles have been created, based on monthly loads for each rate schedule, from SCE-provided data. Load profiles were assigned to County facilities based on rate schedule. The resulting monthly energy distribution is illustrated in Exhibit 11. Monthly energy and customer estimates, by rate class and facility location, were used to adjust SCE data to avoid double-counting customers and energy when developing load forecasts.



Forecast Consumption and Customers

Upon enrollment of customers in each of LACCE’s implementation phases, customers will be switched over to service with LACCE on their next regularly scheduled meter read date. Forecast loads are needed to estimate LACCE revenue and power supply costs. A range of load forecasts have been developed at the rate class level for each phase of LACCE’s operations.

Average energy use per customer for residential and general service customers has been normalized to remove any abnormal weather impacts from the historic energy data. Going forward, projections for customers enrolled in LACCE and retail energy consumption have been forecast to increase at 1.5 percent per year. This forecast is based on the mid-case electricity demand forecasts for the SCE planning area, as reported to the California Energy Commission (CEC).³ Hourly electric

³ Southern California Edison. *California Energy Demand 2015 Revised - Mid Demand Case*. December 2015. Sacramento, CA: California Energy Commission.

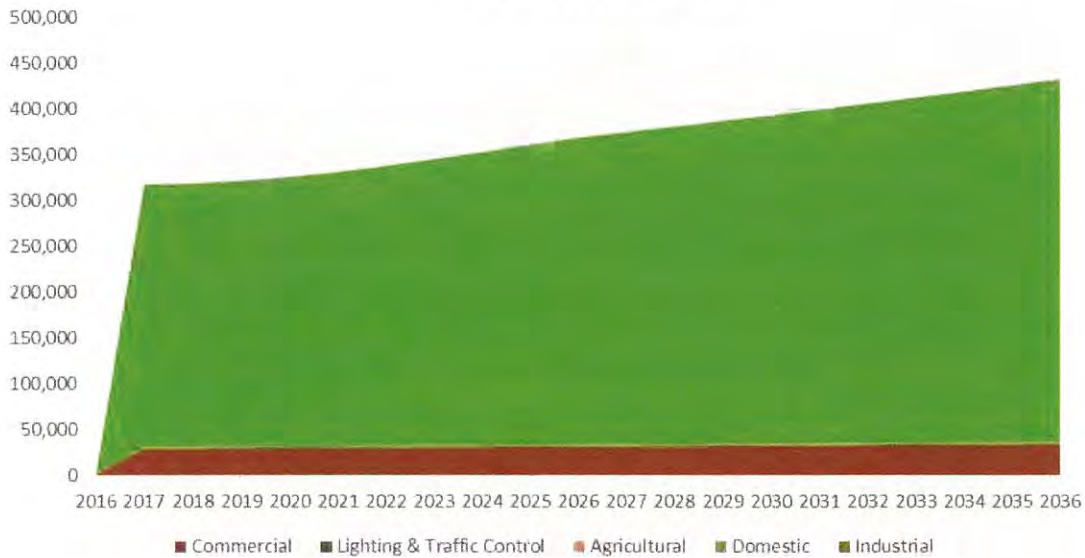
consumption and peak demands have been estimated based on SCE’s hourly load profiles for each customer classification.

The number of accounts served by LACCE at the beginning of each phase is shown in Exhibit 12.

Exhibit 12 Projected Customer Enrollments		
Program Customers	Phase 1	Phase 2
Domestic	43	286,656
Commercial	925	27,902
Industrial	10	135
Street Lighting & Traffic	686	1,288
Ag & Pump	64	986
Total	1,728	306,903

The forecast of service accounts (customers) served by LACCE for each of the next ten years is shown in Exhibit 13, which reflects an estimated annual growth of 1.5 percent and excludes other Cities.

Exhibit 13
Projected Service Accounts



The LACCE forecast of kWh sales reflects the roll-out and customer enrollment schedule shown above. The annual electricity needed to serve LACCE retail customers increases from just over 50 GWh in the first year to over 3,134 GWh by 2025. Annual energy requirements are shown below in Exhibit 14.

Exhibit 14
Projected Annual Energy Requirements

	2017	2018	2019	2020	2021	2022	2023	2024	2025
Retail Sales (MWh)	1,646,785	2,873,075	2,894,927	2,921,864	2,952,194	2,995,937	3,040,110	3,085,547	3,134,997
Losses (MWh)	105,353	198,565	200,173	202,091	204,226	207,276	210,312	213,442	216,846
Total Load Requirements (MWh)	1,752,137	3,071,640	3,095,099	3,123,954	3,156,421	3,203,213	3,250,422	3,298,989	3,351,843

Renewable Resource Requirement

In addition to estimating the potential retail loads and customers, current legislation requires that a certain percent of annual retail electric sales be supplied from qualified renewable energy resources.

SBX1-2 passed in April, 2011 established a 33 percent Renewable Portfolio Standard (RPS) requirement by 2020 with certain procurement targets prior to 2020. SBX1-2 also defined three types of renewable categories (or Buckets) that can be used to meet the RPS target.

Bucket 1 – Renewable resources located in California or out-of-state renewable resources that can meet strict scheduling requirement ensuring deliverability into California. According to SBX1 2 there are no limits on Bucket 1 renewable resources.

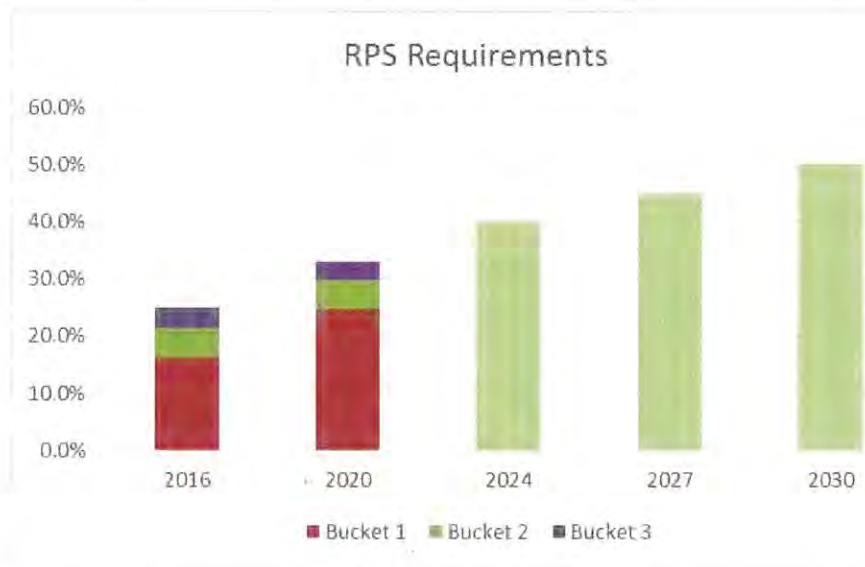
Bucket 2 – Bucket 2 renewable resources are firmed or shaped renewable resources not necessarily delivered to California, but an equivalent amount of energy is delivered from a different non-renewable resource and then bundled with Renewable Energy Certificates (RECs). Bucket 2 resources are limited to annual maximum of 20 percent of total RPS procurement through 2016 and 15 percent through 2020.

Bucket 3 – Bucket 3 consists of unbundled Renewable Energy Certificates (RECs) which are separated from the actual electric energy. Bucket 3 resources are limited to an annual maximum of 15 percent of total RPS procurement through 2016 and 10 percent through 2020.

In addition, SB350 increased the RPS requirement to 50 percent by 2030. At this time, the amount of REC's that can be used to meet the 50 percent RPS requirement has not been finalized.

Exhibit 15 provides an overview of the RPS requirements until 2030.

Exhibit 15
California RPS Requirements as a Percent of Total Power Supply



LACCE’s Plan has been developed assuming LACCE will meet a 50 percent RPS target as soon as possible through contracts, distributed generation and local resources.

LACCE will exceed SCE’s renewable energy percentage from the first day of its operations when it meets its 50 percent goal. LACCE will therefore significantly exceed the minimum RPS requirements and significantly exceed the renewable power share provided by SCE.

Resource Adequacy Requirements

In addition to determining the renewable resource requirement, LACCE will also need to demonstrate it has sufficient physical power supply capacity to meet its projected peak demand plus a 15 percent planning reserve margin. This requirement is in accordance with resource adequacy regulation administered by the CPUC and the California Energy Commission (CEC).

The CPUC's resource adequacy standards applicable to LACCE require a demonstration one year in advance that LACCE has secured physical capacity for 90 percent of its projected peak demand for each of the five months May through September, plus a minimum 15 percent reserve margin. On a month-ahead basis, LACCE must demonstrate 100 percent of the peak load plus a minimum 15 percent reserve margin.

The Plan’s load forecast estimates capacity needs, including resource capacity requirements, to be used for the power supply cost forecasting.

Power Supply Strategy and Costs

This section of the Plan provides a discussion of the power supply resource cost forecasts, potential power supply strategies that could be implemented by LACCE and provides portfolio pricing based on the loads projected for LACCE.

LACCE will be charged with developing both short (one and two-year) and long-term (five to twenty years) resource plans. LACCE will develop the resource plan under the guidance provided by the Joint Power Agency (JPA), in compliance with California law, and other requirements of California regulatory bodies (CPUC and CEC).

Long-term resource planning includes load forecasting and supply planning on a 10- to 20-year time horizon. LACCE's planners will develop integrated resource plans that meet their supply objectives and balance cost, risk, and environmental considerations. Integrated resource planning considers demand side energy efficiency and demand response programs as well as traditional supply options. LACCE will require a planning function even if the day-to-day supply operations are contracted to third parties. This will ensure that local preferences regarding the future composition of supply and demand resources are planned for, developed and implemented.

Resource Strategy

LACCE should seek to maximize the use of local, cost-effective renewable generation resources in its resource plan. The ability to invest capital in power supply and demand-side resources using tax-exempt financing is an important factor in LACCE's ability to increase the use of renewable energy while offering rates that are competitive with SCE. Power purchases from renewable and non-renewable resources will supply the remaining majority of the resource mix. LACCE's electric portfolio will be managed by a third party electric supplier, at least during the initial implementation period. Through a power services agreement, LACCE will obtain full service requirements electricity for its customers, including providing for all electric, ancillary services and the scheduling arrangements necessary to provide delivered electricity.

Resource Costs

For this Plan, individual resource costs are estimated and other energy providers based on current market condition, recent power supply contracts for renewable energy as well as a review of the applicable regulatory requirements.

Market Purchases

Natural gas-fired power plants are typically the marginal power supply resource that sets the electricity market price in southern California and elsewhere in the Western Energy Coordinating Council (WECC) footprint. WECC guides power supply resources west of the Rocky Mountains. As the market price of electricity is usually set by the cost of the marginal unit, a wholesale market price forecast has been developed using a forecast of natural gas prices and the projected relationship between gas price and electricity price (also defined as market-implied heat rates or

spark spreads). The projected market-implied heat rates reflect the average efficiency of gas-fired power plants in California. Projected heat rates are based on historic market-implied heat rates which are calculated by dividing historic southern California (SP15) wholesale market prices by historic southern California natural gas prices. A natural gas price forecast has been developed based on NYMEX forward gas prices for the Henry Hub trading hub and southern California basis differentials. Projected market heat rates have then been applied to the southern California natural gas price forecast to calculate a wholesale electric market price forecast for southern California.

The following steps have been taken to produce the wholesale electric market price forecast:

1. Forward prices for natural gas at Henry Hub are available through June 2025. A 3.5 percent annual growth rate is assumed after June 2025.
2. The southern California basis differential is used to adjust the Henry Hub forward prices to southern California prices. Southern California forward natural gas prices are equal to NYMEX forward prices (Henry Hub) plus the southern California basis. The southern California basis forward curve is available through December 2020. After December 2020, the monthly southern California basis is assumed to increase at 4 percent.
3. Projected monthly market-implied heat rates are multiplied by forecast southern California natural gas prices to calculate forecast southern California wholesale market prices.
4. Projected heat rates are based on historic heat rates (southern California wholesale electricity prices divided by SoCal natural gas prices).
5. Monthly market-implied heat rates are held constant in all years.
6. Forecast southern California prices are benchmarked against other market price forecasts.

Based on the methodology detailed above, southern California wholesale market prices are projected to escalate annually at an average rate of 3.9 percent over 2017 through 2036.

Exhibit 16 shows the forecast southern California natural gas prices.

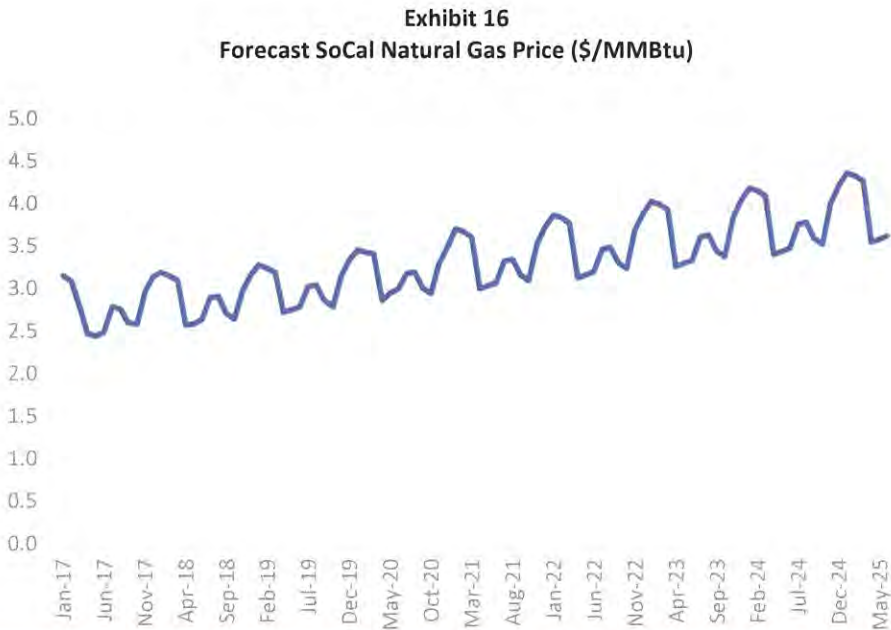
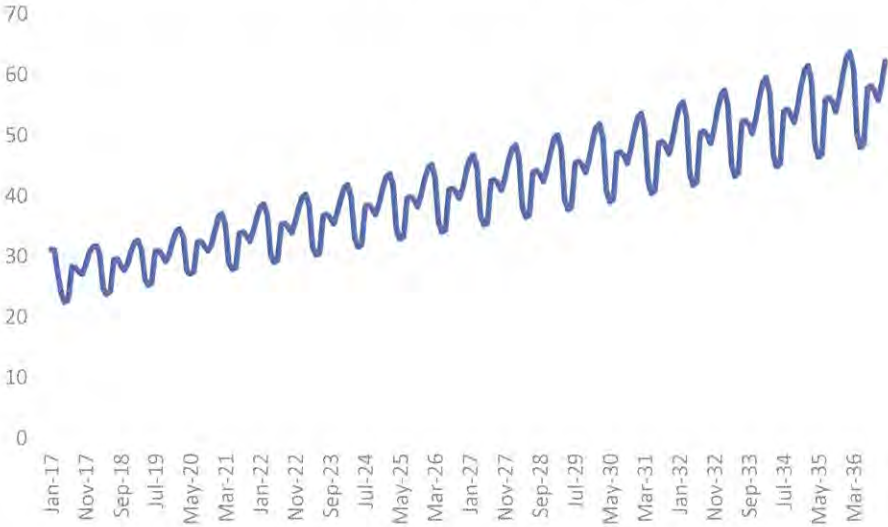


Exhibit 17 shows the resulting monthly southern California wholesale electric market price forecast. The levelized value of market prices over the study period is \$39.5/MWh (2016 \$) assuming a 4 percent discount rate.

Exhibit 17
Forecast Southern California Wholesale Market Prices (\$/MWh)



Wholesale power prices have been used to calculate balancing market purchases and sales. When LACCE’s loads are greater than its resource capabilities, LACCE’s scheduling agent will schedule balancing purchases and LACCE will incur balancing market purchase costs. When LACCE’s loads are less than its resource capabilities, LACCE’s scheduling agent will transact balancing sales and LACCE will receive market sales revenue. Balancing market purchases and sales can be transacted on a monthly, daily and hourly pre-schedule basis.

Renewable Energy

The wholesale market prices shown above are for “brown” power (i.e., this product does not come with any renewable energy credit (REC) attributes). The costs of renewable resources vary greatly. Wind and solar levelized project costs vary from \$35 to \$60/MWh. Geothermal project costs can vary from \$70 to \$100/MWh. The availability of off-shore wind and ocean power in the marketplace is fairly minimal and, as such, these resources were not included in the assessment of renewable energy market prices.

Based on a survey of renewable resources currently in operation and new projects coming on-line, a base case renewable energy market price of \$42/MWh has been determined. Renewable energy prices may increase in the future as the demand for renewable energy increases due to California’s RPS. However, renewable prices are being driven down by solar project costs which have declined sharply over the past few years and are expected to continue to decrease over the next 10 to 20

years. Again, the renewable energy prices have been independently confirmed by current market tenders in southern California.

Projected power costs in this Plan are calculated using the base case renewable energy market price of \$42/MWh. The amount of renewable energy purchased will be assumed to be equal to the RPS requirements in the base case. A higher case of 50 and 100 percent renewable energy will also be considered later in this Plan. In the “100 percent renewables” case the renewable energy market price was increased to \$52/MWh. The \$42/MWh price was based on an assumption that renewable purchases would be served almost exclusively with the output from solar projects. In the “100 percent renewables” case a higher price was assumed in recognition that a more diverse, and therefore more expensive, renewable energy portfolio would be needed. As such, the \$52/MWh is a blend of projected solar, geothermal and wind project costs. This is a conservative assumption as 100 percent solar power procurement is likely an achievable objective for LACCE.

Renewable Energy Credits (RECs)

As noted earlier, California load serving entities must purchase renewable energy or attributes that meet certain eligibility requirements across three categories or buckets. Each of the buckets represents a different type of renewable energy and can be used to meet a specific percent of the total. The shares of each bucket also changes over time. The three buckets and the type of energy included in each bucket can be summarized as follows:

- Bucket 1: In-state renewable generation
- Bucket 2: Firmed and shaped renewable energy products from a generator that has its first point of interconnection with a California Balancing Authority (such as the CAISO)
- Bucket 3: Energy is not included with the RECs (also known as unbundled RECs)

Under the current guidelines, the amount of RECs procured through Buckets 1 and 2 is limited and decreases over time. Historically, the first bucket has been the most expensive type of energy to purchase and load serving entities were only procuring the minimum they need to meet the RPS requirement. However, with the decrease in solar project costs, Bucket 1 has become relatively less expensive (compared to Buckets 2 and 3).

RECs are not viewed as good for the development of new projects. In addition, the REC market is not as liquid as it once was. For the Plan’s base case, unbundled REC prices are assumed to increase from \$10/REC in 2017 to \$20 in 2036 (3.7 percent annual escalation). Due to the decline in solar project costs (to near \$40/MWh), the cost of unbundled RECs to meet RPS requirements and wholesale market purchases to meet load are negligible. Due to this shift in market dynamics, Bucket 3 RECs are no longer the least expensive option (as they were historically).

The Plan assumes that LACCE will not rely on REC purchases to meet RPS requirements. The REC market can, however, be used to balance RPS requirements with renewable energy acquisitions. If LACCE is short of RECs in a given compliance year, RECs could be purchased to meet the requirements. If the CCE is long on RECs in a given compliance year, surplus RECs could be sold.

Transmission

LACCE will pay the CAISO for transmission congestion and ancillary services. Transmission congestion occurs when there is insufficient capacity to meet the demands of all transmission customers. Congestion refers to a shortage of transmission capacity to supply a waiting market, and is marked by systems running at full capacity and still being unable to serve the needs of all customers. The transmission system is not allowed to run above its rated capacities. Congestion is managed by the CAISO by charging congestion charges in the day-ahead market. Congestion charges can be managed through the use of Congestion Revenue Rights (CRR). CRRs are financial instruments made available through a CRR allocation, a CRR auction, and a secondary registration system. CRR holders manage variability in congestion costs. The CCE's congestion charges will depend on the transmission paths used to bring resources to load. As such, the location of generating resources used to serve LACCE load will impact these congestion costs.

The Grid Management Charge (GMC) is the vehicle through which the CAISO recovers its administrative and capital costs from the entities that utilize the CAISO's services. LACCE's Grid Management Charges are expected to near \$0.5/MWh.

The CAISO performs annual studies to identify the minimum local resource capacity required in each local area to meet established reliability criteria. Load serving entities receive a proportional allocation of the minimum required local resource capacity by transmission access charge area, and submit resource adequacy plans to show that they have procured the necessary capacity. Depending on these results of the annual studies, there may be costs associated with local capacity requirements for LACCE.

Because generation is delivered as it is produced and, particularly with respect to renewables can be intermittent, deliveries need to be firmed using ancillary services to meet LACCE's load requirements. Ancillary services will need to be purchased from the CAISO. Regulation and operating reserves are described below.

- *Regulation Service:* Regulation service is necessary to provide for the continuous balancing of resources with load and for maintaining scheduled interconnection frequency at 60 cycles per second (60 Hertz). Regulation and frequency response service is accomplished by committing on-line generation whose output is raised or lowered (predominantly through the use of automatic generating control equipment) and by other non-generation resources capable of providing this service as necessary to follow the moment-by-moment changes in load.
- *Operating Reserves - Spinning Reserve Service:* Spinning reserve service is needed to serve load immediately in the event of a system contingency. Spinning reserve service may be provided by generating units that are on-line and loaded at less than maximum output and by non-generation resources capable of providing this service.
- *Operating Reserves – Non-Spinning Reserve Service:* Non-spinning reserve service is available within a short period of time to serve load in the event of a system contingency. Non-spinning reserve service may be provided by generating units that are on-line but not providing power, by quick-start generation or by interruptible load or other non-generation resources capable of providing this service.

Based on a survey of ancillary service costs currently paid by CAISO participants, LACCE's ancillary service costs are estimated to be near \$5/MWh. The Plan's base case will assume the CCE's ancillary service costs are \$5/MWh in 2017, escalating by 1.5 percent annually thereafter. Serving a greater percentage of load with renewables will likely result in increased grid congestion and higher ancillary service costs. For this reason, the ancillary service costs have been increased in the 50 percent and 100 percent renewables cases included in this Plan. For the 50 percent renewables case, ancillary service costs are assumed to be \$5.5/MWh in 2017, escalating by 1.5 percent. For the 100 percent renewables case, ancillary service costs are assumed to be \$8/MWh in 2017, escalating by 2.5 percent.

Power Management/Scheduling Agent

Given the likely complexity of LACCE's resource portfolio, LACCE will want to rely on a reputable scheduling agent to economically manage LACCE's power purchases and wholesale market transactions. LACCE's resource portfolio will ultimately include market purchases, shares of some relatively large power supply projects, as well as shares of smaller, most likely renewable, resources with intermittent output. Managing a diverse resource portfolio with metered loads that will be heavily influenced by distributed generation will be one of the most important functions of LACCE. As such, LACCE needs a dependable, established scheduling agent with a proven track record in the industry. LACCE's scheduling agent will be one of its most important business partners.

LACCE should initially contract with a third party with the necessary experience (and balance sheet) to perform most of LACCE's portfolio operation requirements. This will include the procurement of energy and ancillary services, scheduling coordinator services, and day-ahead and real-time trading. Portfolio operations encompass the activities necessary for wholesale procurement of electricity to serve end use customers. These activities include the following:

- *Electricity Procurement* – assemble a portfolio of electricity resources to supply the electric needs of LACCE customers.
- *Risk Management* – standard industry risk management techniques will be employed to reduce exposure to the volatility of energy markets and insulate customer rates from sudden changes in wholesale market prices.
- *Load Forecasting* – develop accurate load forecasts, both long term for resource planning, and short-term for the electricity purchases and sales needed to maintain a balance between hourly resources and loads.
- *Scheduling Coordination* – scheduling and settling electric supply transactions with the CAISO.

LACCE should approve and adopt a set of protocols that will serve as the risk management tools for LACCE and any third party involved in LACCE portfolio operations. Protocols will define risk management policies and procedures, and a process for ensuring compliance throughout the organization. During the initial start-up period, the chosen full requirements electric suppliers will bear the majority of risks and be responsible for their management. Development of protocols can

take place during the first few months of LACCE operations to cover electricity procurement activities.

A scheduling agent provides day-ahead and real-time power and transmission scheduling services. Scheduling agents bear the responsibility for accurate and timely load forecasting and resource scheduling including wholesale power purchases and sales required to maintain hourly load/resource balances. A scheduling agent needs to provide the marketing expertise and analytical tools required to optimally dispatch LACCE's surplus resources on a monthly, daily and hourly basis.

Inside each hour, the CAISO Energy Imbalance Market (EIM) takes over load/resource balancing duties. The EIM automatically balances loads and resources every fifteen minutes and dispatches the least-cost resources every 5-minutes. The EIM allows balancing authorities to share reserves, and more reliably and efficiently integrate renewable resources across a larger geographic region.

Within an hour, metered energy (i.e. actual usage) may differ from supplied power due to hourly variations in resource output or unexpected load deviations. Deviations between metered energy and supplied power are accounted for by the EIM. The imbalance market is used to resolve imbalances between supply and demand. The EIM deals only with energy, not ancillary services or reserves (which are addressed in the next section).

The EIM optimally dispatches participating resources to maintain load/resource balance in real-time. The EIM uses the CAISO's real-time market which uses Security Constrained Economic Dispatch (SCED). SCED finds the lowest cost generation to serve the load taking into account operational constraints such as limits on generators or transmission facilities. The five-minute market automatically procures generation needed to meet future imbalances. The purpose of the five-minute market is to meet the very short term load forecast. Dispatch instructions are effectuated through the Automated Dispatch System (ADS).

The CAISO is the market operator that runs and settles EIM transactions. LACCE's scheduling agent will submit LACCE's load and resource information to the market operator. EIM processes are running continuously for every fifteen-minute and five-minute intervals, producing dispatch instructions and prices.

Participating resource scheduling coordinators submit energy bids to let the market operator know that they are available to participate in the real-time market to help resolve energy imbalances. Resource schedulers may also submit an energy bid to declare that resources will increase or decrease generation if a certain price is struck. An energy bid is comprised of a megawatt value and a price. For every increase in megawatt level, the settlement price also increases.

The CAISO calculates financial settlements based on the difference between schedules and actual meter data, and bid prices during each hour. Locational Marginal Prices (LMP) are used in settlement calculations. The LMP is the price of a unit of energy at a particular location at a given time. LMPs are influenced by nearby generation, load level, and transmission constraints and losses.

LACCE's scheduling agent will need to forecast LACCE's hourly loads as well as LACCE's hourly resources including shares of any hydro, wind, solar and other resources in which LACCE is a

participant/purchaser. Forecasting the output of hydro, wind and solar projects involves more variables than forecasting loads. Scheduling agents already have models set up to forecast accurately hourly hydro, wind and solar generation. Accurate load and resource forecasting will be a key element in assuring LACCE's power supply costs are minimized.

A scheduling agent also needs to provide monthly checkout and after-the-fact reconciliation services. This requires scheduling agents to agree on the amount of energy purchased and/or sold and the purchase costs and/or sales revenue associated with each counterparty with which LACCE transacted in a given month.

Based on conversations with scheduling agents currently working the CAISO footprint, the estimated cost of scheduling services is in the \$1 to \$2/MWh range. For the base case, the Plan has assumed a cost of \$1.5/MWh or \$2.4 million in 2017 after Phase 2 is operational and escalating at 2.5 percent annually.

Resource Portfolios

In order to develop pricing options for LACCE customers and evaluate the impact of varying levels of renewable resources in LACCE's portfolios, three resource portfolios were developed: RPS Portfolio, 50 percent renewable portfolio and 100 percent renewable portfolio.

Resource Options

For each of the resource portfolios, a combination of resources has been assumed in order to meet the renewable target, resource adequacy targets, and ancillary and balancing requirements.

Exhibit 18 shows the 20-year levelized resource costs included in this Plan.

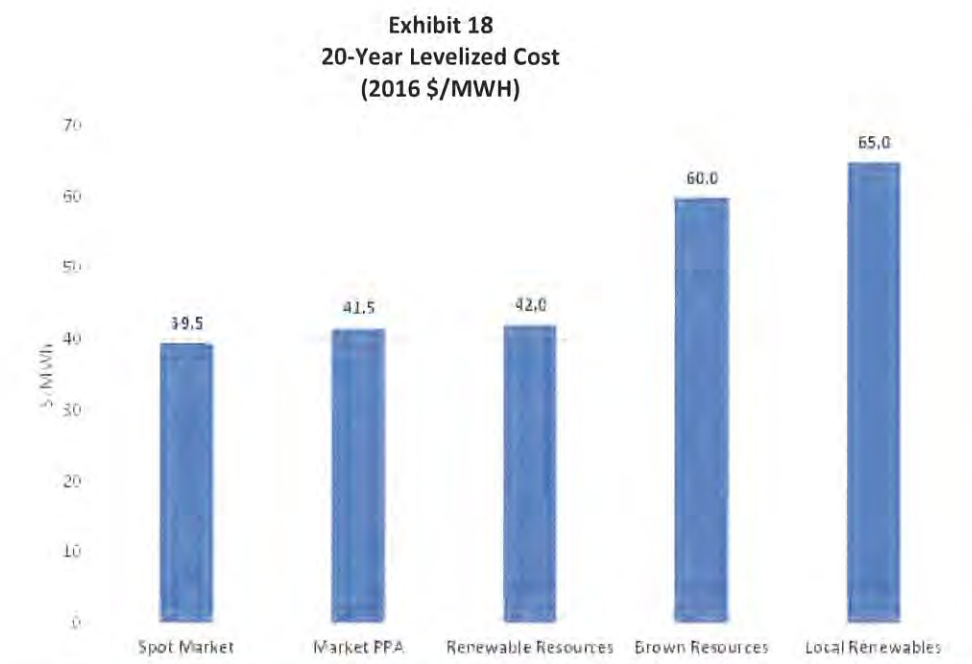


Exhibit 18 above includes both spot market and market PPA costs. It is assumed that these costs are primarily for natural gas resources although the specific resource source cannot be determined from a spot market purchase. Market PPA costs are slightly greater than spot market costs in recognition of the cost of the PPA supplier absorbing the market price risk associated with providing a long-term PPA contract price.

The capacity factor for market PPA purchases is assumed to be 100 percent (flat monthly blocks of power). The capacity factor for renewable resources and local renewables is assumed to be 33 percent. The capacity factor for non-renewable resources is assumed to be 80 percent. As noted above, the cost of renewable resources was increased from \$42/MWh to \$52/MWh in the 100 percent renewables case in recognition of the need for a more diverse mix of renewable resources. Again, this higher price may be mitigated if large solar projects continue to be pursued in California.

As shown above, the base case 20-year levelized cost of renewable resources is comparable to the 20-year levelized cost of market purchases. The cost of solar projects has declined significantly over the past few years. The \$42/MWh projection is based on the cost of relatively new solar projects that reflect the decreased costs, on a \$/watt basis, of solar projects and the extension of the Federal production tax credit. The \$/watt is expected to continue to decrease in future years. As such, the cost of the output of solar projects is expected to continue to decrease.

On a \$/watt basis, the cost of smaller scale solar projects is greater than the cost of large scale solar projects. The \$65/MWh cost associated with local renewables reflects this trend. The advantage of local renewable projects is lower transmission costs and less stress on the congested transmission grid.

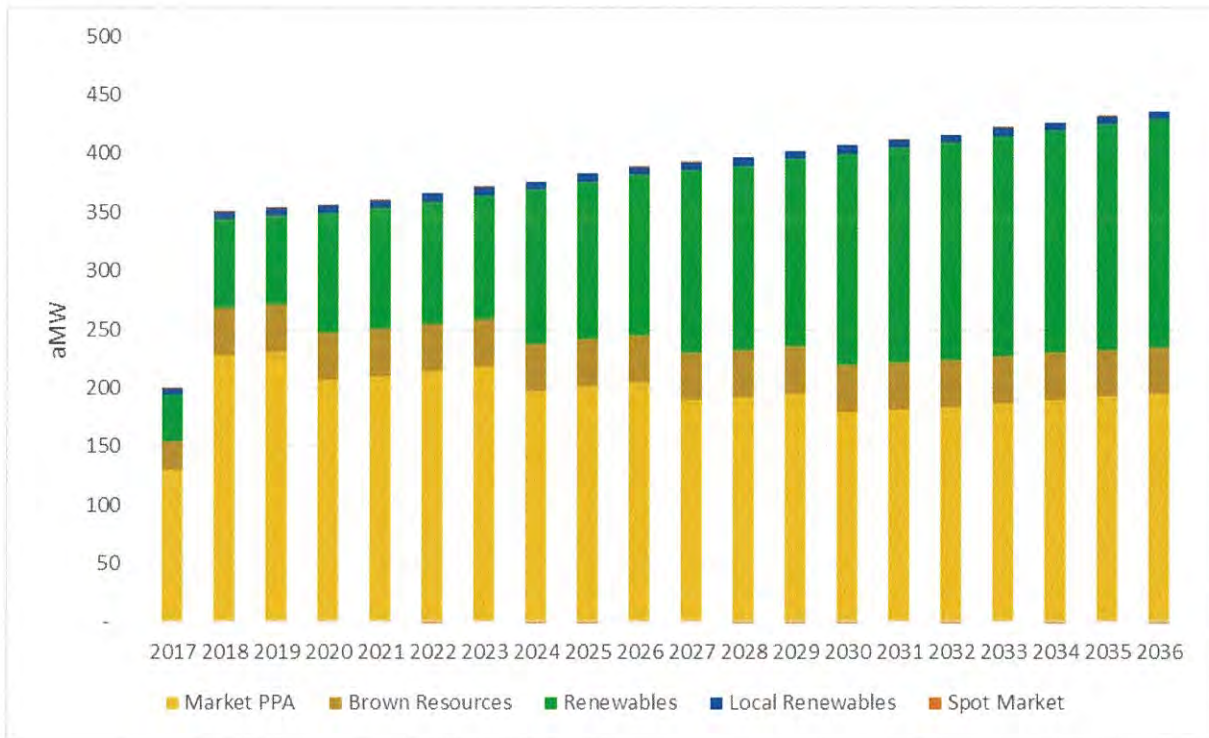
Portfolio 1: Meet Current RPS Requirements (Baseline Portfolio, similar to current SCE resource mix)

In the first portfolio, LACCE will meet the State RPS requirements shown below:

- 2017-19: 25 percent
- 2020-23: 33 percent
- 2024-26: 40 percent
- 2027-29: 45 percent
- 2030 - 50 percent

As shown above, due to the decrease in the cost of solar projects, the projected cost of renewables is only slightly greater than the cost of market power and less than the cost of greenfield brown resources (e.g. natural gas fired generation). Exhibit 19 shows the power supply portfolio used to serve load in Portfolio 1.

Exhibit 19
Portfolio 1: Meet RPS Requirements

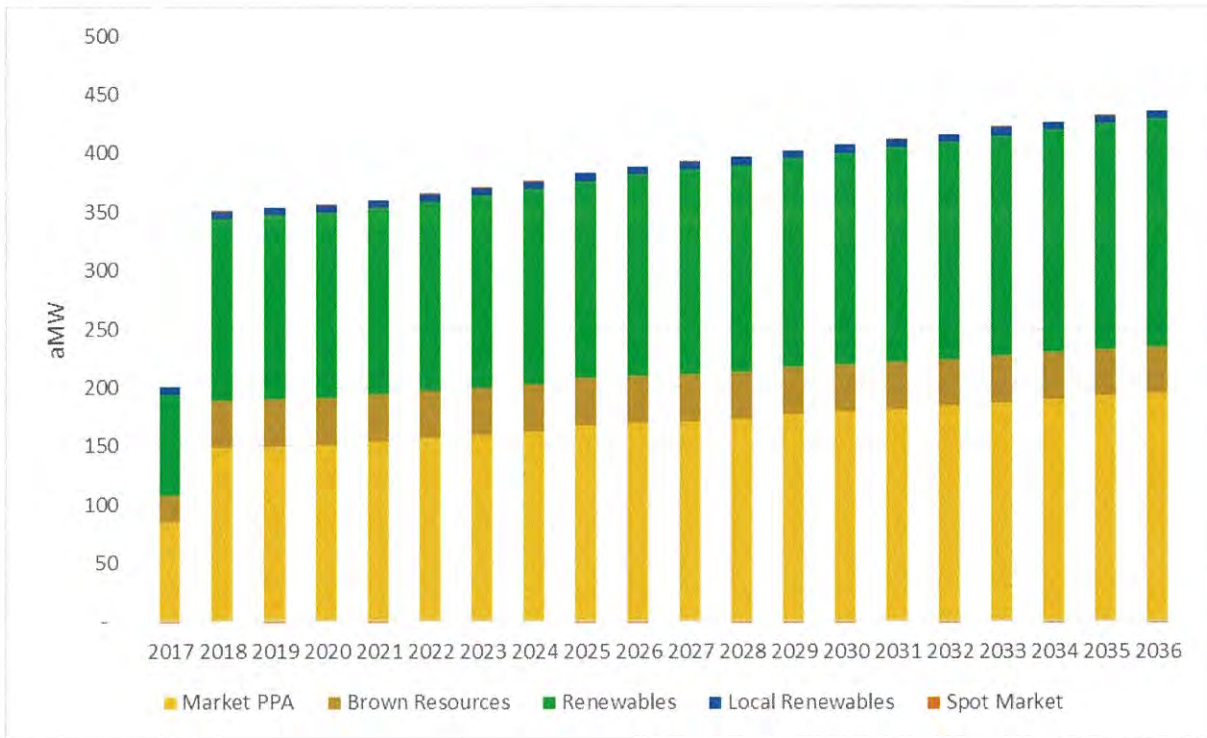


The green bars increase each year along with California’s RPS requirements. The costs associated with this portfolio could be reduced if it was assumed that more power was purchased from market PPAs instead of brown resources. The percent of non-renewable energy purchased via market PPAs, as opposed to brown resources, is the same in each of the three portfolios.

Portfolio 2: Serve 50% of Retail Load with Renewables Starting on Day 1

In this portfolio, the 50 percent renewable energy purchase requirement in the RPS is effectively moved up from 2030 to January 1, 2017. The amount of power purchased from the relatively expensive (\$65/MWh 20-year levelized cost) local renewables is held constant at 20 MW with a 33 percent capacity factor in each of the three portfolios. As shown below in Exhibit 20 the green bars showing renewable energy purchases in 2017 through 2029 increased compared to those shown above in Exhibit 19.

Exhibit 20
Portfolio 2: Serve 50% of Retail Load with Renewables

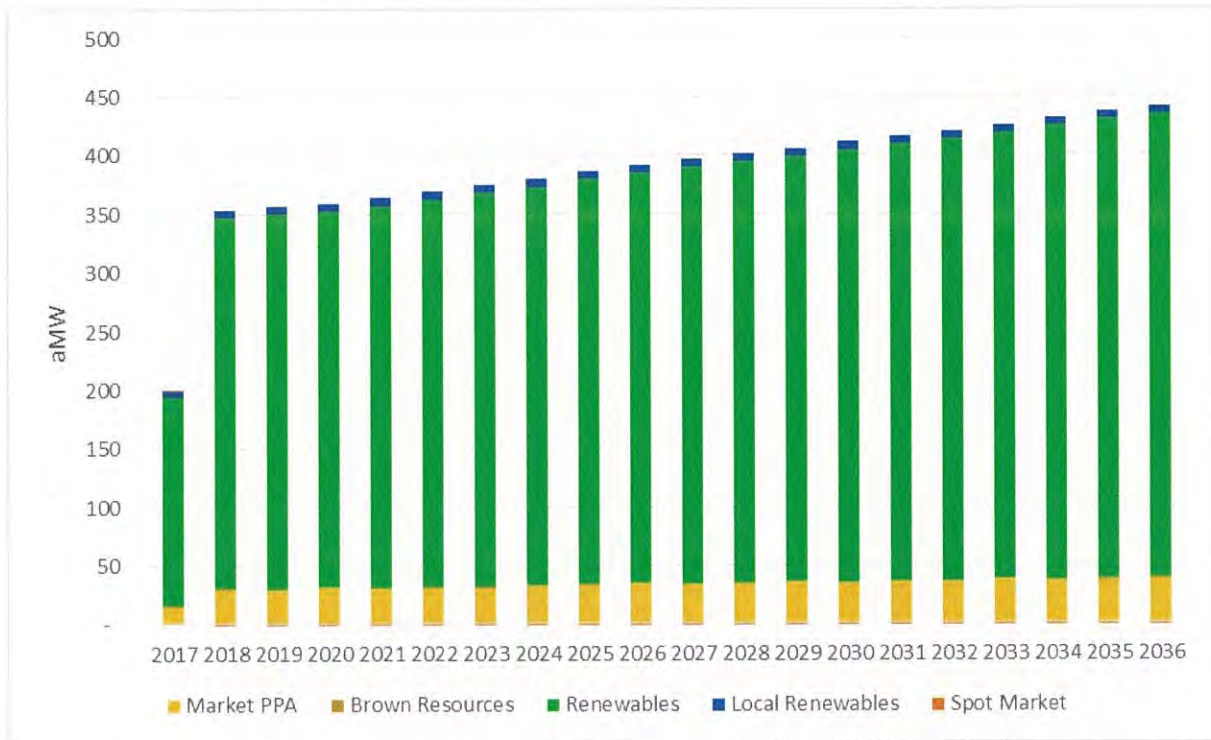


The percentage of non-renewable energy purchased from the more expensive brown resources is approximately the same as Portfolio 1. In all three portfolios, approximately 15 percent of non-renewable energy is purchased from brown resources, which has a base case 20-year levelized cost of \$60/MWh. In all three portfolios, 85 percent of non-renewable energy is purchased at the lower \$41.5/MWh levelized cost associated with market PPA purchases.

Portfolio 3: Serve 100% of Retail Load with Renewables Starting on Day 1

In this portfolio retail loads are served entirely with renewable energy purchases. It is also assumed that 50 MW of local renewable energy projects will be pursued in Phase 3. Exhibit 21 below shows the resource mix used to serve load in Portfolio 3.

Exhibit 21
Portfolio 3: Serve 100% of Retail Load with Renewables



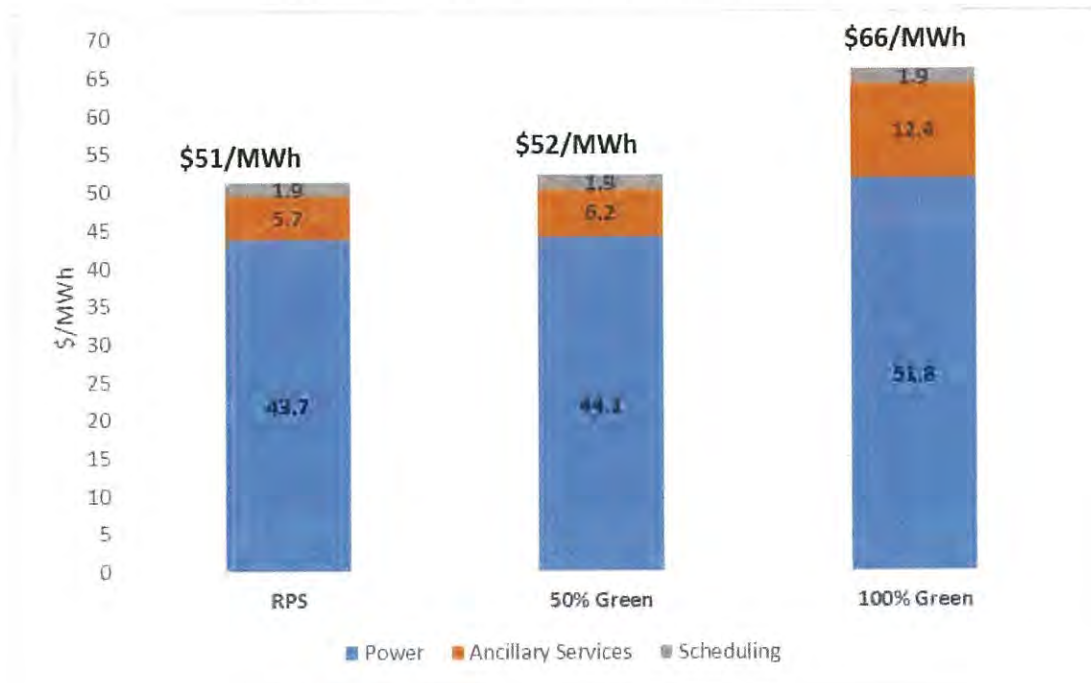
There is a small amount of market PPA and brown resource power included in Portfolio 3 due to distribution and transmission system losses and balancing requirements. The renewable energy requirements in the State’s RPS are based on retail energy sales. To be consistent, it was assumed that the 100 percent renewable energy target would only apply to retail energy sales. The same concept applies to Portfolios 1 and 2. For example, renewable energy purchases in Portfolio 2 are equal to 50 percent of projected retail energy sales in all years.

Non-renewable resources will be needed in Portfolio 3 to serve load during hours when renewable resources are not capable of generating power (e.g. when the wind is not blowing or the sun is not shining). Purchasing an amount of renewable generation that is equal to 100 percent of LACCE’s retail load will likely result in over-supply in on-peak hours when solar projects are generating power and under-supply in off-peak hours when solar projects are not generating. As such, on-peak energy may need to be exchanged for off-peak energy. The cost of exchanging or firming some of the solar generation into off-peak blocks of energy is reflected in higher ancillary service costs in Portfolio 3.

20-Year Levelized Portfolio Costs

The 20-year levelized costs have been calculated based on the base case assumptions detailed above regarding resource costs and resource compositions under the three portfolios. Exhibit 22 shows a breakdown of power, ancillary service and scheduling costs associated with each portfolio.

Exhibit 22
20-year Levelized Base Case Portfolio Costs (\$/MWh)



As shown above in Portfolios 1 and 2, power costs are fairly similar across the three portfolios. There is not a large variance in power costs in these two portfolios because the majority of power is supplied by market PPA and renewable energy purchases in each portfolio. The projected costs of renewable energy and market PPA purchases are very close. Exhibit 18 shows that at \$42/MWh the projected 20-year levelized cost of renewables is only \$0.5/MWh greater than the projected 20-year levelized cost of market PPA purchases at \$41.5/MWh.

Total costs under Portfolio 3 are approximately \$15/MWh greater than Portfolios 1 and 2. The costs of renewables have been assumed to be \$10/MWh greater in Portfolio 3 than in Portfolios 1 and 2 in recognition of the need for a more diverse mix of renewable resources. This translates into greater power costs (the blue bar) for Portfolio 3.

Each portfolio assumes that 15 percent of non-renewable energy is purchased from brown, natural gas-fired resources with a projected 20-year levelized cost of \$66/MWh. However, since more non-renewable energy is purchased in Portfolio 1 it has the highest percentage of brown resource purchases. In Portfolio 1, 9 percent of power purchases are brown resource purchases, compared to 8 percent in Portfolio 2 and 1 percent in Portfolio 3.

LACCE Cost of Service

This section of the Plan describes the financial pro forma analysis and cost of service for LACCE. It includes estimates of start-up costs, staffing and administrative costs, consultant costs, power supply costs, and SCE charges. In addition, it provides an estimate of start-up working capital and longer-term financial needs.

Cost of Service for LACCE Operations

The first category of the pro forma analysis is the cost of service for LACCE operations. To estimate the overall costs associated with LACCE operations, the following components have been included:

- Power Supply Costs
- Non-Power Supply Costs
 - Start-up costs
 - LACCE staffing and administration costs
 - Consulting Support
 - SCE and regulatory charges
 - Financing costs
- Pass-Through Charges from SCE
 - Transmission and distribution charges
 - Power Cost Indifference Adjustment (PCIA) Charge
 - Other non-bypassable charges

Once the costs of LACCE operations have been determined, the total costs can be used to develop LACCE rates to be compared to SCE's projected rates.

Power Supply Costs

A key element of the cost of service analysis is the assumption that electricity will be procured under a power purchase arrangement (PPA) for both renewable and non-renewable power until local LACCE resources can be developed. Power supply must be obtained by LACCE's procurement contractor prior to commencing operations. The products required from the third party procurement are energy, capacity, renewable energy, load forecasting and scheduling coordination.

The calculated starting cost of electric power supply, including the cost of the scheduling coordinator and all regulatory power requirements, is between \$43 and \$62 per MWh. This price represents the price needed for a full requirements electricity contract. The variation in price is a function of the desired level of renewable resources.

Non-Power Supply Costs

While power supply costs make up the majority of costs associated with operating LACCE (roughly 80 percent), there are several additional cost components that must be considered in the pro forma financial analysis. These additional non-power supply costs are noted below. This calculation assumed LACCE non-power supply costs began accumulating in June of 2016.

Startup Activities and Costs

Monthly costs associated with LACCE start-up and phasing of customer enrollments include expenditures for program staff/contract staff, associated infrastructure, contractor costs and fees payable to SCE by LACCE. The estimated startup costs include capital expenditures and one-time expenses as well as ongoing expenses that will be accrued before significant revenues from LACCE operations are realized. These cost components are quantified in Exhibit 23 and Exhibit 24 below.

Exhibit 23							
Monthly Start-Up Cost Summary							
	Pre-Start						
	June	July	Aug	Sept	Oct	Nov	Dec
Start-Up Costs							
Infrastructure	\$0	\$0	\$45,000	\$35,000	\$25,000	\$25,000	\$25,000
Consultants	\$70,000	\$100,000	\$120,000	\$120,000	\$120,000	\$130,000	\$130,000
Staffing	\$0	\$0	\$45,000	\$55,000	\$55,000	\$55,000	\$55,000
Utility Trans. Fee	\$0	\$0	\$0	\$780	\$0	\$0	\$2,938
Total Start-Up	\$70,000	\$100,000	\$210,000	\$210,780	\$200,000	\$210,000	\$212,938

Exhibit 24			
Start-Up Costs Summarized by Phase			
	Total Pre-Start Costs	Phase 1	Phase 2
		2017	2018
Start-Up Costs			
Infrastructure	\$155,000	\$160,000	\$230,000
Consultants	\$790,000	\$715,000	\$715,000
Staffing	\$265,000	\$380,000	\$1,215,000
Utility Trans. Fee	\$3,718	\$1,132,892	\$230,000
Total Start-Up	\$1,213,718	\$2,387,892	\$2,390,000

Other costs related to starting up LACCE's program will be the responsibility of LACCE's contractors. These include capital requirements paid by others, customer information system costs, electronic data exchange system costs, call center costs, and billing administration/settlements systems costs. The costs payable by LACCE are contained in Exhibit 24.

Estimated Staffing Costs

Staffing is a key component of the start-up. Staff will be added incrementally to match workloads involved in forming LACCE, managing contracts, and initiating customer outreach/marketing during the pre-operations period.

Exhibit 25 provides the estimated staffing budgets for the startup period (Phase 1 and Phase 2 of LACCE implementation). Staffing budgets include direct salaries and benefits. For start-up, it is

anticipated that LACCE will employ one assistant Executive Director and one manager of policy and regulatory affairs. The remaining functions will be performed by consultants. Exhibit 25 details the anticipated staffing of LACCE.

Exhibit 25 Staffing Plan			
Number of Staff	Pre Start-Up	2017	2018
Executive Director	0	1	1
Assistant Executive Director	1	1	1
<u>Legal</u> , Policy & Regulatory Manager	1	1	1
Regulatory Analyst	0	1	1
Administrative Assistant	0	1	1
Finance & Rates Manager	0	1	1
Rates Analyst	0	1	1
Accounting & Billing Analyst	0	1	1
Human Resources Manager	0	1	1
HR Specialist	0	1	1
Sales & Marketing Manager	0	1	1
Energy Efficiency Program Manager	0	0	1
Account Representatives	0	0	1
Communication Specialists	0	0	1
IT Manager	0	1	1
IT Specialist	0	0	1
Total Number of Employees	2	12	17
Total Staffing Costs	\$45,000*	\$1,595,000	\$3,396,600

*Represents only partial year.

Based on this staffing plan, LACCE will initially employ 2 staff members. Once LACCE has expanded its service area to the unincorporated County and operated for one year, it is anticipated that staffing will increase to approximately 17 employees. These positions to be hired by LACCE over the first two years are described below:

Executive Director

The Executive Director will be responsible for overseeing LACCE operation and ensuring that the vision of the JPA Board is followed. The Executive Director will ultimately be responsible for all LACCE programs, finances and communication programs plus be accountable to the Board.

Assistant Executive Director

The Assistant Executive Director will oversee the day to day operation of LACCE. In particular, this staff position will work closely with outside consultants, and oversee hedging and power procurement, resource portfolio strategy, CAISO settlements and other financial planning and rate setting analysis. Behind the meter LACCE programs will also be coordinated through this position.

Policy and Regulatory Manager

The Policy and Regulatory Manager will oversee the legal and regulatory functions of LACCE. This position will work closely with the CPUC and State/Federal legislators. LACCE will require ongoing regulatory representation to file resource plans, resource adequacy compliance, compliance with

California RPS, and overall representation on issues that will impact LACCE and its customers. LACCE will maintain an active role at the CPUC, CEC, FERC and the California legislature.

Finance and Rates Manager

The Finance and Rates Manager oversees LACCE’s budgets and accounting functions. In addition, this person will develop annual budgets, rates and credit policies for approval by the Board. Managing the overall financial aspects of LACCE is expected to be a significant work activity.

Sales and Marketing Manager

The Sales and Marketing Manager is responsible for the enrollment and notification of new customers. In addition, this staff person will market LACCE, and provide on-going communication with LACCE’s communities and customers. A significant amount of customer service and key account representation will be necessary in addition to regular marketing services. This position will be the point person for the outsourced data management and customer service consultants.

Administrative Assistance

The staffing plan assumes a full-time administrative assistance will be added during the pilot phase to provide administrative assistance to management.

Future Staff

As additional customers join LACCE, duties can be shifted from third-party consultants to in-house staff if internal staffing is more cost effective.

Estimated Infrastructure Costs

Infrastructure or overhead needed to support the organization includes computers and other equipment, office furnishings, office space and utilities. These expenses are estimated at \$155,000 during program pre-startup. Office space and utilities are ongoing monthly expenses that will begin to accrue before revenues from program operations commence and are therefore assumed to be financed as shown in Exhibit 26 and Exhibit 27.

Exhibit 26							
Monthly Estimated Infrastructure Costs							
	Pre-Start						
	June	July	Aug	Sept	Oct	Nov	Dec
Infrastructure Costs							
Computers	\$0	\$0	\$10,000	\$5,000	\$0	\$0	\$0
Furnishings	\$0	\$0	\$10,000	\$5,000	\$0	\$0	\$0
Office Space	\$0	\$0	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000
Utilities/Other							
Office Supplies	\$0	\$0	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Total Start-Up	\$0	\$0	\$45,000	\$35,000	\$25,000	\$25,000	\$25,000

Exhibit 27			
Estimated Infrastructure Cost by Phase			
		Phase 1	Phase 2
	Total Pre-Start Costs	2017	2018
Infrastructure Costs			
Computers	\$15,000	\$5,000	\$40,000
Furnishings	\$15,000	\$5,000	\$40,000
Office Space	\$75,000	\$90,000	\$90,000
Utilities/Other Office Supplies	\$50,000	\$60,000	\$60,000
Total Infrastructure Costs	\$155,000	\$160,000	\$230,000

It is estimated that the per employee start-up cost is approximately \$10,000. This expense covers computer and furniture needs. An additional annual expense of \$180,000 for office space, and approximately \$120,000 per year in office supplies and utilities costs is expected.

Utility Implementation and Transaction Charges

The estimated costs payable to SCE for services related to LACCE start-up include costs associated with initiating service with SCE, processing of customer opt-out notices, customer enrollment, post enrollment opt-out processing, and billing fees. These distribution utilities fees are explicitly stated in the relevant SCE tariffs.

Customers who establish service with LACCE will be automatically enrolled in the program and have sixty days from the date of enrollment to customer opt-out of the program. Such customers will be provided with two opt-out notices within this sixty-day post enrollment period. The first notice will be mailed to customers approximately sixty days prior to the date of automatic enrollment. A second notice will be sent approximately thirty days later. As required by CPUC regulations, LACCE will use SCE's opt-out processing service. Following automatic enrollment, two additional opt-out notices will be provided within the sixty-day period following customer enrollment. It is estimated that the charges for the opt-out notices will be approximately \$10,000 for 2016 and \$3.1 million for 2017, as shown in Exhibit 28 and Exhibit 29.

Exhibit 28							
Monthly Utility Transaction Fees							
	Pre-Start						
	June	July	Aug	Sept	Oct	Nov	Dec
Enrollment Charges	\$0	\$0	\$780	\$0	\$0	\$2,938	\$6,203
Ongoing Charges	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total SCE Transaction Fee	\$0	\$0	\$780	\$0	\$0	\$2,938	\$6,203

Exhibit 29			
Utility Transaction Fees by Phase			
		Phase 1	Phase 2
	Total Pre-Start Costs	2017	2018
Enrollment Charges	\$9,921	\$1,128,588	\$1,212,268
Ongoing Charges	0	4,305	779,791
Total SCE Transaction Fees	\$9,921	\$1,132,892	\$1,992,059

Estimates of Third Party Consultant Costs

Contractor costs include outside assistance for advertising, legal services, resource and financial planning, implementation support, customer enrollment, customer service, and payment processing/accounts receivable and verification. The latter three will be provided by LACCE's customer account services provider, and these preliminary estimates will be refined as the services and costs provided by the selected contractor are negotiated. Exhibit 30 and Exhibit 31 show the estimated contractor costs during the startup period.

Exhibit 30							
Monthly Estimated Consultant Costs							
	Pre-Start						
	June	July	Aug	Sept	Oct	Nov	Dec
Legal/Regulatory	\$20,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Communication	\$0	\$0	\$0	\$0	\$0	\$10,000	\$10,000
Data Management	\$0	\$0	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
Financial Consulting	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Total Consultant Costs	\$70,000	\$100,000	\$120,000	\$120,000	\$120,000	\$130,000	\$130,000

Exhibit 31			
Estimated Consultant Costs by Phase			
		Phase 1	Phase 2
	Total Pre-Start Costs	2017	2018
Legal/Regulatory	\$320,000	\$250,000	\$250,000
Communication	\$20,000	\$200,000	\$200,000
Data Management	\$100,000	\$12,960	\$2,377,248
Financial Consulting	\$350,000	\$265,000	\$265,000
Total Consultant Costs	\$790,000	\$727,960	\$3,092,248

The estimate for each of the services is based on costs experienced by other CCEs.

Cash Flow Analysis and Working Capital

This cash flow analysis estimates the level of working capital that will be required until full operation of LACCE is achieved. For the purposes of this analysis, it is assumed that LACCE pre-operations begin in June 2016 and continue through the end of 2016. In general, the components of the cash flow analysis can be summarized into two distinct categories: (1) Cost of LACCE operations, and (2) Revenues from LACCE operations. The cash flow analysis identifies and provides monthly estimates for each of these two categories. A key aspect of the cash flow analysis is to focus primarily on the monthly costs and revenues associated with LACCE and specifically account for the transition or "Phase-In" of LACCE customers. The cash flow analysis assumes the phase-In schedule for LACCE as described previously.

The cash flow analysis also provides estimates for revenues generated from LACCE operations or from electricity sales to customers. In determining the level of revenues, the cash flow analysis assumes the customer phase-in schedule noted above, and assumes that LACCE provides a discount of 4.0 percent from the existing rates for each customer class, where pre-operations run from June 1, 2016 to December 31, 2016. Thereafter, Phase 1 starts in January 2017 and Phase 2 starts in July 2017.

The results of the cash flow analysis provide an estimate of the level of working capital required for LACCE to move through the pre-operations period. This estimated level of working capital is determined by examining the monthly cumulative net cash flows (revenues minus cost of operations) based on assumptions for payment of costs by LACCE, along with an assumption for when customer payments will be received. The cash flow analysis assumes that customers will make payments within 60 days of the service month, and that LACCE will make payments to suppliers within 30 days of the service month. This analysis is somewhat conservative because customer payments begin to come in soon after the bill is issued, and most are received before the due date. At the same time, some customer payments are received well after the due date. The 30-day net lag is a conservative assumption for cash flow purposes.

For purposes of determining working capital requirements related to power purchases, LACCE will be responsible for providing the working capital needed to support electricity procurement unless the electricity provider can provide the working capital as part of the contract services. In addition, LACCE will be obligated to meet working capital requirements related to program management. For this Plan, it is assumed that this working capital requirement is included in the short term financing associated with start-up funding.

A summary of working capital needs is presented below on Exhibit 32.

Exhibit 32		
Working Capital Needs		
	2016	2017
Working Capital	\$6,500,000	\$42,000,000

Total Financing Requirements

The start-up of the LACCE program will require a significant amount of capital for three major functions: (1) staffing and contractor costs; (2) program initiation; and (3) working capital. Each of these anticipated requirements is discussed below.

Staffing costs for the pre-implementation period (June 2016 through December 2016) are estimated to be approximately \$265,000. Contractor costs for the same time period are estimated to be approximately \$790,000. These costs include: advertising/communications, consulting, legal, and data management.

LACCE initiation costs include the infrastructure that LACCE will require (office space, utilities, computers) as well as the distribution utility fees for initiating LACCE. Infrastructure costs are estimated to be approximately \$155,000 and the distribution utility fees are estimated to be approximately \$1,140,000.

The Public Utilities Code requires demonstration of insurance or posting of a bond sufficient to cover reentry fees imposed on customers that are involuntarily returned to SCE service under certain circumstances. In addition, SCE requires a bond equivalent to two months of transaction fees.

During the start-up and pilot periods, the total financing requirements are estimated to be approximately \$10 million, increasing to approximately \$40 million following enrollment of unincorporated County customers. The first \$10 million is needed in early summer of 2016.

Financing Plan

The initial start-up funding will be provided via short-term financing. LACCE will recover the principal and interest costs associated with the start-up funding via subsequent retail rates. It is anticipated that the start-up costs will be fully recovered within the first two years of LACCE operations.

The anticipated start-up and working capital requirements for LACCE through Phase 1 are approximately \$10 million. Once the LACCE program is up and running, these costs would be recovered through retail rates. Actual recovery of these costs will be dependent on third-party electricity purchase prices and decisions regarding initial rates for Phase 1 customers.

Additional financing will be needed at the beginning of Phase 2. Depending on market conditions and payment terms established with the third-party suppliers, the loan may need to be increased to approximately \$42 million for the start of Phase 2. This number will be refined as the LACCE program becomes operational, and bids are received from power providers.

Appendix B contains a preliminary discussion from Public Financial Management, Inc. (PFM) on the options available to LACCE for funding the first two phases of LACCE operations. Based on this information, the Plan's financial analysis assumes that LACCE can obtain a loan for the first \$10 million with a term of 2 years at a rate of 5.5 percent. The second loan for \$42 million is assumed for a 20-year term at 5.5 percent.

Products, Services, Rates Comparison and Environmental/Economic Impacts

This section of the Plan provides a comparison of service and rates between SCE and LACCE. Rates are evaluated based on total LACCE electric total bundled rates as compared to SCE's total bundled rates. Total bundled electric rates include the rates charged by LACCE, including non-bypassable charges, plus SCE's delivery charges. This section also includes the environmental impacts based on the reduction in Green House Gases (GHG), and the economic development impact on local jobs and overall economic activity created by LACCE programs.

Rates Paid by SCE Bundled Customers

The average customer weighted SCE rates have been calculated based on current rate schedules and LACCE's projected customer mix. SCE's current 2016 rates and surcharges have been applied to customer load data aggregated by major rate schedules to form the basis for the SCE rate forecast.

The average SCE delivery rate, which is paid by both SCE bundled customers and LACCE bundled customers, has been calculated based on the forecasted customer mix for LACCE. For future years, the SCE rate forecast assumes the delivery costs will increase by 2 percent per year, a conservative assumption given the history of SCE rate increases.

Similarly, the current average power supply rate component for SCE bundled customers has been calculated based on the estimated LACCE customer mix. The SCE power supply rate component has been forecast to increase based on SCE's most recent filings and incorporating the increased RPS requirement mandated by SB 350. In the 2015/2016 Energy Resource Recovery Account (ERRA) filing, SCE reduced overall power supply rates due to lower than anticipated fuel and purchase power, over collection in balancing accounts, and adjustment of GHG costs and allowance revenues. Some of these adjustments are one time only and of short duration while others are due to the current energy market in California. For 2017, SCE rates have been normalized to remove the one-time impact of over collection of balancing accounts and other onetime adjustments. Finally, the SCE power supply rates have been projected to increase based on the renewable and non-renewable market price forecast, regulatory requirement for RPS, storage requirement(s) and resource adequacy objectives.

Rates Paid by LACCE Customers

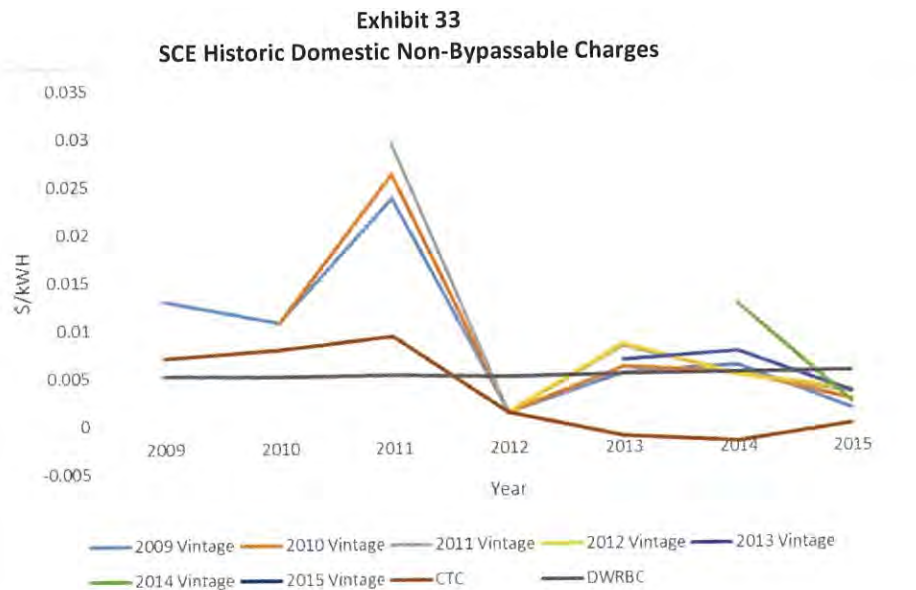
It is anticipated that LACCE's rate designs will initially mirror the structure of SCE's rates so that similar rates can be provided to LACCE's customers. In determining the level of LACCE rates, the financial analysis assumes the customer phase-in schedule noted above and that the implementation phase costs are financed via a start-up loan.

In addition to paying LACCE's power supply rate, LACCE customers will pay the SCE delivery rate and several non-bypassable charges. The calculation of the delivery rate is described earlier. The non-bypassable charges that are payable to SCE by LACCE customers include:

- Power Cost Indifference Adjustment (PCIA)
- Department of Water Resources Bond Charge (DWRBC)
- Competition Transition Charge (CTC)
- Generation Municipal Surcharge (or Franchise Charge)

The DWRBC is the charge to recover the interest and principle of the California Department of Water and Resources (DWR) bonds. The CTC is the ongoing charge which recovers the above market costs of utility generation. The PCIA is a charge that is designed to keep bundled customers indifferent when other customers leave bundled service. The PCIA is calculated annually by subtracting the market price of wholesale power from the incumbent utility's average cost of power supply based on a methodology determined by the CPUC.⁴

Exhibit 33 provides the historic values of the PCIA, CTC and DWRBC for the residential customer class (domestic schedule). It is important to note that the non-bypassable charges differ by the vintage of a CCA. The vintage of the CCA depends on when the CCA provides a binding notice of intent to SCE.



Note that CARE and medical base line customers do not pay the DWRBC or PCIA charges.

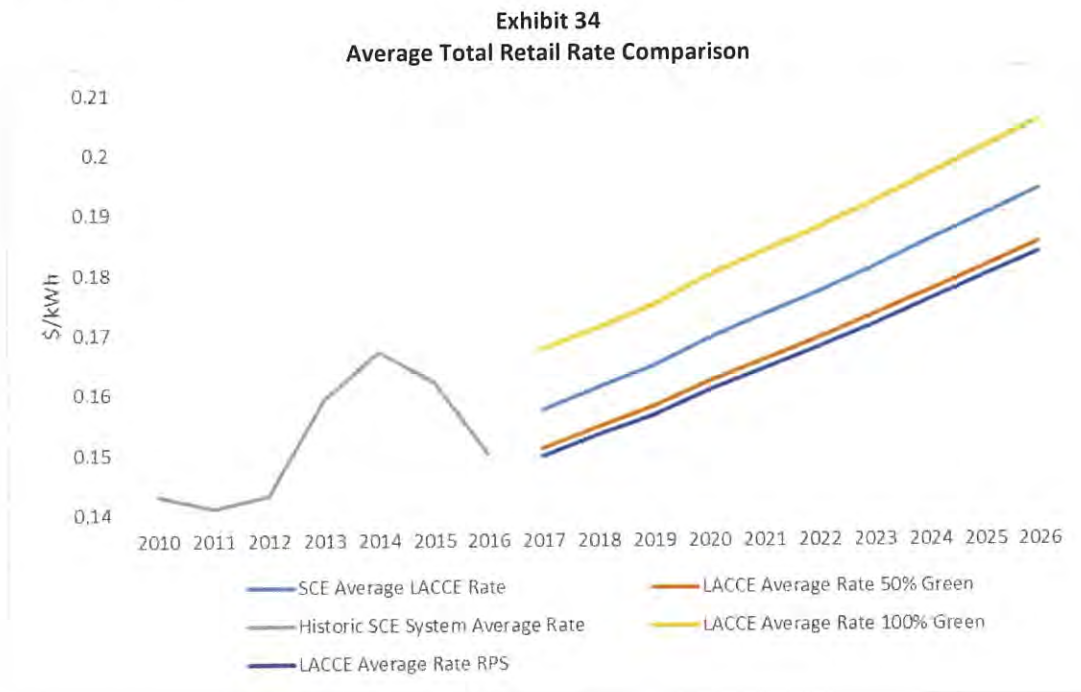
For this Plan, it is assumed in the base case that the PCIA charges are based on the differential between SCE's generation cost and market prices. If the difference between SCE's power costs and

⁴ See D.-6-07-030 as modified by D. 11-12-018.

market prices declines, then the PCIA will decline. The PCIA increases if the difference between market price and SCE generation costs increases. For this Plan, the PCIA is forecast to increase initially due to the end of offsetting credits that expire in 2018. Post-2018, the PCIA is expected to grow based on the inverse of the market price growth rate. As market prices increase, SCE’s surplus resources become more cost effective and the PCIA therefore decreases.

Rate Impacts

Based on LACCE’s projected power supply costs/operating costs and SCE’s power supply/delivery costs, forecasts of LACCE and SCE total rates have been developed. These rates are illustrated below on Exhibit 34.



As can be seen above, LACCE RPS residential rate with an equal amount of renewable power (28 percent) to what SCE currently offers is .9¢/kWh or 5.4 percent lower than SCE’s 2017 rates. LACCE residential rate with 50 percent renewable power (compared to SCE’s 28 percent) is .7¢/kWh or 4.1 percent lower than SCE’s rates for roughly twice the amount of green renewable power. LACCE residential rate with 100 percent green power (compared to SCE’s 28 percent) is 1.1¢/kWh or 6.3 percent higher, but this additional amount comes with almost four times more renewable power than the comparable SCE rate. These rate calculations assume all bill savings associated with forming LACCE will be refunded to the residences and businesses within the County. Based upon final LACCE policy direction, some of these savings could be retained by LACCE to build up financial reserves and/or build more local renewable energy projects.

As an alternative to its standard rates with 28 percent renewable power, SCE also offers rates which feature 50 percent and 100 percent renewable power. For the residential customers, SCE estimates energy costs to be 3.5 cents per kWh higher for each kWh served on the green rate. The LACCE

rates for 50 percent and 100 percent renewable power for residential customers are therefore estimated at 12-13 percent lower.

Based on these assumed LACCE discounts off the comparable SCE rate, Exhibit 35 provides a comparison of the indicative bundled rates for LACCE’s products compared to the current SCE rate.

Exhibit 35				
Indicative Rate Comparison (\$/kWh)				
Rate Class	SCE Bundled Rate*	LACCE RPS Bundled Rate	LACCE 50% Green Bundled Rate	LACCE 100% Green Bundled Rate
Residential	17.1	16.2	16.4	18.2
GS-1	16.6	15.7	15.9	17.7
GS-2	15.8	15.0	15.2	16.9
GS-3	14.5	13.8	13.9	15.5
PA-2	12.6	12.0	12.1	13.4
PA-3	10.4	9.9	10.0	11.1
TOU-8 Secondary	13.1	12.4	12.6	14.0
TOU-8 Primary	11.7	11.1	11.2	12.5
TOU-8 Substation	7.5	7.1	7.2	8.0
Total LACCE Rate Savings (Increases)		5.4%	4.1%	(6.3%)

*SCE bundled average rate based on Table 3 in Advice 3319-E-A.

A financial proforma in support of these rates can be referenced in Appendix C.

Local Resources/Behind the Meter LACCE Programs

LACCE should plan to establish a Net Energy Metering (“NEM”) program for qualified customers in their service territory to encourage Distributed Energy Resources (DER). In addition, LACCE will work with State agencies and SCE to promote deployment of DER within LACCE’s service territory, with the goal of maximizing use of the available incentives that are funded through current utility distribution rates and public goods surcharges.

LACCE should also establish a program which offers a combination of retail tariffs, rebates, incentives and other bundled offerings intended to increase customer participation in demand-side programs including: renewable distributed generation, energy storage, energy efficiency, demand response, electric vehicle charging, and other clean energy benefits defined as Distributed Energy Resources (DER). LACCE will work with State agencies and SCE to promote deployment of DERs in specific and targeted locations throughout SCE’s distribution grid in order to help support efficient grid operations and maintenance as part of development of the future “smart grid.”

Additionally, LACCE will pursue energy efficiency programs at a faster pace than SCE. Below are ongoing activities undertaken by the SoCalREN under two current proceedings at the CPUC which are leading to a transformation of the energy industry.

Under the CPUC’s current Energy Efficiency Proceeding (R. 13-11-005), the SoCalREN has already been established as an independent administrator of energy efficiency funding provided from Southern California Edison and Southern California Gas Company ratepayers. The current proceeding seeks to establish energy efficiency programs under a “Rolling Portfolio” funding cycle

which could provide stable, predictable program funding for up to 10 years. The “Rolling Portfolio” concept will allow energy efficiency program administrators, like the SoCalREN, to conduct more strategic planning, development and implementation of programs.

Under the CPUC’s current Distribution Resource Plans (R.14-08-013), and Distributed Energy Resources (R. 14-10-003) Proceedings, the SoCalREN is a proceeding participant seeking to help establish resource programs which are comprehensive (i.e., include all demand side management resources such as energy efficiency, storage, demand reduction, distributed generation) and which are compensated for multiple benefits that they produce (energy efficiency, real-time grid operations benefits, reduced grid operations and maintenance expenses, and greenhouse gas reductions). Each of these proceedings examine different aspects of creating, integrating and funding distributed energy resources.

CCEs, as entities that can provide wholesale power and design retail rates without lengthy and expensive regulatory proceedings, and as entities that can design and implement other end-user programs using wholesale power or other revenues, are uniquely positioned to be valued partners of investor-owned utilities who would retain their role as distribution grid operators. CCEs program and rate flexibilities can perfectly complement utilities efforts to maximize grid operations and flexibility in a world where behind the meter (and ahead of the meter) distributed generation, energy storage, thermal storage, electric vehicle charging, demand reduction and energy efficiency will increase dramatically. CCEs can partner with utility grid operators in aggregating and financing locational-specific distributed resources in grid areas of specific needs as well in assisting IOUs in investing in these distributed resources.

The SoCalREN is already funded and operational, and is an active participant in these new proceedings. This is advantageous in that any new CCE would typically have to apply for energy efficiency or other CPUC funding under regulated proceedings.

Impact of Resource Plan on Greenhouse Gas (GHG) Emissions

The amount of renewable power in SCE’s power supply portfolio is 28 percent⁵ and will rise to 33 percent by 2020. LACCE is committed to reductions in greenhouse gas emissions. Based on the power supply strategy described previously, GHG emission reductions resulting from the formation of LACCE are estimated to range from 289,080 to 505,890 tons CO₂e per year by 2019 assuming a 50 percent RPS target is achieved. The baseline for comparison is the projected resource mix used by SCE in the same time period. Exhibit 36 details these reductions.

⁵ http://www.cpuc.ca.gov/RPS_Homepage/

**Exhibit 36
Baseline Comparison of GHG Reduction by LACCE**

	2017	2018	2019
Forecast Renewables (50% Renewables) LACCE (MWH) – Phase 2	1,438,275	1,459,854	1,459,854
LACCE RPS (MWH) – Phase 2	730,029	737,154	737,154
Additional Green Power	708,246	722,700	722,700
CO2 reduction – Low (Metric Tons of CO ₂ e)	283,298	289,080	289,080
CO2 reduction – High (Metric tons of CO ₂ e)	495,772	505,890	505,890

These reductions in GHG emissions associated with LACCE operations are significant. Assuming only Phase 2 loads (all unincorporated County loads) are being met by LACCE, CO₂e emissions associated with in-County electricity use will be reduced by 1-2 percent. At full Phase 3 build-out, CO₂ emissions associated with in-County electricity use will be reduced roughly 12-25 percent by LACCE operations.

Economic Development

The analyses contained in this Plan of forming LACCE has focused only on the direct effects of this formation. However, in addition to direct effects, indirect microeconomic effects are also encountered.

The indirect effects of creating LACCE include the effects of increased commerce and improved environmental and health conditions. Within this Plan, an Input/Output (IO) analysis is undertaken to analyze these indirect effects. The IO model turns on the assumption that forming LACCE will lead to lower energy rates for their customers. Three types of impacts are analyzed in the IO model. These are described below.

Local Investment – LACCE will likely choose to implement programs to incentivize investments in local distributed energy resources (DER). Participants in LACCE may pursue local clean DER. These resources can be behind the meter or community projects where several customers participate in a centrally located project. This demand for local resources will lead to an increase in the manufacturing and installation of DER and lead to an increase in employment the manufacturing and construction sectors.

Increased Disposable Income – Establishing LACCE will lead to reduced customer rates for energy, more disposable income for individuals and greater revenues for businesses. These cost savings would then lead to more investment by individuals and businesses for personal or business purposes. This increase in spending will then lead to increased employment for multiple sectors such as retail, construction, and manufacturing.

Environmental and Health Impacts – With the creation of LACCE, other non-commerce indirect effects will occur. These may be largely environmental such as improved air quality or improved human health due to LACCE adopting mainly renewable energy sources versus continuing use of traditional energy sources. This resource strategy significantly reduces GHG emissions compared with SCE’s current resource mix. While the change in GHG emissions is not modeled directly in

economic development models used in this Plan, the reduction of these GHGs may be captured in indirect effects projected by the models.

Input-Output Modeling (IO modeling)

IO modeling is a quantitative analysis representing relationships (dependence) between industries in an economy. IO models are based on the implicit assumption that each basic sector has a multiplier, or ripple effect, on the wider economy because each sector purchases goods and services to support that sector. IO modeling estimates the inter-industry transactions and uses those transactions to estimate the economic impacts of any change to the economy.

The IO model used in the Plan, IMPLAN, displays the economic impacts of changes in rates into four categories: employment, labor income, value added, and output. Employment is the number of jobs gained or lost. Labor income involves the increase in salaries and wages for current and newly gained or lost employees. Value added, similar to Gross Domestic Product (GDP), is the payment to labor and capital used in production of a particular industry.

IO models are made up of matrices of multipliers between each industry present in an economy. Each column shows how an industry is dependent on other industries for both its inputs to production and outputs. The tables of multipliers can be used to estimate the effects in changes in spending for various industries, household consumption, or labor income. Both positive and negative impacts can be measured using IO modeling. IO modeling produces results broken down into several categories. Each of these is described below:

- **Direct Effects** – Increased purchases of inputs used to produce final goods and services purchased by residents. Direct effects are the input values in an IO model, or first round effects.
- **Indirect Effects** – Value of inputs used by firms affected by direct effects (inputs). Economic activity that supports direct effects.
- **Induced Effects** – Results of Direct and Indirect effects (calculated using multipliers). Represents economic activity from household spending.
- **Total Effects** – Sum of Direct, Indirect, and Induced effects.
- **Total Output** – Value of all goods and services produced by industries.
- **Value Added** – Total Output less value of inputs, or the Net Benefit/Impact to an economy.
- **Employment** – Number of additional/reduced full time employment resulting from direct effects.

This study uses value added and employment figures to represent the total additional economic impact for each Project Alternative. IMPLAN has been used in this Plan to gauge the impacts on the County of retail rate reductions associated with forming LACCE. These impacts are discussed in detail below.

Increase in Disposal Income Associated with Rate Reduction Impacts

Exhibit 37 shows the effects \$20 million in rate savings will have on the County's economy. The \$20 million rate savings represents the minimum bill savings per year achievable by LACCE once Phase 3 operations begin. Direct effects from reduced rates are expected to add 98 jobs. Indirect effects

are expected to add about 10 jobs. The induced effects of the project create approximately 211 jobs in the County with over \$9.6 million in labor income. It is also projected that the total value added will be approximately \$15.9 million and output close to \$24.2 million. Exhibit 37 details the macroeconomics on the County of the anticipated LACCE customer bill reductions.

Exhibit 37				
\$20 Million Rate Savings Effects on County Economy				
Impact Type	Employment	Labor Income	Total Value Added	Output
Direct Effect	98.3	\$3,674,939	\$5,376,863	\$7,099,612
Indirect Effect	10.4	\$608,838	\$1,057,593	\$1,677,591
Induced Effect	102.1	\$5,319,262	\$9,472,599	\$15,391,851
Total Effect	210.7	\$9,603,040	\$15,907,056	\$24,169,054

These savings are based on the economic construct that households will spend some share of the increased disposable income on more goods and services. This increased spending on goods and services will then lead to producers either increasing the wages of their current employees or hiring additional employees to handle the increased demand. This in turn will give the employees a larger disposable income which they spend on goods and services and thus repeating the cycle of increased demand. Again, these macroeconomic impacts shown on Exhibit 37 could be 6-7 times greater at Phase 3 build-out.

DER Development Impacts

The economic impacts of DER development are estimated using the Jobs and Economic Development Impact (JEDI) model. JEDI estimates the effects of DER development on construction industries and the local economy. JEDI was initially developed by the National Renewable Energy Laboratory to demonstrate the economic benefits associated with constructing and operating wind and photovoltaic systems in the United States. JEDI has since been expanded to analyze similar economic impacts for various energy sources such as biofuels, coal, concentrating solar power, geothermal, marine and hydrokinetic power, and natural gas. A primary goal of JEDI is that it is being used as a tool for system developers, renewable energy advocates, government officials, decision makers, and others to easily identify the local economic impacts associated with constructing and operating these systems on the economy as a whole, whether through direct and indirect effects.

Users input general information about a particular energy project, such as the project location, the type of system being installed, nameplate capacity, annual operations and maintenance costs, and others. JEDI has default but modifiable data regarding various aspects of each energy system type, such as equipment costs, tax parameters, and labor costs. JEDI then uses the input general information and the data, default or modified, to run calculations on the types of economic effects produced by the proposed project. This model can output projected direct job creation by industry, indirect job and business increases due to the project, projected operation costs, and more.

In order for JEDI to provide information, it must be populated with detailed data for the assumed DER project. Projected system data, type of solar cell, nameplate capacity (kW), and the number of systems. As an example of the macroeconomic activity caused by local DER deployment, this Plan assumes the installation of a 50 crystalline silicon, fixed mount solar systems with nameplate

capacities of 1 MW each for a total capacity of 50 MW. It is anticipated that LACCE will ultimately install a number of larger local solar projects such as the one described above. Exhibit 38 describes the macroeconomic impacts of constructing only one of these local solar projects.

Exhibit 38			
Projected Solar Systems Impacts on County's Economy			
Description	Jobs	Earnings, \$000	Output (GDP), \$000
During Construction and Installation Period			
*Project Development and Onsite Labor Impacts			
Construction and Installation Labor	342.5	\$22,182	
Construction and Installation Related Services	374.3	\$20,007	
Subtotal	716.8	\$42,189	\$67,620
*Module and Supply Chain Impacts			
Manufacturing Impacts	0.0	\$0	\$0
Trade (Wholesale and Retail)	79.4	\$4,425	\$12,887
Finance, Insurance and Real Estate	0.0	\$0	\$0
Professional Services	53.9	\$2,326	\$6,908
Other Services	141.4	\$15,048	\$42,364
Other Sectors	317.1	\$10,656	\$19,428
Subtotal	591.7	\$32,455	\$81,587
Induced Impacts	326.7	\$13,067	\$39,092
Total Impacts	1,635.3	\$87,710	\$188,298
During Operating Years			
*Onsite Labor Impacts			
PV Project Labor Only	9.2	\$555	\$555
*Local Revenue and Supply Chain Impacts	2.7	\$145	\$458
*Induced Impacts	1.9	\$74	\$221
Total Impacts	13.8	\$774	\$1,235

Exhibit 38 shows the construction and ongoing effects of building 50, 1 MW solar power systems. It is projected that roughly 1,635 jobs will be created during construction and installation. Of this total, about 719 jobs will be directly involved in construction and installation while roughly 592 jobs will be indirectly involved with the building of the project. Induced impacts of the construction and installation will create approximately 327 jobs. These induced effects may include anything from increased employment in restaurants, retail, education, and others. Overall, the building of this one solar project is projected to create \$87 million in earnings and \$188 million in output (GDP) in the local economy along with 1,636 jobs during construction and 14 full-time jobs ongoing. LACCE will need 2,000 – 3,000 MW of solar power plants at Phase 3 build-out so the potential employment impact on the County could be very significant.

Sensitivity Analysis

The aforementioned economic analysis provides the base case analysis of forming LACCE. This base case is predicated on numerous assumptions and estimates that influence the overall results. This section of the Plan will provide the range of impacts that could result from changes in the most significant variables. In addition, this section will address risks that cannot be quantified, but should be addressed and mitigated to the maximum amount possible. Each key assumption is discussed, a band of uncertainty is established and LACCE’s rate impacts associated with factoring in this uncertainty is developed for each key variable.

Since resource costs are based on forecast natural gas, wholesale market and renewable market prices, it is prudent to look at the sensitivity of the 20-year levelized cost calculation to fluctuations in these projections. Exhibit 39 below shows a summary of low, base, and high resource costs.

Exhibit 39 Low, Base and High 20-year Levelized Resource Costs (\$/MWh)					
Case	Market PPA	Portfolio 1 and 2 Renewables	Portfolio 3 Renewables	Brown Resources	Local Renewables
Low Case	25.0	32	40	45	45
Base Case	41.5	42	52	60	65
High Case	70.0	62	76	80	85

The 20-year levelized costs of each portfolio has been calculated using the range of resource costs shown above. The base case costs are depicted by the black dots in Exhibit 40.

Exhibit 40
Sensitivity of Portfolio 20-year Levelized Costs



Portfolio 3, which relies on renewable energy purchases to serve all retail loads, has the highest projected costs that range from a low of \$54/MWh to a high of \$90/MWh. The low case for Portfolio 3 (\$54/MWh) is greater than the base case for both Portfolios 2 and 3. The likelihood of solar costs

increasing to the point that 20-year levelized costs are near \$62/MWh seems unlikely. All signs point to decreases in solar equipment costs on a \$/watt basis. There have been significant decreases in solar costs over the past few years. Given the financial incentives targeted at the solar industry as well as the continuing advances in technology, it seems very unlikely that solar costs will increase over the next 10 to 20 years.

The potential for market PPA prices to increase to the high case of \$70/MWh has a much higher likelihood. Wholesale market prices are dependent on many factors the most notable of which are natural gas prices. Natural gas prices are at historic lows and wholesale market prices have followed. However, natural gas prices are subject to variety of local, national and international forces that could drastically alter the current market place. For one, increased regulation of the natural gas industry with respect to the deployment of fracking technology could cause decreases in natural gas supplies and commensurate increases in natural gas prices. If natural gas prices increased, it is highly likely that electric wholesale market prices would also increase.

When evaluating risks, it is important to note that power supply costs are approximately 79 percent of the total CCE costs, SCE non-bypassable charges account for 13 percent and CCE operating costs account for 8 percent of total CCE revenue requirement.

Loads and Customer Participation Rates

The Plan bases the 20-year load forecasts on expected load growth, load profiles and participation rates. In order to evaluate the potential impact of varying loads, low, medium, and high load forecasts have been developed for the sensitivity analysis. SCE made available load shape profiles by customer class for the entire SCE service area. These load profiles were applied to all customer loads despite the varying climate zones within the County.

Another assumption that can impact the costs of LACCE are the customer participation rates. This Plan uses a conservative participation rate as the base case. A higher participation rate will increase energy sales relative to the base case and decrease the fixed costs paid by each customer. On the other hand, a reduced participation rate will increase the fixed costs to LACCE participants. Sensitivity to changes in projected loads has been tested for the high and low load forecast scenarios. For the sensitivity analysis, the high case assumes an additional 10 percent participation rate, while the low case assumes the participation rate is reduced by 50 percent. The low case assumes a 0 percent growth in energy and customers after 2017, while the high scenario assumes a 5 percent growth in energy and customers.

SCE Rates and Surcharges

The base case forecast of SCE rates assumes delivery rates increase at 2 percent per year and generation rates increase approximately 2.0 percent based on the projected market prices and renewable resource growth rates.

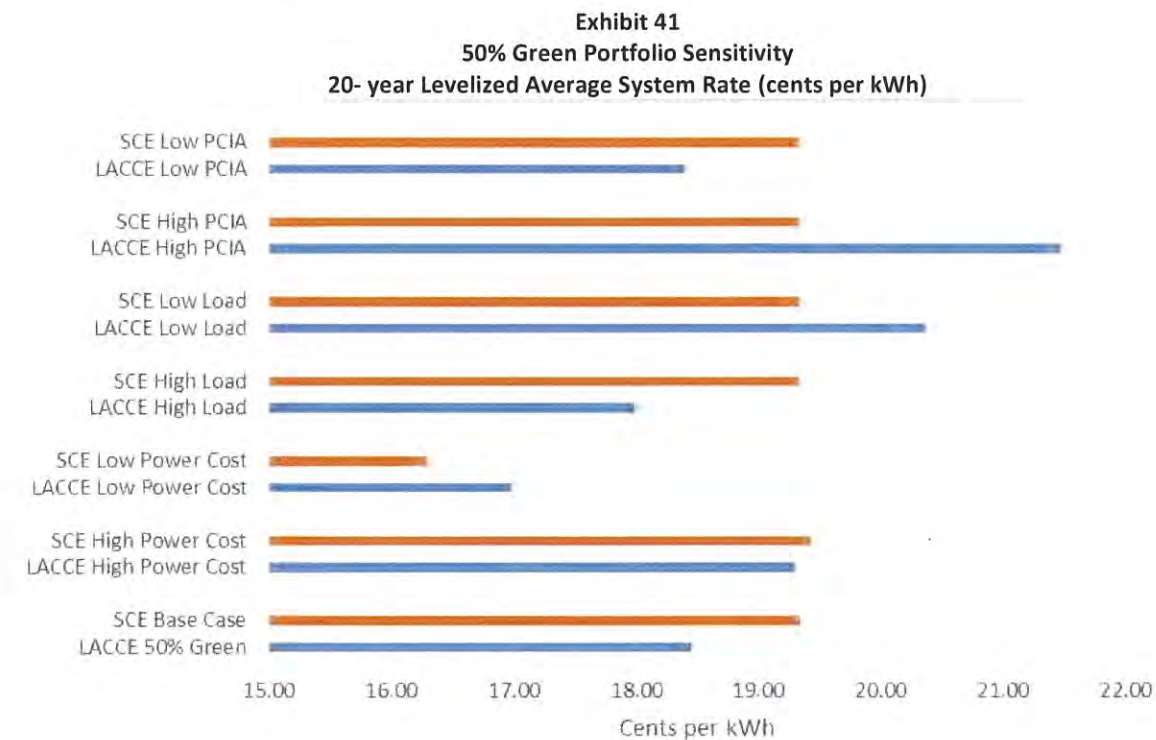
There are numerous factors that could impact SCE's rates in addition to the market price impacts described above. Regulatory changes, plant or technology retirements or additions, and the long-term impact of the Aliso Canyon leak all can impact SCE rates in the future. To address these

uncertainties, sensitivity to the SCE results has been modeled assuming a high and low SCE generation growth rate of 5 percent and 1.5 percent respectively.

The level of the PCIA and the amount of franchise surcharges will impact the cost competitiveness of LACCE. In order to be cost-effective, LACCE power supply costs plus PCIA and other surcharges must be lower than SCE’s generation rates. Over time, the PCIA will vary, but it is expected that it will decline as market prices increase. The PCIA reflects SCE’s own resources and signed contracts. Once the contracts expire, the related PCIA will disappear. Sensitivity to the PCIA has been modeled in the high case by assuming the PCIA would increase to reflect a historic high of 2.5 cents per kWh and remain flat for the 20-year analysis period. For the low case, it was assumed that the PCIA decreases by 50 percent in year 1 and remains flat for the 20-year analysis period.

Sensitivity Results

Exhibit 41 provides the results of the sensitivity analysis for the 50% Green Scenario, which is the most likely portfolio for LACCE to pursue. This sensitivity shows that the biggest risk to LACCE is if the PCIA increases to historic levels, LACCE does not achieve sufficient customer participation or if market prices fall significantly below their current historical low level.



This sensitivity analysis shows that LACCE rate could be greater than SCE rates if:

- The PCIA becomes larger by orders of magnitude
- LACCE loads are much less than forecast
- Wholesale market prices are much less than current experience

Each of these three scenarios has a low risk of actually occurring. For example, wholesale market prices for natural gas/electricity are at all-time lows. The probability of any significant further lowering of these prices is judged to be very small. The PCIA level should be fairly stable going forward as regulatory remedies are in play to stabilize the PCIA and the CCA vigilance in this area has increased markedly. Finally, a relatively high customer opt-out percentage in this Plan has been assumed when compared to those experienced by operating CCAs. It is very unlikely LACCE loads will not meet or exceed those assumed in this Plan.

Risks

Regulatory Risks

Regulatory issues continue to arise that may impact the competitiveness of LACCE. However, California's operating CCAs have worked hard to address any potentially detrimental changes through effective lobbying and technical support.

New legislation can also impact LACCE. For example, new legislation that recently affected CCAs are SB 350 and AB 1110. In addition, there are several changes that impact CCEs regarding power supply procurement and contracting. The CCE-specific changes reflected in SB 350 are generally positive, providing for ongoing autonomy with regard to resource planning and procurement. CCEs must be aware, however, of the long term contracting requirement associated with renewable energy procurement.

Regulatory risks also include the potential for utility generation costs to be shifted to non-bypassable and delivery charges. LACCE will need to continually monitor and lobby at the Federal, State and local levels to ensure fair and equitable treatment related to non-bypassable charges.

Participating Cities

LACCE has the possibility of being one of the largest utilities in California. As such, it is prudent to proceed with caution and implement LACCE's enrollment incrementally. The proposed phase-in approach allows for LACCE to hire staff and consultants incrementally, and ensure the power supply procurement, billing and data management process are smooth and with limited issues. This Plan demonstrates that if LACCE does not add any Cities to its service area, it is still cost competitive with SCE projected rates. As additional Cities are added, it is expected that LACCE rates will be reduced even more when compared to SCE's.

Schedule

A schedule for LACCE start-up is provided below.

Los Angeles Community Choice Energy (LACCE) Phase 1 Summary Milestone Schedule

Task Name	2015												2016												2017		
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar									
Task Force Meetings	◆		◆			◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆									
Acquire SCE Data (three phases)		◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆									
Business Plan																											
JPA Governing Documents																											
Board Approves Ordinance/Resolution																											
Implementation Plan/Statement of Intent																											
JPA Formation																											
Marketing and Outreach																											
Negotiate Financing/Line of Credit																											
Energy Services/Data Management																											
CPUC Certification and Launch Date Set																											
Cities Opt-In for Municipal Buildings																											
Negotiate Power Contracts																											
Finalize Cost of Service and Rates																											
Execute SCE Service Agreement*																											
Integration with SCE																											
Initial Opt-Out Notices																											
Phase 1 Service Begins																											
Final Opt-Out Notices																											

Summary and Recommendations

Rate Impacts and Comparisons

The first impact associated with forming LACCE will be lower electricity bills for LACCE customers. LACCE customers should see no obvious changes in electric service other than the lower price and more renewable power procurement. Customers will pay the power supply charges set by LACCE and no longer pay the higher costs of SCE power supply.

Given this Plan’s findings, LACCE’s rate setting can establish a goal of providing rates that are lower than the equivalent rates offered by SCE even under the 50 percent renewable portfolio. Under the 100 percent renewable portfolio, LACCE customers will pay 6.3 percent more for their power, but will receive roughly four times as much renewable energy compared to the SCE product. The projected LACCE and SCE rates are illustrated in Exhibit 42.

Exhibit 42 Indicative Rate Comparison (\$/kWh)				
Rate Class	SCE Bundled Rate*	LACCE RPS Bundled Rate	LACCE 50% Green Bundled Rate	LACCE 100% Green Bundled Rate
Residential	17.1	16.2	16.4	18.2
GS-1	16.6	15.7	15.9	17.7
GS-2	15.8	15.0	15.2	16.9
GS-3	14.5	13.8	13.9	15.5
PA-2	12.6	12.0	12.1	13.4
PA-3	10.4	9.9	10.0	11.1
TOU-8 Secondary	13.1	12.4	12.6	14.0
TOU-8 Primary	11.7	11.1	11.2	12.5
TOU-8 Substation	7.5	7.1	7.2	8.0
Total LACCE Rate Savings		5.4%	4.1%	(6.3%)

*SCE bundled average rate based on Table 3 in Advice 3319-E-A.

As an alternative to its standard rates with 28 percent renewable power, SCE also offers rates which feature 50 percent and 100 percent renewable power. For the residential customers, SCE estimates energy costs to be 3.5 cents per kWh higher for each kWh served on the green rate. The LACCE rates for 50 percent and 100 percent renewable power for residential customers are therefore estimated at 12-13% percent lower than SCE’s.

Once LACCE gives notice to SCE that it will commence service, LACCE customers will not be responsible for costs associated with SCE’s future electricity procurement contracts or power

plant investments.⁶ This is a distinct advantage to LACCE customers as they will now have local control of power supply costs through LACCE.

Renewable Energy Impacts

A second consequence of forming LACCE will be an increase in the proportion of energy generated and supplied by renewable resources. The Plan includes procurement of renewable energy sufficient to meet 50 percent or more of LACCE's electricity needs. The majority of this renewable energy will be met by new renewable resources. By 2020, SCE must procure a minimum of 33 percent of its customers' annual electricity usage from renewable resources due to the state Renewable Portfolio Standard and the Energy Action Plan requirements of the CPUC. In contrast, LACCE will target 50 percent renewable by 2017 and these resources will likely be new renewable resources.

Energy Efficiency Impacts

A third consequence of forming LACCE will be an increase in energy efficiency program investments and activities. The existing energy efficiency programs administered by SCE are not expected to change as a result of forming LACCE. LACCE customers will continue to pay the public goods charges to SCE which funds energy efficiency programs for all customers, regardless of supplier. The energy efficiency programs ultimately planned for LACCE will be in addition to the level of investment that would continue in the absence of LACCE. Thus, LACCE has the potential for increased energy investment and savings with an attendant further reduction in emissions due to expanded energy efficiency programs.

Economic Development Impacts

The fourth consequence of forming LACCE will be enhanced local economic development. The analyses contained in this Plan has focused primarily on the direct effects of this formation. However, in addition to direct effects, indirect economic effects are also encountered. The indirect effects of creating LACCE include the effects of increased local investments, increased disposable income due to bill savings and improved environmental and health conditions.

Exhibit 43 shows the effects \$20 million in electric bill savings will have on the County's economy. The \$20 million rate savings represents the minimum bill savings per year achievable by LACCE once in full operation. It is estimated that the electric bill savings can create approximately 211 additional jobs in the County with over \$9.6 million in labor income. It is also projected that the total value added will be approximately \$15.9 million and output close to \$24.2 million.

⁶ CCAs may be liable for a share of unbundled stranded costs from new generation, but would then receive associated Resource Adequacy credits.

Exhibit 43				
\$20 Million Rate Savings Effects on County Economy				
Impact Type	Employment	Labor Income	Total Value Added	Output
Direct Effect	98.3	\$3,674,939	\$5,376,863	\$7,099,612
Indirect Effect	10.4	\$608,838	\$1,057,593	\$1,677,591
Induced Effect	102.1	\$5,319,262	\$9,472,599	\$15,391,851
Total Effect	210.7	\$9,603,040	\$15,907,056	\$24,169,054

These savings are based on the economic construct that households will spend some share of the increased disposable income on more goods and services. This increased spending on goods and services will then lead to producers either increasing the wages of their current employees or hiring additional employees to handle the increased demand. This in turn will give the employees a larger disposable income which they spend on goods and services and thus repeating the cycle of increased demand.

In addition to increased economic activity due to electric bill savings, potential local projects can also create job and economic growth in the local economy. As an example of the macroeconomic activity caused by local DER deployment, this Plan assumes the installation of fifty crystalline silicon, fixed mount solar systems with nameplate capacities of 1 MW each for a total capacity of 50 MW. Overall, the building of this one solar project is projected to create \$87 million in earnings and \$188 million in output (GDP) in the local economy along with 1,636 jobs during construction and 14 full-time jobs ongoing. It is anticipated that LACCE will ultimately install a number of larger local solar projects such as the one described. At full Phase 3 build-out, the positive economic impacts could be 6-7 times larger than those calculated for Phase 2 operations.

Impact of Resource Plan on Greenhouse Gas (GHG) Emissions

The fifth consequence of forming LACCE will be reduced GHG emissions. The amount of renewable power in SCE’s power supply portfolio is 28 percent⁷ and will rise to 33 percent by 2020. LACCE is committed to reductions in greenhouse gas emissions. Based on power supply strategy described previously, the estimated GHG emission reductions are forecast to range from 289,080 to 505,890 tons CO₂e per year by 2019 assuming a 50 percent RPS target is achieved. The baseline for comparison is the resource mix used by SCE versus the resource mix that will be utilized by LACCE. Exhibit 44 details these reductions.

⁷ http://www.cpuc.ca.gov/RPS_Homepage/

Exhibit 44
Baseline Comparison of GHG Reduction by LACCE

	2017	2018	2019
Forecast Renewables (50% Renewables)			
LACCE (MWH) – Phase 2	1,438,275	1,459,854	1,459,854
LACCE RPS (MWH) – Phase 2	730,029	737,154	737,154
Additional Green Power	708,246	722,700	722,700
CO2 reduction – Low (Metric Tons of CO ₂ e)	283,298	289,080	289,080
CO2 reduction – High (Metric tons of CO ₂ e)	495,772	505,890	505,890

These reductions in GHG emissions associated with LACCE operations are significant. Assuming only Phase 2 loads (all unincorporated County loads) are being met by LACCE, CO₂e emissions associated with in-County electricity use will be reduced by 1-2 percent. At full Phase 3 build-out, CO₂ emissions associated with in-County electricity use will be reduced roughly 12-25 percent by LACCE operations.

Summary

This study concludes that the formation of a CCA in Los Angeles County is financially feasible and would yield considerable benefits for all participating County residents and businesses. These benefits could include 4.1 percent lower rates for electricity that is supplied by roughly twice the amount of renewable resources as SCE. LACCE will reduce GHG emissions by as much as 500,000 tons of CO₂e per year by serving only the County’s unincorporated areas. At full build-out, a 2 percent rate reduction (a fraction of the total reduction possible) will add 211 jobs, generate over \$24.2 million in additional GDP, and give the County and its residents greater control over their power supply and energy efficiency programs. The positive impacts on the County and its inhabitants of forming LACCE are so significant that this effort should be pursued. No likely combination of sensitivities will change this recommendation.

Appendix A – Cities/Counties Evaluating CCA Feasibility

	CCA Name	Service Area	Start Date	IOU
Operational				
	Marin Clean Energy	Marin County, Napa County, part of Contra Costa and Solano Counties	May 2010	PG&E
	Sonoma Clean Power	Sonoma County	May 2014	PG&E
	Lancaster Choice Energy	City of Lancaster	May 2015	SCE
	Clean Power San Francisco	City of San Francisco	May 2016	PG&E
	Peninsula Clean Energy	San Mateo County	June 2016	PG&E
Exploring/In Process				
	East Bay Community Energy	Alameda County		PG&E
	TBD	Butte County		PG&E
	TBD	City of San Jose		PG&E
	TBD	Contra Costa County		PG&E
	TBD	Humboldt County		PG&E
	LA Community Choice Energy	LA County		SCE
	TBD	Mendocino County		PG&E
	TBD	Monterey County		PG&E
	TBD	Placer County		PG&E
	TBD	Riverside County		SCE
	TBD	San Benito County		PG&E
	TBD	San Bernardino County		SCE
	TBD	San Diego County		SDG&E
	TBD	San Luis Obispo County		PG&E
	TBD	Santa Barbara County		SCE/PG&E
	Silicon Valley Clean Energy	Santa Clara County		PG&E
	TBD	Santa Cruz County		PG&E

Appendix B – CCA Funding Options Prepared by Public Financial Management, Inc.

This Appendix C is provided by Public Financial Management, Inc., the energy programs financial advisor to the Office of Sustainability hired to assist in LACCE start-up activities.

LACCE has funding requirements at each Phase of the program, including initial start-up costs as well as working capital necessary to bridge the timing lag between initial power purchases and the receipt of customer revenues. The complexity and availability of funding opportunities is influenced by the nature of each Phase of the program and the core structural features of the LACCE program itself. The discussion that follows reviews the current state of the financial marketplace for CCA programs and the funding options available to LACCE for each Phase of the program, as well as an overview of how other California CCAs have approached start-up and launch phase funding requirements.

Overview of Funding Requirements

Start-Up/Phase 1 – Start-Up and Phase 1 funding requirements are estimated to be approximately \$10 million. This amount consists of initial capital needs for infrastructure to establish the CCA as well as working capital to fund initial power procurement related expenses and bridge the timing lag between payment deadlines and the receipt of the first customer revenues. Phase 1 is expected to launch January 1, 2017, but funds will be required pre-launch starting on or about July 1, 2016 or later if some start-up costs can continue to be covered by initial County funding to develop the Business Plan.

Phase 2 – Phase 2 is scheduled to launch six months after Phase 1 on or about July 1, 2017. Phase 2 funding requirements are estimated to be approximately \$40 million largely oriented towards working capital and credit support for power procurement expenses. Similar to the Phase 1 timing, financing will be required several months prior to the launch of Phase 2. The lending community will view both Phase 1 and Phase 2 as having elevated risk profiles, given the start-up nature of the enterprise and uncertainty with respect to customer opt-out rates. On a relative basis, Phase 1 carries additional funding risk as a result of risks associated with failure to launch and untested revenue estimates, while the risk profile of Phase 2 should benefit from a limited history of successful collections and operating results as well as the ability to cure any preliminary start-up issues during the Phase 1 limited launch.

Current CCA Funding Landscape

The CCA market is rapidly expanding with increasingly proven success. To date, there are four operational CCAs in California with varying degrees of operating histories; however, all four CCAs have demonstrated the ability to generate positive operating results. As a result, power providers have kept pace and expanded their comfort level with CCA counterparty risks, offering

elongated and more flexible repayment terms for initial power purchases. The same cannot yet be said for the financial marketplace. To date, the financial counterparties who have gotten comfortable with CCA counterparty risk are very limited with only 3 to 5 banks currently offering credit to CCAs in the startup phase. The early adopters were community banks in the CCA service territory. In recent months a mix of regional and large national banks have shown increased levels of interest, particularly towards CCAs with (i) longer operating track-records and (ii) larger service territories. This expanded financial counterparty base should give LACCE comfort that it will have access to a deeper pool of potential financial counterparties than previous programs.

This is especially important since the LACCE program will dwarf all programs launched to date with respect to load served and potential customer base and thus require greater dollars.

Why are banks hesitant to lend to CCAs? LACCE will be formed as a Joint Action Agency (JPA) which is a proven organizational construct within California. Hundreds of JPAs have been created in CA and used to access billions in capital dollars over the decades. In particular, public power utilities in Southern California have sold billions of dollars of tax-exempt bonds and have had access to bank credit support in the form of letters and lines of credit. The key differentiating feature between all of these entities and a CCA is a monopoly right to a revenue stream to repay their creditors. Based on the existing legislative construct, CCAs have opt-out risk which gives creditors pause for concern. This is the fundamental reason why the financial marketplace has yet to get comfortable with CCAs on a broad-based basis.

As CCAs have successfully launched across the state and a more robust data set of opt-out history becomes available, the financial community has been more comfortable to provide credit support to CCAs. As more and larger opportunities such as LACCE, San Francisco, San Mateo County and San Diego potentially become available it is driving the financial community to respond and adapt. To date, the financial community as a whole has essentially been unaware of the growing CCA opportunity. Additional outreach and large scale public procurement efforts will continue to educate the marketplace.

With respect LACCE, funding requirements for start-up, Phase 1 and Phase 2 will be difficult funds to procure from a third party lender without some form of credit support (discussed below). The lending community will view the Start-up/Phase 1 \$10MM investment as high-risk because the CCA has yet to launch and begin collecting revenues which would be available to repay the lender. This investment is viewed much like an investment in any other start-up company that may not get off the ground. Phase 2 needs become a bit less risky as an operating history is established, but this history will be very limited and a significant amount of risk still exists for any lender. Future phases will reap the benefits of early Phase success and a reduced risk profile as LACCE demonstrates a record of operating results.

As a result of these funding challenges, all programs that have launched to date and those in development have relied on a sponsoring municipality to provide support for obtaining these needed funds. This support has come in varied forms which are summarized in Exhibit B-1 below:

**Exhibit B-1
Forms of Support**

Existing CCAs	Start-Up Funding Requirement ¹	Funding Sources
MCE Clean Energy	\$2- \$5 million	Startup loan from the County of Marin, individual investors, and local community bank loan.
Sonoma Clean Power	\$4 - \$6 million	Loan from Sonoma County Water Authority as well as loans from a local community bank secured by a Sonoma County general fund guarantee.
CleanPower SF	~\$5 million	Appropriations from the Hetch Hetchy reserve (SFPUC).
Lancaster Choice CCA	~\$2 million	Loan from the City of Lancaster general fund.
Peninsula Clean Energy	\$10 - \$12 million	San Mateo County has stated a willingness to fund a \$6MM escrow to secure lenders.

¹ Source: Respective entity websites and publicly available information.

Funding Option Review

LACCE will have more options than the initial CCA efforts in the state; however, the fundamental marketplace developments described above will nevertheless influence LACCE’s financing alternatives. This is a very dynamic and rapidly evolving market so what is written here will likely be different and perhaps more favorable when LACCE moves toward launch.

A review of the current state of options for obtaining funds for these initial phases is detailed below:

Direct Loan from LA County – LACCE can approach LA County for a loan to fund all or a portion of the Start-up/Phase 1 and Phase 2 needs. The County would be secured by the CCA revenues once launched. LA County could expect to be repaid in one to three years for this investment based on the history of other operational CCAs. LA County would likely assess a risk-appropriate rate for such a loan which is likely higher than the County earns for funds otherwise invested. This rate is estimated to be 4.0 percent to 6.0 percent.

Phase 1 needs are wholly County-contained risks in that the CCA is serving power to County facilities. This is a very controlled risk for the County in that it is essentially both the lender and the creditor. The opt-out risk is completely in the County’s control. While untested, it is possible that a lender other than the County could be found to fund these needs. Should the County be willing to offer up additional credit protection in the form of a 3-year agreement to not opt-out of the CCA, then external funding sources may be more readily available. The loan at that point would be no different than a loan to the County’s general fund, which has ample access to bank credit, given its high investment grade credit ratings and strong credit profile.

Phase 2 needs are broader and exposed to opt-out risk of customers beyond the County’s control. A direct loan from the County would be the easiest and most reliable approach to funding for LACCE Phase 2. The County will need to assess such risk appropriately and, if it decides to fund a loan, should fund at levels that reflect such risk. This has ranged 4.0 percent to 6.0 percent as

noted above. To date, the tenor of such loans has been relatively short, albeit with somewhat flexible repayment terms. The County would have other vehicles described below to support the CCA while limiting its risk.

Collateral Arrangement from LA County – As an alternative to a direct loan from the County, the County could establish an escrow account to backstop a lender’s exposure to the CCA. The County would agree to deposit funds in an interest-bearing escrow account which the lender could tap should the CCA fail to pay the lender directly.

The escrow would be interest bearing on behalf of the County so to the extent funds are not used the County is not forgoing interest earnings or principal. The amount of deposit required is negotiable with the lenders but could be as high as 50 percent of the loan needs or \$12.5 million to \$20 million for Phase 2. This limits the County’s exposure to 50 percent vs 100 percent direct exposure with a loan. This arrangement will attract interest from the existing CCA lending community and likely bring additional competition via a lending procurement effort.

Loan from a Financial Institution without Support – Market appetite for this option at such an early stage of the CCA is untested. To date, only CCAs with a more extensive 2 to 3-year operating history have been able to move away from a supported funding arrangement. LACCE should nonetheless explore this option.

Vendor Funding – LACCE can pursue arrangements with its power suppliers to eliminate or reduce the need for or size of funding for the initial Phases. This could come in a number of forms such as a “lockbox” approach with one power provider or a “credit-sleeving” approach with a power marketer. However, this approach is less transparent and the associated cost may outweigh the benefit of eliminating or reducing the need for a bank facility. It has been a very viable approach for the first CCA programs, but with the expansion of the marketplace it may not be required.

Revenue Bond Financing – This is not a feasible option at this point given the start-up nature of the enterprise. Once the CCA is more established (3 to 5 years) and can obtain a credit rating this could be an avenue to explore for future capital needs. Other CCAs with a longer operating history will likely explore and establish this marketplace before LACCE.

Summary

Funding for the LACCE program is available and viable in various forms as the financial marketplace continues to evolve for CCAs. The program should explore all options to determine which alternatives or combination of alternatives delivers the lowest cost funding.

Phase 1 needs are best supported by LA County as the sole impacted CCA participant. There are options beyond this, but each involves a significant amount of risk for the counterparty and thus likely to be available at a higher cost for LACCE.

Phase 2 needs will greatly benefit from an LA County pledge, but the marketplace may allow alternatives as noted above.

Appendix C – Proforma Analyses

Appendix D – Glossary

aMW: Average annual Megawatt. A unit of energy output over a year that is equal to the energy produced by the continuous operation of one megawatt of capacity over a period of time (8,760 megawatt-hours).

Basis Difference (Natural Gas): The difference between the price of natural gas at the Henry Hub natural gas distribution point in Erath, Louisiana, which serves as a central pricing point for natural gas futures, and the natural gas price at another hub location (such as for Southern California).

Brown Power: Electricity generated from non-renewable sources or that does not come with a Renewable Energy Credit (REC).

Buckets: Buckets 1-3 refer to different types of renewable energy contracts according to the Renewable Portfolio Standards requirements. Bucket 1 are traditional contracts for delivery of electricity directly from a generator within or immediately connected to California. These are the most valuable and make up the majority of the RECS that are required for LSEs to be RPS compliant. Buckets 2 and 3 have different levels of intermediation between the generation and delivery of the energy from the generating resources.

Bundled Customers: Electricity customers who receive all their services (transmission, distribution and supply) from the Investor-Owned Utility.

CAISO: The California Independent System Operator. The organization responsible for managing the electricity grid and system reliability within the former service territories of the three California IOUs.

California Clean Power (CCP): A private company providing wholesale supply and other services to CCEs.

California Energy Commission (CEC): The state regulatory agency with primary responsibility for enforcing the Renewable Portfolio Standards law as well as a number of other, electric-industry related rules and policies.

California Public Utilities Commission (CPUC): The state agency with primary responsibility for regulating IOUs, as well as Direct Access (ESP) and CCE entities.

Capacity Factor: the ratio of an electricity generating resource's actual output over a period of time to its potential output if it were possible to operate at full nameplate capacity continuously over the same period. Intermittent renewable resources, like wind and solar, typically have lower capacity factors than traditional fossil fuel plants because the wind and sun do not blow or shine consistently.

CCEAC: Community Choice Energy Advisory Committee - a committee formed to advise the City of Davis on the best options for pursuing a CCE.

Climate Zone: A geographic area with distinct climate patterns necessitating varied energy demands for heating and cooling.

Coincident Peak: Demand for electricity among a group of customers that coincides with peak total demand on the system.

Community Choice Aggregation: Method available through California law to allow Cities and Counties to aggregate their citizens and become their electric generation provider.

Community Choice Energy: A City, County or Joint Powers Agency procuring wholesale power to supply to retail customers.

Community Choice Partners: A private company providing services to CCEs in California.

Congestion Revenue Rights (CRRs): Financial rights that are allocated to Load Serving Entities to offset differences between the prices where their generation is located and the price that they pay to serve their load. These rights may also be bought and sold through an auction process. CRRs are part of the CAISO market design.

Demand Response (DR): Electric customers who have a contract to modify their electricity usage in response to requests from a utility or other electric entity. Typically, will be used to lower demand during peak energy periods, but may be used to raise demand during periods of excess supply.

Direct Access: Large power consumers which have opted to procure their wholesale supply independently of the IOUs through an Electricity Service Provider.

EI (Edison Electric Institute) Agreement: A commonly used enabling agreement for transacting in wholesale power markets.

Electric Service Providers (ESP): An alternative to traditional utilities. They provide electric services to retail customers in electricity markets that have opened their retail electricity markets to competition. In California the Direct Access program allows large electricity customers to opt-out of utility-supplied power in favor of ESP-provided power. However, there is a cap on the amount of Direct Access load permitted in the state.

Electric Tariffs: The rates and terms applied to customers by electric utilities. Typically have different tariffs for different classes of customers and possibly for different supply mixes.

Enterprise Model: When a City or County establish a CCE by themselves as an enterprise within the municipal government.

Federal Tax Incentives: There are two Federal tax incentive programs. The Investment Tax Credit (ITC) provides payments to solar generators. The Production Tax Credit (PTC) provides payments to wind generators.

Feed-in Tariff: A tariff that specifies what generators who are connected to the distribution system are paid.

Forward Prices: Prices for contracts that specify a future delivery date for a commodity or other security. There are active, liquid forward markets for electricity to be delivered at a number of Western electricity trading hubs, including NP15 which corresponds closely to the price location which the City of Davis will pay to supply its load.

Implied Heat Rate: A calculation of the day-ahead electric price divided by the day-ahead natural gas price. Implied heat rate is also known as the 'break-even natural gas market heat rate,' because only a natural gas generator with an operating heat rate (measure of unit efficiency) below the implied heat rate value can make money by burning natural gas to generate power. Natural gas plants with a higher operating heat rate cannot make money at the prevailing electricity and natural gas prices.

Integrated Resource Plan: A utility's plan for future generation supply needs.

Inter-continental Exchange (ICE): The main electronic trading platform for trading wholesale electricity and gas contracts in the United States. (Also handles trading in other commodities and securities.)

Investor-Owned Utility: For profit regulated utilities. Within California there are three IOUs - Pacific Gas and Electric, Southern California Edison and San Diego Gas and Electric.

ISDA (International Swaps and Derivatives Association): Popular form of bilateral contract to facilitate wholesale electricity trading.

Joint Powers Agency (JPA): A legal entity comprising two or more public entities. The JPA provides a separation of financial and legal responsibility from its member entities.

Lancaster Choice Energy (LCE): The most recent California CCE to go-live, exclusively serving the City of Lancaster in Southern California.

LEAN Energy (Local Energy Aggregation Network): A not-for-profit organization dedicated to expanding Community Choice Aggregation nationwide.

Load Forecast: A forecast of expected load over some future time horizon. Short-term load forecasts are used to determine what supply sources are needed. Longer-term load forecasts are used for budgeting and long-term resource planning.

Marginal Unit: An additional unit of power generation to what is currently being produced. At and electric power plant, the cost to produce a marginal unit is used to determine the cost of increasing power generation at that source.

MCE: Formerly Marin Clean Energy - the first CCE in California serving Cities within and the Counties of Marin and Napa.

MRTU: CAISO's Market Redesign and Technology Upgrade. The redesigned, nodal (as opposed to zonal) market that went live in April of 2009.

Net Energy Metering: The program and rates that pertain to electricity customers who also generate electricity, typically from rooftop solar panels.

Non-Coincident Peak: Energy demand by a customer during periods that do not coincide with maximum total system load.

NP15: Refers to a wholesale electricity pricing hub - North of Path 15 - which roughly corresponds to PG&E's service territory. Forward and Day-Ahead power contracts for Northern California typically provide for delivery at NP15. It is not a single location, but an aggregate based on the locations of all the generators in the region.

On-Bill Repayment (OBR): Allows electric customers to pay for financed improvements such as energy efficiency measures through monthly payments on their electricity bills.

Operate on the Margin: Operation of a business or resource at the limit of where it is profitable.

Opt-Out: Community Choice Aggregation is, by law, an opt-out program. Customers within the borders of a CCE are automatically enrolled within the CCE unless they proactively opt-out of the program.

Power Cost Indifference Adjustment (PCIA): A charge applied to customers who leave IOU service to become Direct Access or CCE customers. The charge is meant to compensate the IOU for costs that it has previously incurred to serve those customers.

PPA (Power Purchase Agreement): The standard term for bilateral supply contracts in the electricity industry.

Renewable Energy Credits (RECs): The renewable attributes from RPS-qualified resources which must be registered and retired to comply with RPS standards.

Resource Adequacy (RA): The requirement that a Load-Serving Entity own or procure sufficient generating capacity to meet its peak load plus a contingency amount (15 percent in California) for each month.

RPS (Renewable Portfolio Standards): The state-based requirement to procure a certain percentage of load from RPS-certified renewable resources.

Scheduling Coordinator: An entity that is approved to interact directly with CAISO to schedule load and generation. All CAISO participants must be or have an SC.

Scheduling Agent: A person or service that forecasts and monitors short term system load requirements and meets these demands by scheduling power resource to meet that demand.

Sonoma Clean Power (SCP): A CCE serving Sonoma County and Sonoma County Cities.

Spark Spread: The theoretical gross margin of a gas-fired power plant from selling a unit of electricity, having bought the fuel required to produce this unit of electricity. All other costs (capital, operation and maintenance, etc.) must be covered from the spark spread.

Supply Stack: Refers to the generators within a region, stacked up according to their marginal cost to supply energy. Renewables are on the bottom of the stack and peaking gas generators on the top. Used to provide insights into how the price of electricity is likely to change as the load changes.

Weather Adjusted: Normalizing energy use data based on differences in the weather during the time of use. For instance, energy use is expected to be higher on extremely hot days when air conditioning is in higher demand than on days with comfortable temperature. Weather adjustment normalizes for this variation.

Western Electric Coordinating Council (WECC): The organization responsible for coordinating planning and operation on the Western electric grid.

Wholesale Power: Large amounts of electricity that are bought and sold by utilities and other electric companies in bulk at specific trading hubs. Quantities are measured in MWs, and a standard wholesale contract is for 25 MW for a month during heavy-load or peak hours (7am to 10 pm, Mon-Sat), or light-load or off-peak hours (all the other hours).

WSPP (Western States Power Pool) Agreement: Common, standardized enabling agreement to transact in the wholesale power markets.

Los Angeles Community Choice Energy (LACCE)
Phase 1 Summary Milestone Schedule

Task Name	2015			2016												2017			
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	
Task Force Meetings	◆		◆		◆		◆		◆		◆		◆		◆		◆		◆
Acquire SCE Data (three phases)		◆ Order	◆ 1st	◆ 2nd	◆ Final														
Business Plan								◆ Draft											
JPA Governing Documents									◆ Final										
Board Approves Ordinance/Resolution										◆ Final									
Implementation Plan/Statement of Intent											◆ Authorization								
JPA Formation												◆ Submit to CPUC							
Marketing and Outreach																			
Negotiate Financing/Line of Credit																			
Energy Services/Data Management																			
CPUC Certification and Launch Date Set																			
Cities Opt-in for Municipal Buildings																			
Negotiate Power Contracts																			
Finalize Cost of Service and Rates																			
Execute SCE Service Agreement*																			
Integration with SCE																			
Initial Opt-Out Notices																			
Phase 1 Service Begins																			
Final Opt-Out Notices																			

* Includes all required forms and Binding Letter of Intent.

Start-Up LACCE Cash Needs for CY 2016

	August	September	October	November	December	Total
IOU Fees (including Billing)	\$780	\$0	\$0	\$2,938	\$6,203	\$9,921
Consultants						
PFM	\$25,000	\$25,000	\$25,000	\$25,000	\$0	\$100,000
Legal/Regulatory	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$250,000
Financial	\$25,000	\$25,000	\$25,000	\$25,000	\$50,000	\$150,000
Advertising/Communication				\$10,000	\$10,000	\$20,000
Services	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$100,000
Staffing	\$45,000	\$55,000	\$55,000	\$55,000	\$55,000	\$265,000
General & Admin	\$45,000	\$35,000	\$25,000	\$25,000	\$25,000	\$155,000
CPUC Bond	\$0	\$100,000	\$0	\$0	\$0	\$100,000
SCE Bond (Phase 1 & 2)	\$0	\$259,930	\$0	\$0	\$0	\$259,930
Total Budget	\$210,780	\$569,930	\$200,000	\$212,938	\$216,203	\$1,409,851

ATTACHMENT 3
LACCE March 3, 2017 Public Meeting Presentation



Los Angeles Community Choice Energy (LACCE)

Public Meeting

March 3, 2017



Los Angeles Community Choice Energy

Welcome

Gary Gero, Chief Sustainability Officer
County of Los Angeles

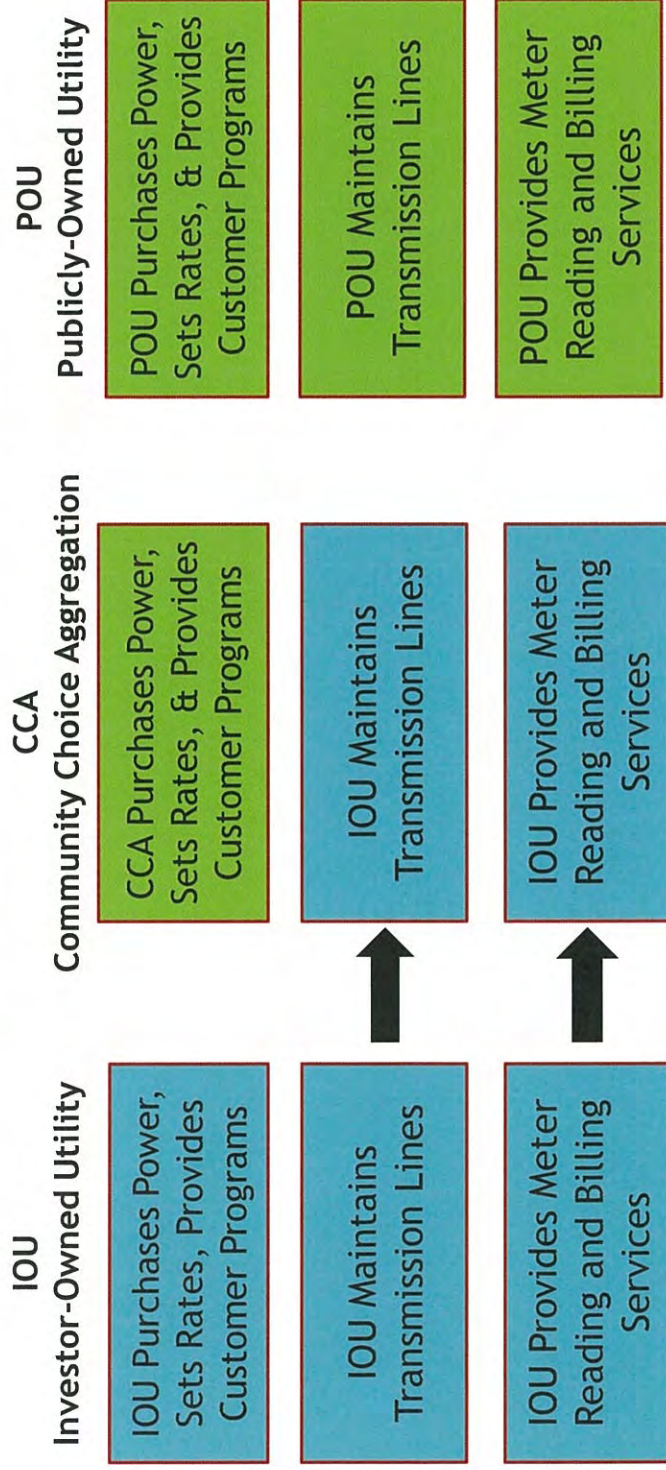
Los Angeles Community Choice Energy

Today's Agenda

- ▶ Brief Overview of LACCE
- ▶ Technical Discussion with County's expert consultants
- ▶ Review of the Draft Joint Powers Agreement
- ▶ Overview of the Schedule
- ▶ Questions & Answers

Los Angeles Community Choice Energy

Community Choice Aggregation (CCA): A Hybrid Approach to Utility Operations



Los Angeles Community Choice Energy

Potential LACCE Program Offerings

1. Green Tiers (cities may choose their own default option):
 - A. 30% renewables
 - B. 50% renewables
 - C. 100% renewables
2. Customer Programs
 - A. Net Energy Metering/Feed In Tariffs
 - B. Energy Efficiency and Demand Response
 - C. Electric Vehicle Programs
 - D. Business Development rates
3. Local Renewable Energy Resource Development / Distributed Energy Resources (DER)

Los Angeles Community Choice Energy

LACCE Benefits: Rates

Indicative Rate Comparison in ¢/kWh						
Rate Class	SCE Bundled Rate	LACCE RPS Bundled Rate	SCE 50% Green	LACCE 50% Green Bundled Rate	SCE 100% Green	LACCE 100% Green Bundled Rate
Residential	17.1	16.2	18.85	16.4	20.6	18.2
Small Commercial	16.6	15.7	18.35	15.9	20.1	17.7
Medium Commercial	15.8	15	17.55	15.2	19.3	16.9
Large Commercial	14.5	13.8	16.25	13.9	18	15.5
Small Public Authority	12.6	12	14.35	12.1	16.1	13.4
Large Public Authority	10.4	9.9	12.15	10	13.9	11.1
Small Industrial	13.1	12.4	14.85	12.6	16.6	14
Medium Industrial	11.7	11.1	13.45	11.2	15.2	12.5
Large Industrial	7.5	7.1	9.25	7.2	11	8
Total LACCE Rate Savings Over SCE Standard Rate		5.4%		4.1%		-6.3%
Savings Over Comparable SCE Rate		5.4%		13%		12%

- Rates are taken from the LACCE Business Plan
- LACCE rates include considerable financial reserve

Los Angeles Community Choice Energy

LACCE Benefits: Economic Development

- **Total Electricity Savings**
 - A 5.4% rate reduction saves LACCE customers \$20 million/year
 - This \$20 million rate reduction is estimated to create 200 new jobs in LA County.
 - In aggregate, these benefits could add \$16 million to the County's economy.
- **Power Supply Construction Projects**
 - Construction of one 50 MW solar project in County could create 1,500 jobs during construction and 15 full-time permanent jobs.
 - LACCE will need many of these local energy generation projects at full build-out.

Los Angeles Community Choice Energy

LACCE Benefits: Customer Choice and Local Control

- **Customer Choice**
 - CCAs offer customers new options (CCA rate offerings), without removing old options (SCE)
 - Having both CCA and SCE products gives customers choice
- **Local Control**
 - CCAs enable communities to invest locally; ratepayer funds can be used to support local projects instead of being sent to SCE
 - CCAs have local control over their power supply, rates, and customer programs (e.g., energy efficiency, solar incentives, EV incentives, etc.)

Los Angeles Community Choice Energy

Introductions and Discussion

- ▶ New additions to the LACCE consultant team
- ▶ **Barbara Boswell** - former Executive Director of Lancaster Clean Energy (LCE)
- ▶ **Bill Carnahan** - former Executive Director of the Southern California Public Power Authority (SCPPA)

Los Angeles Community Choice Energy

LACCE Joint Powers Agreement (JPA)

Overview

- ▶ Negotiating Process
- ▶ Recitals
- ▶ Governance
 - ▶ Board of Directors
 - ▶ Voting Structure
 - ▶ Special Voting
- ▶ Committees

Los Angeles Community Choice Energy

LACCE JPA Negotiating Process

- ▶ In December 2016, we held a public workshop to get ideas and input on elements of an LACCE JPA
- ▶ Since January 2017, the County has held negotiating sessions with interested cities every two weeks
- ▶ Over 50 cities expressed interest in participating in LACCE, and dozens actively participated in the JPA negotiations
- ▶ Cities were encouraged to bring up any issue or point of contention they wished. Many did and we held robust discussions.
- ▶ The draft JPA reflects the broad consensus of the County and cities.

Los Angeles Community Choice Energy

Cities Expressing Interest in LACCE

Agoura Hills	Hawthorne	Paramount
Alhambra	Hermosa Beach	Pico Rivera
Artesia	Hidden Hills	Redondo Beach
Baldwin Park	Huntington Park	Rolling Hills Estates
Bell	Industry	Rosemead
Bell Gardens	Inglewood	San Dimas
Beverly Hills	La Mirada	San Fernando
Bradbury	La Verne	Santa Clarita
Calabasas	Lakewood	Santa Fe Springs
Carson	Lawndale	Santa Monica
Cerritos	Long Beach	Sierra Madre
Claremont	Lomita	South El Monte
Commerce	Lynwood	South Pasadena
Compton	Malibu	Torrance
Covina	Manhattan Beach	West Covina
Culver City	Monterey Park	West Hollywood
Diamond Bar	Montebello	Westlake Village
Duarte	Norwalk	Whittier
El Segundo	Palmdale	
Glendora	Palos Verdes Estates	

Los Angeles Community Choice Energy

LACCE JPA: Recitals

- ▶ The starting point of negotiation was the Recital language used in the JPA that governs East Bay Community Energy (EBCE) in Alameda County
- ▶ Most of the EBCE language was kept, but some modifications were made based on discussions with cities
- ▶ The LACCE Recitals reflect the County and cities commitment to lower cost, greener, and more local energy, and stable and skilled local workforce.

Los Angeles Community Choice Energy

LACCE JPA: Recital Examples

- ▶ Develop an electric supply portfolio with overall lower greenhouse gas (GHG) emissions than SCE, and one that supports the achievement of the parties' greenhouse gas reduction goals and the comparable goals of all participating jurisdictions
- ▶ Recognize the value of current workers in existing jobs that support the energy infrastructure of Los Angeles County and Southern California (e.g. union and prevailing wage jobs, and local workforce development). The Authority, as a leader in the shift to a clean energy, commits to ensuring it will take steps to minimize any adverse impacts to these workers to ensure a "just transition" to the new clean energy economy
- ▶ Ensure that low-income households and communities are provided with affordable and flexible energy options, including the provision of energy discounted rates to eligible low-income households

Los Angeles Community Choice Energy

LACCE JPA: Board of Directors

- ▶ Each member of the JPA shall appoint a Director, who must be an elected official or member of the governing board of that jurisdiction
- ▶ Members are allowed to appoint up to two Alternate Directors.
- ▶ Alternate Directors may be:
 - ▶ Elected official
 - ▶ Appointed official (commissioners)
 - ▶ Staff member
 - ▶ Member of the public, provided they meet certain qualifications

Los Angeles Community Choice Energy

Alternate Director: Member of the Public

- ▶ Any alternate Director that is a member of the public must have demonstrated knowledge in energy-related matters through significant experience in either:
 - ▶ 1) an electric utility or company, agency, or nonprofit providing services to a utility
 - ▶ 2) a regulatory agency or local government body overseeing an electric utility or a company, agency, or nonprofit providing services to such an agency
 - ▶ 3) an academic or nonprofit organization engaged in research and/or advocacy related to the electric sector.

Los Angeles Community Choice Energy

LACCE JPA: Voting Structure

- ▶ One member, one vote.
- ▶ Most items require a simple majority of the Directors present to vote in the affirmative for approval.
 - ▶ Some items require a 2/3s majority vote.
- ▶ Directors may ask for a “weighted vote” in which a members’ voting share is weighted based on the size of their electricity load.
- ▶ To initiate a weighted vote, at least three Directors must request it.

Los Angeles Community Choice Energy

LACCE JPA: Special Voting Requirements

- ▶ Specific items require a supermajority of Directors (2/3) to vote in the affirmative for approval:
 - ▶ Change the designation of the Treasurer or Auditor of the Authority
 - ▶ Issue bonds or other forms of debt
 - ▶ Exercise eminent domain
 - ▶ Amend of the JPA
 - ▶ Adopt or amend the bylaws
 - ▶ Remove a member for cause

Los Angeles Community Choice Energy

LACCE JPA: Committees

- ▶ Permissive language is included to allow the LACCE Board to form any other committees it deems necessary
- ▶ Negotiations resulted in two required, standing committees
 - ▶ Executive Committee
 - ▶ Finance Committee

Los Angeles Community Choice Energy

LACCE JPA: Permissive Committee Language

- ▶ Section 5.9:
 - ▶ **Commissions, Boards and Committees.** The Board may establish any advisory commissions, boards and committees as the Board deems appropriate to assist the Board in carrying out its functions and implementing the CCA Program, other energy programs and the provisions of this Agreement. The Board may establish rules, regulations, policies, bylaws or procedures to govern any such commissions, boards, or committees and shall determine whether members shall be compensated or entitled to reimbursement for expenses.

Los Angeles Community Choice Energy

LACCE JPA: Standing Committees Executive Committee

- ▶ **Executive Committee.** The Board shall establish an executive committee consisting of a smaller number of Directors. The Board may delegate to the Executive Committee's such authority as the Board might otherwise exercise, except that the Board may not delegate authority regarding certain essential functions, including but not limited to, approving the fiscal year budget or hiring or firing the Executive Director, and other functions as provided in the Operating Policies and Procedures. The Board may not delegate to the Executive Committee or any other committee its authority under Section 3.2.12 to adopt and amend the Operating Policies and Procedures.

Los Angeles Community Choice Energy

LACCE JPA: Standing Committees Finance Committee

- ▶ **Finance Committee.** The Board shall establish a finance committee consisting of a smaller number of Directors. The primary purpose of the Finance Committee is to review and recommend to the Board:
 - ▶ A funding plan;
 - ▶ A fiscal year budget;
 - ▶ Financial policies and procedures to ensure equitable contributions by Parties;
 - ▶ Such other responsibilities as provided in the Operating Policies and Procedures.

Los Angeles Community Choice Energy

JPA and Enrollment Schedule

- ▶ **March 13, 2017** - Written comments due from the public
- ▶ **By end of March 2017** - County and cities meet to review public comments, make revisions to the LACCE JPA based on those comments, and make any other changes as needed.
- ▶ **April 2017** - LACCE JPA, enabling ordinance, and supporting Board report presented to Board of Supervisors (date tbd) and cities begin process of adopting enabling ordinance and JPA to join LACCE.
- ▶ **Fall 2017** - Initial LACCE participants finalized.

Los Angeles Community Choice Energy

Implementation Schedule

- ▶ To ensure a smooth launch and rollout, the LACCE team has had discussions with SoCal Edison to determine the best approach.
- ▶ Phased rollout:
 - ▶ Phase 1, January 2018 (about 2,000 accounts)
 - ▶ Los Angeles County municipal facilities
 - ▶ Phase 2, July 2018 (about 200,000 accounts)
 - ▶ City municipal facilities
 - ▶ City and County commercial and industrial customers
 - ▶ Phase 3, January 2019 (about 1.5 Million accounts)
 - ▶ City and County residential customers



QUESTIONS & ANSWERS

Los Angeles Community Choice Energy

Contact Information

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213-974-1160

More information/documents can be found at:

<http://green.lacounty.gov/wps/portal/green/lacce>

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ATTACHMENT 4
CCA Rates and Power Supply Comparison Report

March 29, 2017

CCA Rates and Power Supply Comparison

CCA Power Products

The following figure compares the power products offered by each IOU with those offered by the CCA's operating in their service territory. "Renewable share" refers to the percentage of each provider's power supply that is sourced from RPS-eligible generation resources. "GHG-Free Share" includes all power from the "renewable share" category as well as the share of power sourced from GHG-free but RPS-ineligible resources such as nuclear and large hydroelectric power. Finally, the "alternative products" category lists the "opt-up" options available through each provider. These are premium products that customers voluntarily pay a premium to receive. Acronyms in the figure are as follows:

Acronym	Name	Organization Type
PG&E	Pacific Gas and Electric	Investor-Owned Utility
MCE	Marin Clean Energy	Community Choice Aggregation
SCP	Sonoma Clean Power	Community Choice Aggregation
CPSF	Clean Power San Francisco	Community Choice Aggregation
PCE	Peninsula Clean Energy	Community Choice Aggregation
SCE	Southern California Edison	Investor-Owned Utility
LCE	Lancaster Choice Energy	Community Choice Aggregation

Organization	Renewable Share	GHG-Free Share	Alternative Products
PG&E	30%	60%	50% RPS, 100% RPS
MCE	52%	76%	100% RPS, 100% Local Solar
SCP	36%	77%	100% RPS
CPSF	40%	63%	100% RPS
PCE	50%	75%	100% RPS
SVCE	50%	100%	100% RPS
SCE	25%	33%	50% RPS, 100% RPS
LCE	35%	35%	100% RPS

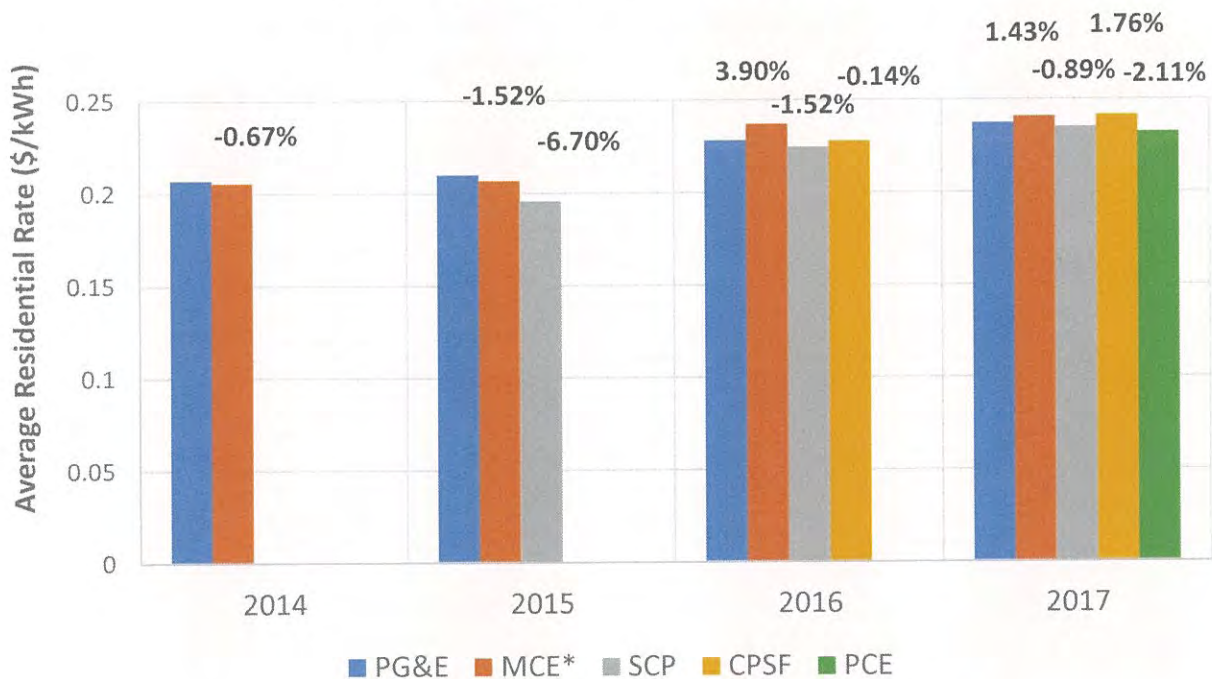
CCA-IOU Rates Comparison

The following figure compares rates of each CCA with their incumbent IOU over the period from 2014-2017. The comparison is made for an average single-family residential customer with a monthly energy usage of 467 kWh. Data is sourced from "Joint Rate Comparisons" issued jointly by the CCA and IOU each year. Each of these comparisons is provided as a snapshot during each year. However, rate changes are made periodically throughout the year, but are not always accompanied by publicly issued rate comparisons. Notably, customers of Marin Clean Energy (MCE) have enjoyed rates that are lower than PG&E 70% of the time MCE has been in operation¹ (MCE has been operational since 2010, but rate

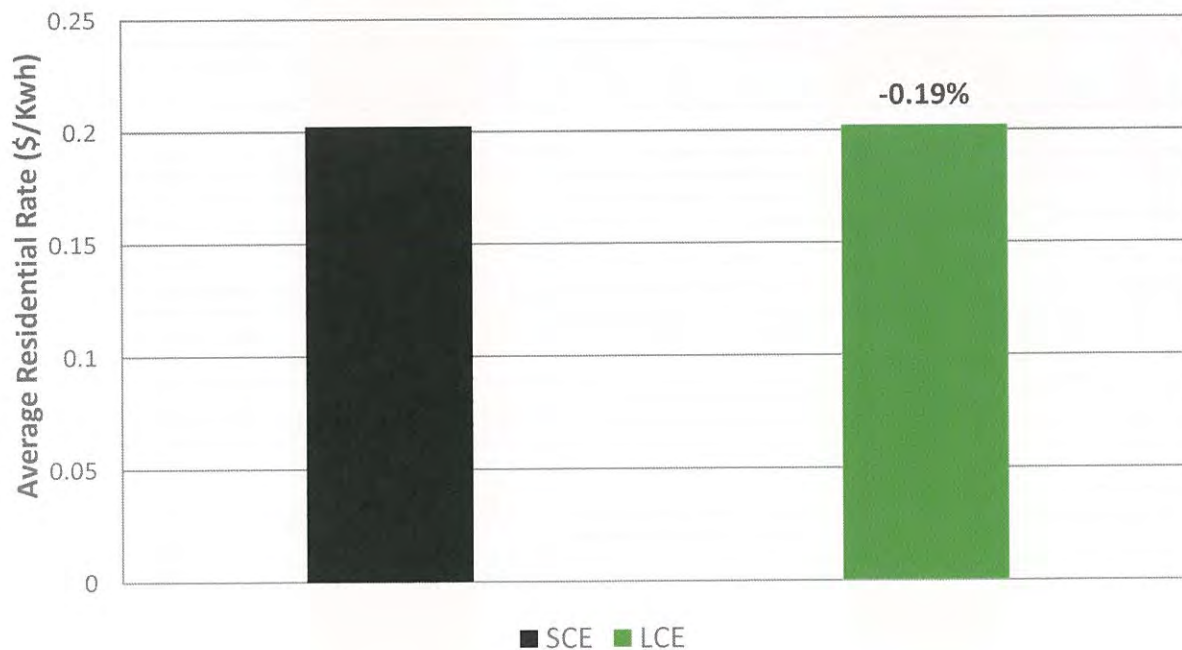
¹ Weisz, Dawn. San José City Council Meeting, 3/21/2017. Transcript page. 59, accessed on 3.29.2017 at: http://sanjose.granicus.com/DocumentViewer.php?file=sanjose_dbff294038b3a25959a7d6a127b97e6d.pdf&view=1

comparisons for the years 2010-2014 are not available). Data labels indicate the percentage difference between the CCA's rates and the IOU's for the given year.

PG&E-CCA Historic Rate Comparison



SCE-CCA Historic Rate Comparison



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ATTACHMENT 5

LA Times Article “Public energy programs offer
lower rates – at first”

Public energy programs offer lower rates — at first

Cost advantage from operations such as what L.A. County has OKd tends to decline.

April 30, 2017 By Ivan Penn

Southern California Edison customers looking to cure their power-bill pain might find some relief in Los Angeles County's new government-run energy program — but the track records of similar public energy efforts show that the initial cost advantage doesn't last.

From California to Massachusetts, the kinds of community energy programs that L.A. County approved this month lowered electricity bills 5% to 40% when they began.

But after an initial honeymoon period, the savings have tended to shrink.

In many cases, the electricity-cost difference between the old utility and the newer competing public program has declined to a few cents a month on customers' bills. In some cases, the cost advantage for the new rivals has disappeared altogether.

And California's investor-owned utilities just tossed another complication into the mix.

Customers who leave the traditional utilities are required to pay a fee for electricity bought on their behalf that no longer is needed, and now the utilities — Southern California Edison, San Diego Gas & Electric and Pacific Gas & Electric — want to increase it, according to a proposal filed with regulators Tuesday. Increasing the fee included with each month's bill would further reduce any cost difference.

Still, proponents of the government-run operations, called Community Choice Aggregation programs, or CCAs, contend that they offer benefits to all electricity users beyond cost savings.

The public programs replace some of the functions performed by traditional, investor-owned utilities such as Edison.

The government-run operations take on the role of purchasing power as well as developing their own sources of electricity, such as by placing solar panels atop roofs or canopies on parking lots.

In doing so, they compete against the utilities in securing power contracts and finding suitable spots for developing sustainable power projects.

But Edison, SDG&E and PG&E still must collect money from all utility customers to pay for maintenance of power lines, substations and other resources that help make up the electric grid.

"They're responsible for system reliability," said Steve Hoffman, a retired president of power company NRG West. "All of those costs are still going to be borne by CCA customers."

Much of the economic benefit to consumers comes from the utility — government-run or investor-owned — that can secure the best deal and save consumers money.

But there's an additional benefit: As the government-run energy programs push for more clean energy, Edison and other investor-owned utilities increasingly must consider that consumers might want wider use of solar or wind power rather than fossil fuel sources such as natural gas or coal.

"CCAs do provide pressure on the utilities," Hoffman said.

How well is public power performing?

About half a dozen states allow community choice aggregation programs, including California, Illinois, Massachusetts, New Jersey, Ohio and Rhode Island.

In Illinois, utility customers participate in the government programs at a higher rate than in any other state. About 60% of the state's utility customers are enrolled in community energy programs, down from as high as 80% when the initial savings was a third of the cost at the investor-owned utility.

Illinois offers utility customers broad flexibility to switch between the investor-owned utilities and the government-run programs.

As older, higher-priced contracts ended, investor-owned utilities negotiated better deals that let them offer more competitive prices to retail customers.

"Basically, [the investor-owned utilities] had a high-note mortgage and refinanced it at a lower rate," said Mark Pruitt, principal at the Illinois Community Choice Aggregation Network.

Chicago was the biggest Illinois town to join the public power push. But only two years later, in 2015, city officials decided to get out of the business of supplying energy and returned about 750,000 households, or about 2 million people, to the investor-owned utility because prices had become more competitive.

Scott Tess, environmental sustainability manager for Urbana, Ill., said the majority of the utility customers in the college town are enrolled in the government program. He said it sometimes is difficult to see savings from month to month because electricity usage and prices fluctuate.

"There are quarters of the year where we haven't competed as well," Tess said. "It's actually hard to see \$5 or \$10 savings per month. It's actually year to year that you see the savings."

Greening the Cape

In Cape Cod, Mass., where Maggie Downey runs Cape Light Compact, the nation's oldest community choice aggregation program, about 65% of ratepayers have stayed with the public energy plan even though it isn't always the cheapest.

Over the 15 years that the Cape Light Compact has operated, a residential customer would have paid on average about \$6.30 more a year for electricity but also would have gotten increasingly clean options, culminating with the recent introduction of a 100% renewable energy selection.

"It brings in more choices," said Downey, whose program serves 207,000 customers. "We never say we're the lowest price. If we bought today, the price could change. The price could go up."

Giving customers the ability to choose clean energy is one of the major benefits of community energy programs, beyond any potential savings, proponents argue.

In Marin County

About 255,000 utility customers are part of California's oldest community energy program that began in Marin County in May 2010. That's 83% of the eligible customers in the service area.

Over the life of the program, electricity costs for those customers were cheaper than PG&E about 70% of the time.

“Right now, our rates are barely less than theirs,” said Jamie Tuckey, a spokeswoman for the program in Northern California, dubbed MCE. “But it’s less.”

The typical MCE residential customer pays about \$97.75 a month for electricity from 50% renewable energy sources such as solar power, which means the program already meets the state’s mandate that utilities get half their power from clean sources by 2030.


That compares with a typical PG&E customer bill of \$98.30 a month for an electricity mix of about 33% from renewable sources, including about 13% from solar.

MCE and PG&E also offer 100% clean energy options. MCE’s 100% clean energy program increases monthly costs by about \$4 to a typical residential bill, while PG&E’s comparable program adds about \$13.

“We’ve seen their rates reduce. They’re also even offering 100% renewable option,” Tuckey said.

“I think a lot of that,” she said, “is spurred by the competition that CCAs are creating in California.”

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Los Angeles
Community
Choice Energy
(LACCE)

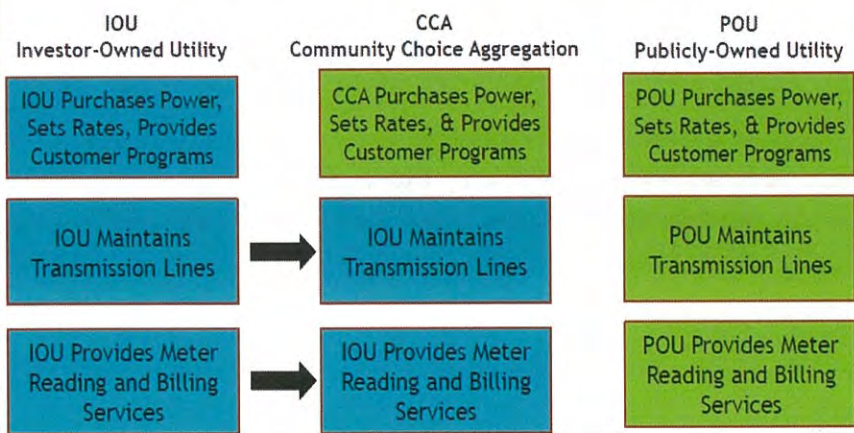
City of South Pasadena City
Council Meeting
June 21, 2017
Presented by Jenna Shimmin, Senior
Management Analyst

Highlights

- Brief Overview of LACCE
- Benefits
- Overview of Schedule
- Discussion with Gary Gero, Chief Sustainability Officer, County of Los Angeles

Brief Overview of LACCE

Community Choice Aggregation (CCA): A Hybrid Approach to Utility Operations



Potential Program Offerings

- Green Tiers
 - 30% renewables
 - 50% renewables
 - 100% renewables
- Customer Programs
 - Net Energy Metering/Feed in Tariffs
 - Energy Efficiency and Demand Response
 - Electric Vehicle Programs
 - Business Development rates
- Local Renewable Energy Resources Development/Distributed Energy Resources (DER)

JPA Negotiating Process

- December 2016 – public workshop held to get ideas and input on elements of JPA
- Jan-March 2017, the County held negotiating sessions interested cities every two weeks
- Over 50 cities of expressed interest, with two taking action items to their councils
 - Calabasas and Rolling Hills Estates

Cities Expressing Interest in LACCE		
Agoura Hills	Hawthorne	Paramount
Alhambra	Hermosa Beach	Pico Rivera
Artesia	Hidden Hills	Redondo Beach
Baldwin Park	Huntington Park	Rolling Hills Estates
Bell	Industry	Rosemead
Bell Gardens	Inglewood	San Dimas
Beverly Hills	La Mirada	San Fernando
Bradbury	La Verne	Santa Clarita
Calabasas	Lakewood	Santa Fe Springs
Carson	Lawndale	Santa Monica
Cerritos	Long Beach	Sierra Madre
Claremont	Lomita	South El Monte
Commerce	Lynwood	South Pasadena
Compton	Malibu	Torrance
Covina	Manhattan Beach	West Covina
Culver City	Monterey Park	West Hollywood
Diamond Bar	Montebello	Westlake Village
Duarte	Norwalk	Whittier
El Segundo	Palmdale	
Glendora	Palos Verdes Estates	

Benefits

LACCE Benefits: Rates

Indicative Rate Comparison in ¢/kWh

Rate Class	SCE Bundled Rate	LACCE RPS Bundled Rate	SCE 50% Green	LACCE 50% Green Bundled Rate	SCE 100% Green	LACCE 100% Green Bundled Rate
Residential	17.1	16.2	18.85	16.4	20.6	18.2
Small Commercial	16.6	15.7	18.35	15.9	20.1	17.7
Medium Commercial	15.8	15	17.55	15.2	19.3	16.9
Large Commercial	14.5	13.8	16.25	13.9	18	15.5
Small Public Authority	12.6	12	14.35	12.1	16.1	13.4
Large Public Authority	10.4	9.9	12.15	10	13.9	11.1
Small Industrial	13.1	12.4	14.85	12.6	16.6	14
Medium Industrial	11.7	11.1	13.45	11.2	15.2	12.5
Large Industrial	7.5	7.1	9.25	7.2	11	8
Total LACCE Rate Savings Over SCE Standard Rate		5.4%		4.1%		-6.3%
Savings Over Comparable SCE Rate		5.4%		13%		12%

- Rates are taken from the LACCE Business Plan
- LACCE rates include considerable financial reserve

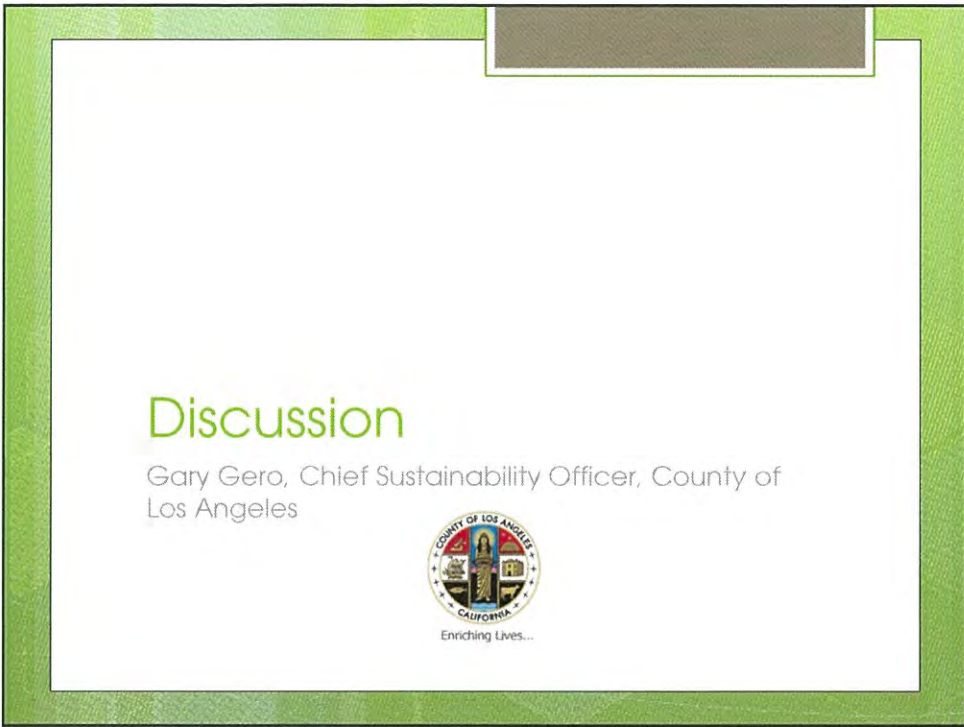
LACCE Benefits

- Economic Development
 - Potential savings in the millions across LA County
 - Creation of 1,500 construction jobs and 15 FT permanent jobs for one power supply construction project
 - LACCE will need many local energy generation projects
- Customer Choice and Local Control
 - Offer customers new options without removing old ones
 - Enable communities to invest locally; ratepayer funds can be used to support local projects
 - Control over power supply rates, and customer programs

Overview of Schedule


Enrollment Schedule

- End of March 2017 – County and cities met to review comments and revise JPA
- April 2017 – LACCE JPA, enabling ordinance and supporting Board report approved by Board of Supervisors
- Fall 2017 – Initial LACCE participants finalized
- Phase 1, Jan 2018
 - LA County municipal facilities
- Phase 2, July 2018
 - City facilities
 - City and County commercial and industrial customers
- Phase 3 – Jan 2019
 - City and County residential customers



Discussion

Gary Gero, Chief Sustainability Officer, County of Los Angeles



Enriching Lives...